Bukit Darah PLC

Annual Report 2012 . 2013

Contents

“

Bukit Darah PLC
will continue to hold
and benefit from
its to key strategic
investments it has
made over the years.
Given the diversity
and the geographical
spread of the
underlying businesses,
shareholders of
Bukit Darah are
hedged against
industry and
geographical
risks...

”


CUSTOMER
SERVICE
BUSINESS
GROWTH

Sector Overview

Carson Cumberbatch PLC is a broadly diversified conglomerate with interests in oil palm plantations, oils and fats, beverages, portfolio & asset management, real estate and leisure sectors.

Goodhope Asia Holdings Ltd. is an integrated Oil Palm producer with end to end participation in Palm Oil value chain with presence in Indonesia, Malaysia, India and Singapore.

PLANTATIONS, OILS AND FATS

Integrated Palm Oil Producer - upstream and downstream

14% ↑

Turnover

Contributed by increased harvest and better extraction rates despite price drop...

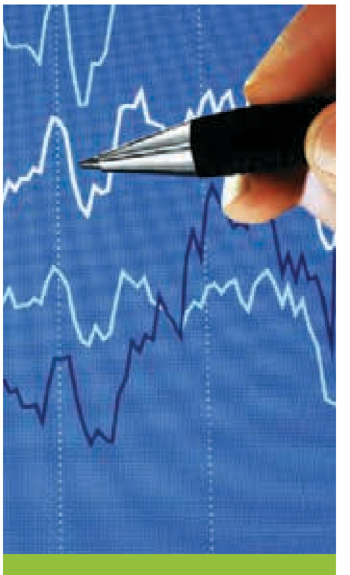
BEVERAGE

Manufacturing, distributing and exporting Sri Lanka's best loved beer

25% ↑

Turnover

Boosted by volume increase and two excise duty increases...



PORTFOLIO & ASSET MANAGEMENT

Composite investment management - listed equity, private equity, fixed income securities and unit trust

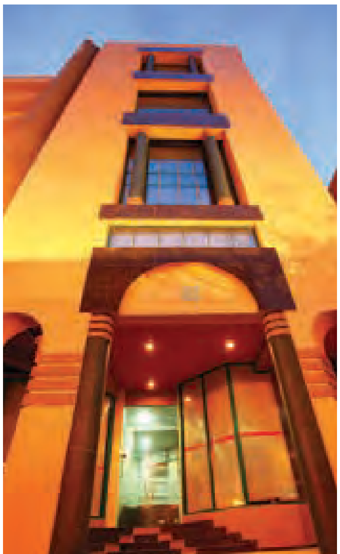
12% ↑

Value Growth

- Discretionary Portfolio

Compared to 5.82% increase in benchmark ASPI.

The Group is a regional one, with business operations across Sri Lanka and the South-East Asian region. Carsons Group holds several strategic alliances with global partners that continue to add long-term value to the Group's investments. Key international alliance partners and project financiers include Carlsberg International of Denmark and its subsidiary, Carlsberg Brewery Malaysia Berhad, Standard Chartered Bank - Singapore, Air France, KLM Royal Dutch Airlines, Northwest Airlines of the USA, Martinair and Unit Trust of India.



REAL ESTATE

150,000 Sq.ft of prime office/warehouse space valued at Rs.2.7 billion

61%

Operating Profit

Boosted by increase in property valuation by Rs.103 million.

LEISURE

Two properties offering beach and cultural triangle experience flavoured with excellent food and best of class service, connection with a global airline for half a century

21%

PAT

This inspite of a flat occupancy trend but spiked by healthy room rates and product mix.

MANAGEMENT SERVICES

Inwardly focussed service oriented competency provider

100%

Satisfaction

Maximizing satisfaction of internal customers instead of profit maximization.

Financial Highlights

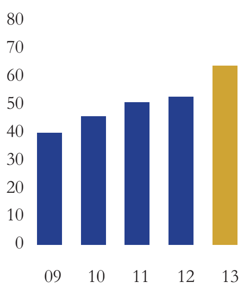
(All figures in Sri Lankan Rupees thousands unless otherwise stated)

For the year ended 31st March	2013	2012	% Change
Income Statement			
Group revenue	**76,160,413**	66,078,183	15
Profit from operations	**15,834,388**	20,034,057	(21)
Profit before taxation	**13,555,159**	17,695,891	(23)
Profit after taxation	**9,590,517**	13,387,096	(28)
EBITDA	**13,680,798**	19,012,150	(28)
Profit attributable to ordinary shareholders	**4,249,149**	6,742,392	(37)
Cash earning per share (Rs)	**134**	186	(28)
Earnings per share (Rs.)	**41.22**	50.36	(18)
Dividend per share (Rs)	**3.00**	2.50	20
Cash flow			
Operating cash flow	**5,119,307**	12,502,140	(59)
Capital Expenditure	**14,232,955**	8,984,079	58
Balance Sheet			
Shareholders' funds*	**32,186,856**	29,550,598	9
Net assets*	**67,185,528**	61,074,065	10
Net assets per ordinary share (Rs.)	**315.56**	289.71	9
Return on ordinary shareholders' funds (%)	**13**	23	(42)
Total assets	**137,313,868**	117,080,117	17
Net debt	**43,300,854**	28,846,373	54
Market / Shareholder Information			
Market value per share (Rs)	**706**	858	(18)
Market capitalization (Company)	**71,961**	87,516	(18)
Revenue to Government	**15,284,413**	11,420,648	34
Group value addition	**35,685,711**	34,200,408	4
Group employment (Nos.)	**15,097**	14,453	4

* Excluding preference share capital

Our Performance-Non Financial Graphical Review

We track performance against key financial and non-financial indicators.

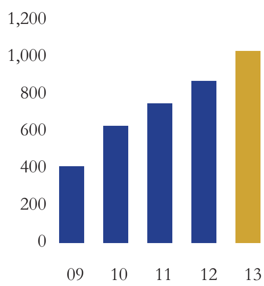


Planted Land
- Plantation (Ha'000)

63,970 Ha

2012 - 53,479Ha

The Sector's growth and expansion over the years is seen here through the aggregation of mature and immature plantations within a total land bank of 157,889ha.

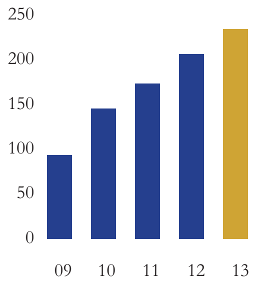


Fresh Fruit Bunch (Oil Palm)
Production (MT '000)

1,031,788 MT

2012 - 874,865 MT

Increase in Fresh Fruit Bunch (FFB) production through increasing new planted areas coming to maturity and adoption of best in class agronomy practices focused towards enhancing site yield potential.

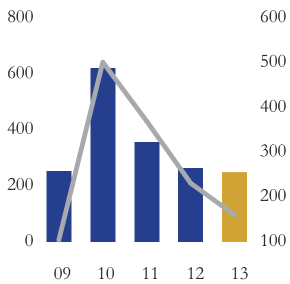


CPO (Crude Palm Oil)
Production (MT '000)

234,503 MT

2012 - 207,397 MT

The Graph depicts the increase in CPO production, as a result of the increase in planted land coming into maturity, higher FFB yields through better agronomy practices and maintained extraction rates.



NAV per share (Rs.)

Rs. 247.48

2012 - Rs. 264.81

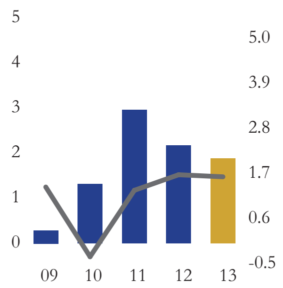
Market Value per Share (Rs.)

Rs. 160.00

2012 - Rs. 231.00

Ceylon Guardian group NAV per share has tracked the market movement whereby market price represented on the CSE is closely linked with underlying book asset value, yet trade at a significant discount to the net asset value of the market price.

Our Performance -Non Financial Graphical Review



Profit to shareholders (Rs. Bn)

Rs. 1.88 Bn

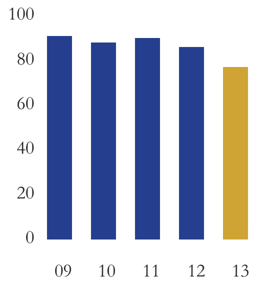
2012 - Rs. 2.17 Bn

Cashflows genereated (Rs. Bn)

Rs. 1.63 Bn

2012 - Rs. 1.68 Bn

Profit attributable to the shareholders of Bukit Darah PLC has declined during the year under review. However cash flow from operating activities has remained flat in comparison to last years, strengthening the cash position of the investment sector in the year under review.

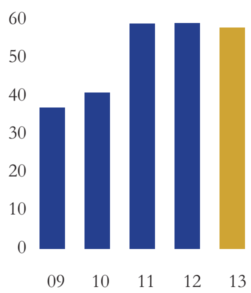


Occupancy rate
- Real Estate (%)

77%

2012 - 86%

Occupancy rates in the real estate segment has shown downward trends especially due to vacancies coming up at EQ2 property. With the development around Colombo Fort area full occupancy at all group properties is expected.

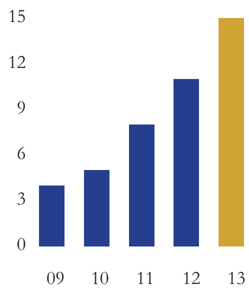


Occupancy rate
- Hotel Sector (%)

58%

2012 - 59.19%

Occupancy rate in the Hotel Sector indicates a steady increase up until FY2011 and continues at the same level in FY2012 and FY2013. The increased tourist arrival numbers announced have not been felt by the star class hotels hence the flat performance.

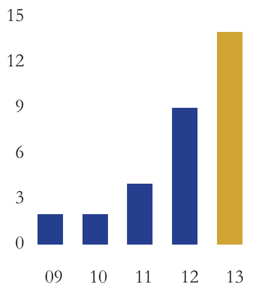


Taxes to the
Government (Rs.Bn)

Rs. 15 Bn

2012 - Rs. 11 Bn

Beverage Sector has contributed Rs.15Bn as taxes to the Government for FY2013 which is an increase of 36% from last year.

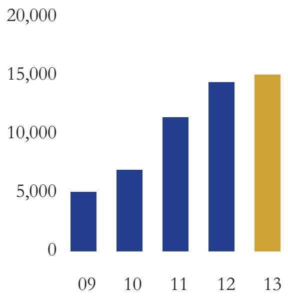


Capital
Expenditure (Rs.Bn)

Rs. 14 Bn

2012 - Rs. 9 Bn

Capital expenditure incurred on expansions relating to the plantation oils and fats and beverage sectors is highlighted in the graph. Capital expenditure relates to earning capacity increase for the future.



Human Resources
(Number of Employees)

15,097

2012 - 14,453

Human Resources continued to grow in order to facilitate the expanding business segments. As at 31st March 2013, the total number of employees stood at 15,097 an improvement of 4% over the previous year.

Chairman's Statement

Dear shareholder,

It is with great pleasure that I welcome you on behalf of the Board of Directors to the 97th Annual General Meeting of the Company. The annual report which is in your hand comprise of the consolidated audited accounts for the year ended 31st March 2013 and review of operations and other statistics of the Company and its investments for the year under review. On the outset I must inform the shareholders that the results for the year under review show a downturn from the results of last year due to various external market factors affecting sector performances, absence of one off restructuring transactions effected last year and capacity constraints. These developments were communicated to the shareholders through the operational review of the interim financial statements at each quarter end. More elaborations of this would be made elsewhere in this statement.

Consolidated revenue reached Rs.76.1 billion from Rs.66.0 billion, a healthy 15% increase. However its conversion to Profit after tax was not encouraging as mentioned with the consolidated profit for the year being Rs.9.6 billion as against Rs.13.4 billion recorded last year, a drop of 28%. At Company level, revenue recorded Rs.389.7 million, a 13% increase from last year's Rs.345.4 million. Profit for the year was Rs.360.0 million compared to Rs. 1.2 billion achieved last year. The main factor for this difference is the book capital gain of Rs.0.9Bn which was recorded as a non-recurring exceptional event during the previous year resulting from a Group restructuring involving the Company, Carson Cumberbatch PLC and the minority shareholders of the Malaysian palm oil companies both in Company and Consolidated results.

This year's financial statements were prepared and presented as mandated under the new LKAS/SLFRS accounting standards which came in to effect from 1st January 2012 with the results and the presentation of comparison period also being re-classified for conformity. Hence a shareholder perusing and comparing the financial statements of the annual report of last year against the results given in the foregoing paragraph will notice that the amounts have changed considerably. However reconciliations and comparisons have been given where necessary as against the previously adopted SLAS-Sri Lanka Accounting Standards in presenting these Company and the consolidated financial statements. The major item impacting the consolidated results due to this changeover is the recognition of Biological value of oil palm plantation assets at fair value which were hitherto shown at cost in compliance with SLAS. The fair value of biological assets net of tax so included in the consolidated income statement is Rs.3.6 billion as against Rs. 2.4 billion in the comparative period.

Sri Lankan economy followed the global downturn in growth with its own GDP growth slowing down to 6.4% in 2012 following two consecutive years of 8+ growth. The tough fiscal measures adopted at the beginning of the year in the form of a currency depreciation & a credit ceiling would have somewhat contributed to this downturn but it helped to control the Balance of Payment. The currency too stabilized, ending the period under review marginally ahead of its value at the start of the year. Inflation remained in single digits for yet another consistent year, in spite of increasing to 7.6% from the 6.7% recorded last year. High interest rate regime was seen during most part of the year.

During the year under review Colombo stock market experienced much volatility recording marginal positive growth of 5.82 % in the benchmark All Share index and 10.32% appreciation in the newly constructed Standard & Poors Sri Lanka 20 Index. Domestic issues clouded the sentiment of the Colombo Bourse and transactions have been subdued. Economic concerns added to the prevailing sentiment, driving investors to fixed income products in the backdrop of a rising interest rate scenario.

Our Sri Lankan businesses of Carsons group navigated through the troubled waters without much effect using resilience brought about by years of expertise on contingency planning, cost rationalization exercises and business sense. Beverage business which operates in a tightly regulated industry had to face two increases in excise duty during the year under review. This coupled with the increased cost of imported inputs as a result of global commodity price increase as well as weaker Sri Lankan currency and an 80% increase in industrial fuel prices led to sharp increase in production costs. Capacity constraints compelled the importation of canned beer paying prohibitive import taxes. However, in the backdrop of short supply of circulation of money in the hand of the consumer these costs were not fully passed on to the product price in view of the extreme price sensitivity of beer in the grocery list of the average consumer.. All these combined led to a 19% drop in the brewery sector profit contribution to the group against last year.

Capacity expansion has become a key driver at the brewery. During the year a new brewhouse was commissioned at its plant in Biyagama. Additions were made to the fermenter tank farm and the modernization and expanding of the packaging lines is planned for the current financial year.

Investment sector, commanding a full portfolio of investments within its AUM, namely listed securities, private equity, fixed income securities and unit trust, turned in a steady performance in spite of volatile and subdued market conditions by contributing Rs.1.5 billion to the consolidated profits through timely divestment of some matured long term investments.

Leisure sector continued its positive performance for the 4th year running with year on year growth trends. With the prospects of tourist arrivals waning from an anticipated hike, sector is geared up to focus and depend more on its banqueting business line. Leisure sector in totality contributed Rs.150.1 million to the consolidate profit, a 21% increase from its performance of last year.

Real estate sector, focusing on its core business of letting of office and warehouse space , has contributed Rs. 100 million to the consolidated profitability, boosted by the appreciation of its investment property valuation. Sector is in the process of adding more to its rentable office space capacity to harness the anticipated demand growth.

The Asian regional economies in which Group's integrated palm oil business of Goodhope Asia Holdings (GAHL) operates , continued to record strong GDP growth with Indonesia recording 6.2% and Malaysia 5.6%. In Indonesia, imports continued to outperform exports as a result of strong domestic demand. FDI's grew by 26% and inflation down to average of 4.3%. Interest rates were stable whilst currency depreciated around 5%. In Malaysia, similar sentiments were shown. High domestic demand, low inflation, stable low interest rates but volatile currency rate with a net appreciation of 3.9%. India , on the other hand had a declining GDP growth of 6.5%. Inflation was high at 8.9%, interest rates brought down from a high of 8.5% to 7.25% whilst currency depreciated close to an all-time low.

GAHL's oil palm plantations and Oils & Fats segments operates end to end of the palm oil value chain with plantations in Malaysian and Indonesia and oil refining facilities in Malaysia and India. The primary factor deciding the fortunes or otherwise of this industry is the price of Crude Palm Oil (CPO). The year under review started off with positive sentiments for the global Palm Oil industry with CPO prices trading at around MYR 3,000 (approx.:USD 1,000), however as the year progressed the CPO price fluctuated significantly, dropping by about 30% at one point. In spite of all adversities sector managed to develop more than 10,000 hectares of new land in Indonesia. The plantation upstream sector contributed Rs.8.6 billion as against Rs. 9.5 billion contributed last year towards the group profitability.

Oils & Fats segment produces specialty fats from palm based products through further refining and value addition to the refined palm oil. In spite of all challenges faced by the industry and tough competition, our products are exported to customers of over 50 countries spanning confectionery and bakery industries. Sector recorded a net loss of Rs. 1.5 billion as against the net loss of Rs. 859.4 million recorded last year.

Overall, our investments have gone through a year of consolidation under adverse conditions and had been resolute enough to emerge with minimum impact and show the courage, versatility and financial strength to expand their businesses at the same time.

Finally I would express my thanks to all our stakeholders for their contribution in steering the Company towards a value adding sustainable business model that can weather any adversities. Thank you to our shareholders for their confidence in the Board of management and to the regulators and policy makers for facilitating our business. I also thank our suppliers, business partners, customers and financiers who I am sure have had a mutually beneficial relationship with us. I say a special thank you to my colleagues on the Board, members of the Audit, Remuneration and Nominations committees for their valuable contribution.

(sgd.)
Hari Selvanathan
Chairman
18th June 2013

Group Structure

PLANTATIONS, OILS & FATS

- Goodhope Asia Holdings Ltd.
  • 2008* • 88.90%
- Agro Asia Pacific Limited
  • 2010* • 100%
- Premium Nutrients Private Limited
  • 2011* • 100%
- Agro Harapan Lestari Sdn. Bhd.
  • 2007* • 100%
- Shalimar Developments Sdn. Bhd.
  • 1980* • 100%
- Premium Oils & Fats Sdn Bhd
  • 2011* • 100%
- Premium Vegetable Oils Sdn Bhd
  • 1978* • 100%
- Premium Fats Sdn Bhd
  • 1996* • 100%
- Shalimar (Malay) PLC
  • 1909* • 96.54%
- Selinsing PLC
  • 1907* • 96.03%
- Indo-Malay PLC
  • 1906* • 90.41%
- Good Hope PLC
  • 1910* • 94.23%
- Agro Harapan Lestari (Private) Limited
  • 2008* • 100%
- AHL Business Solutions (Private) Limited
  • 2010* • 100%
- Goodhope Investments (Private) Limited
  • 2012* • 100%
- PT Agro Indomas
  • 1989* • 91.31%
- PT Agro Bukit
  • 2004* • 95%
- PT Agro Asia Pacific
  • 2008* • 100%
- PT Karya Makmur Sejahtera
  • 2003* • 95%
- PT Agro Harapan Lestari
  • 2007* • 100%
- PT Rim Capital
  • 2006* • 95%
- PT Agrajaya Baktitama
  • 1994* • 95%
- PT Nabire Baru
  • 2008* • 95%
- PT Agro Wana Lestari
  • 2006* • 95%
- PT Batu Mas Sejahtera
  • 2006* • 95%
- PT Sawit Makmur Sejahtera
  • 2008* • 95%
- PT Sumber Hasil Prima
  • 2006* • 95%
- PT Sinar Sawit Andalan
  • 2008* • 95%
- Arani Agro Oil Industries Limited
  • 1986* • 100%

BEVERAGE

- Ceylon Beverage Holdings PLC
  • 1910* • 74.93%
- Lion Brewery (Ceylon) PLC
  • 1996* • 58.61%
- Pubs 'N Places (Private) Limited
  • 2007* • 100%
- Retail Spaces (Private) Limited
  • 2012* • 100%
- Luxury Brands (Private) Limited
  • 2012* • 100%

REAL ESTATE

- Equity One PLC
  • 1981* • 96.27%
- Equity Two PLC
  • 1990* • 88.81%
- Equity Three (Private) Limited
  • 1990* • 100%
- Equity Seven Limited
  (Under Voluntary Liquidation)
  • 1994* • 100%

LEISURE

- Pegasus Hotels of Ceylon PLC
  • 1966* • 93.09%
- Equity Hotels Limited
  • 1970* • 100%
- Carsons Airline Services (Private) Limited
  • 1993* • 100%

MANAGEMENT SERVICES

- Carsons Management Services (Private) Limited
  • 1993* • 100%

PORTFOLIO & ASSET MANAGEMENT

- Carson Cumberbatch PLC
  • 1913* • 45.68%
- Ceylon Guardian Investment Trust PLC
  • 1951* • 67.15%
- Ceylon Investment PLC
  • 1919* • 64.36%
- Guardian Capital Partners PLC
  • 1920* • 86.22%
- Rubber Investment Trust Limited
  • 1906* • 100%
- Weniwella Investments Limited
  (Under Voluntary Liquidation)
  • 1906* • 77.54%
- Mylands Investments Limited
  (Under Voluntary Liquidation)
  • 1920* • 92.45%
- Leechman & Company (Private) Limited
  • 1953* • 100%
- Guardian Fund Management Limited
  • 2000* • 100%
- Guardian Acuity Asset Management Limited
  • 2011* • 50%

% refers to group interest
* refers to year of incorporation

Country of Incorporation/Operation

Sri Lanka · Malaysia · India · Indonesia · Singapore

Corporate Information

Name of the Company
Bukit Darah PLC

Company Registration Number
PQ 56

Legal Form
A Public Quoted Company with limited liability.
Incorporated in Sri Lanka in 1916

Board of Directors
H. Selvanathan (Chairman)
M. Selvanathan
I. Paulraj
D.C.R. Gunawardena
P.C.P. Tissera
K.C.N. Fernando
L.R. De Lanerolle

Alternate Director
K. Selvanathan - for M. Selvanathan

Audit Committee
L.R. De Lanerolle (Chairman) - Non Executive/Independent Director
I. Paulraj - Non Executive/Independent Director
D.C.R. Gunawardena - Non Executive Director

Remuneration Committee
I. Paulraj (Chairman) - Non Executive/Independent Director
D.C.R. Gunawardena - Non Executive Director
L.R. De Lanerolle - Non-Executive/Independent Director

Nomination Committee
I.Paulraj (Chairman) - Non Executive/Independent Director
D.C.R. Gunawardena - Non Executive Director
L.R. De Lanerolle - Non-Executive/Independent Director

Bankers to the Group
Standard Chartered Bank
Bank of Ceylon
Citibank NA
Commercial Bank of Ceylon PLC
HSBC
Sampath Bank PLC
Hatton National Bank PLC
Nations Trust Bank
Deutsche Bank A.G.
Public Bank
Pan Asia Bank

Auditors
Messrs. KPMG,
Chartered Accountants
No. 32A, Sir Mohamed Macan Markar Mawatha,
Colombo 3, Sri Lanka.
Tel: 94 11 5426426
Fax: 94 11 2445872

Secretaries
Carsons Management Services (Private) Limited
No. 61, Janadhipathi Mawatha, Colombo 1, Sri Lanka.
Tel: 94-11-2039200
Fax: 94-11-2039300

Registered Office of the Company
No. 61, Janadhipathi Mawatha, Colombo 1, Sri Lanka.
Tel: 94-11-2039200
Fax: 94-11-2039300

Email
carsons@carcumb.com

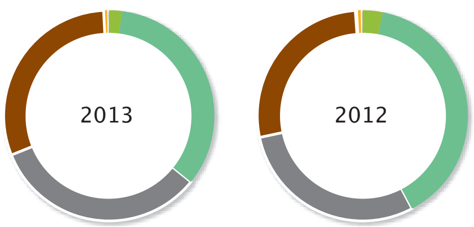
Corporate Website
www.carsoncumberbatch.com

Financial Review

Revenue

The group recorded a revenue of Rs.76,162 mn during the period under review, a 15.26% increase compared to the previous year.

Rs.000'		
2012	66,078,183	
2013	**76,160,413**	**+15.26%**



Revenue Composition by Segments (%)

	2013	2012
Portfolio & Asset Management	2.18%	3.15%
Oil Palm Plantation	33.88%	39.17%
Oils & Fats	32.91%	29.39%
Beverage	30.21%	27.45%
Real Estate	0.15%	0.18%
Leisure	0.66%	0.65%
Management Services	0.02%	0.01%

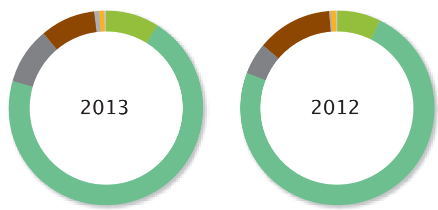
Highest contribution to the group revenue derived from oil palm plantations, which recorded a revenue of Rs.25,797 mn for the year. However, the sector revenue has stagnated in comparison to the corresponding period due to prevailing low palm oil prices within a tight band between RM 2,300 – 2,500 during most part of the year under review. Noticeably, this is significantly lower than the RM 3,000 - 3,500 price range which prevailed during the beginning of the financial year. Further, global demand for palm oil has witnessed a drop triggered by low demand from consuming markets.

Oils and Fats sector registered a turnover of Rs.25,059 mn in comparison to the Rs.19,416 mn recorded in the previous year, an increase of 29%. However increase in turnover is mainly due to recording a full year's turnover in the current financial year as opposed to consolidating the sector performance from the second quarter onwards in the previous financial year, post acquisition of Oils and Fats sector.

The Beverage sector too registered an increase in their turnover by 27% mainly driven by increase in excise duties, to record a turnover of over of Rs.23,002 mn for the year under consideration whilst the Portfolio & Asset Management sector witnessed a decline in revenue as a result of higher revenue booked in the previous year by capitalizing on the bull run during the early part of the previous financial year. The leisure sector recorded an increase in revenue mainly stemming from increase in Average Room Rate whereas the Real Estate Sector of the group reported a slight drop in revenue compared to the previous year, due to absence of proceeds from sale of residential plots following the completion of property development project.

Profit Before Tax

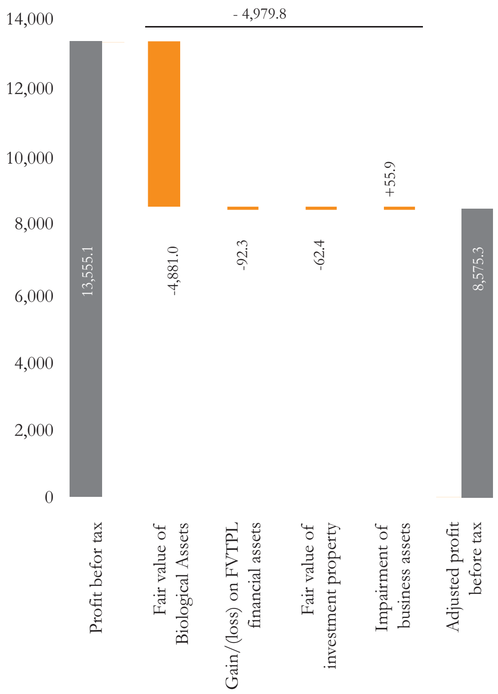
Rs.000'		
2012	17,695,891	
2013	**13,555,159**	**-23.40%**



PBT Composition by Segments (%)

	2013	2012
Portfolio & Asset Management	11.17%	8.28%
Oil Palm Plantation	86.91%	82.82%
Oils & Fats	-11.67%	-6.16%
Beverage	11.45%	13.99%
Real Estate	0.84%	0.33%
Leisure	1.20%	0.90%
Management Services	0.09%	-0.16%

Group recorded a profit before tax of Rs.13,555 mn, declining by 23.4% compared to the profit before tax reported for the previous reporting year which amounted to Rs.17.696 mn. However the group's profit before tax consists of significant adjustment made on valuation of certain asset classes of the group namely fair value adjustments arising from valuation of biological assets, investment properties, available for sale financial assets, and fair value through profit or loss financial assets. The total net fair value adjustment on these assets classes for the year ended 31st March 2013 amounted to Rs.4,980 mn leaving pre-adjusted profit before tax at Rs.8,575 mn compared to Rs.14,847 mn recorded in the previous year on a similar basis.



Impact of Fair Value Adjustments on Profit For the Year (Rs.Mn)

The oil palm plantation segment was the highest contributor to group profit before tax, contributing Rs.12,068 mn for the year under review. This includes fair value gains on biological assets amounting to Rs.4,881 mn, which was Rs 3,515 mn in the corresponding period. The Profit before tax prior to the adjustment on biological gains amounted to Rs.7,187 mn for the financial year ended 31st March 2013 compared to Rs 9,392 mn recorded in the previous reporting period. The performance of the plantation sector was significantly impacted by the aforementioned drop in CPO prices. Nevertheless the crop performance has improved during the year, the FFB crop harvested increasing by 18%, and the CPO quantity sold being 7% higher than the corresponding period.

The Oils and Fats (downstream) segment recorded a net loss of Rs.1,538 mn against the loss of Rs.847 mn recorded in the comparative period of last year. However, as mentioned earlier, it should be also noted that this segment was consolidated to the Group results from July 2011; hence the above results for the year ended 31st March 2012 do not contain the performance of the 1st quarter, contributing mainly to the variance of performance over the two periods. The performance of the first half of financial year was significantly affected due to low seasonal demand as well as differential duty structures adopted in Indonesia favoring local refiners. However, from the second half of the financial year onwards capacity utilization has increased and further sector has expanded the existing capacity, benefits of which is expected during the coming financial years. Further, update of the Business segment is provided in the "Business review" section of this report.

It was a year of mixed sentiments for beverage sector, where the year started well with double digit growth but ended on a whimper with industry volumes barely keeping up to the previous year's numbers. On a turnover of Rs 23,002 mn, the beverage sector registered a pre-tax profit of Rs.1,590 mn a reduction of 27% from the previous year. The sector's gross margin was 23.0%, down from 28.9% during the previous year. Two factors contributed to the drop in margins. Firstly the excise duties on beer were effectively increased twice during the current financial year; the first revision just as the financial year commenced on 1st April and the second, in October. The combined increases ranged between 15% - 18% which impacted the sector's net margins. The upward revisions in excise duty and other input costs were not passed-on in full to consumers, since beer is a price sensitive product. Secondly, the sector was faced with a significant capacity constraint particularly in its canning line. This shortfall was met via imports, the landed cost of which is much higher than local production due to prohibitive customs duties. However, consumer pricing remained the same irrespective of origin of production and resulted in significant erosion in sector's gross margins and thereby pre tax profit.

The Portfolio and Asset Management sector has been a net seller in the market during the last two financial years, capitalizing on

Financial Review

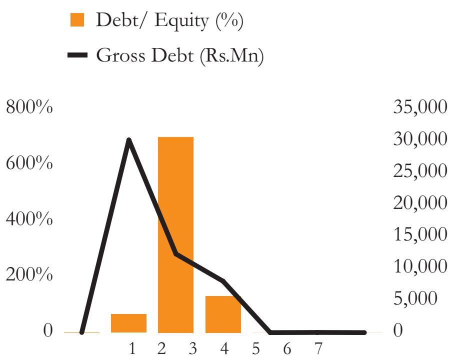
the upward market movement. Accordingly, the sector recorded a pre-tax profit of Rs.1,552 mn from investment activities during the year under review, in comparison to the Rs.1,291 mn recorded in the corresponding period. This is an increase of 20.23% arising out of realizing profits mainly from available for sale financial asset category. The sector has cash and cash equivalents amounting to Rs.2,750 mn to capitalise on market volatilities.

The Leisure sector of the group recorded Rs.166 mn profit before tax with an increase of 18.9% in comparison to the corresponding year mainly driven by higher room rates in spite of marginal decline in occupancy. Whilst the real estate sector recorded a profit before tax of Rs.116.9mn against Rs.51.2 mn recorded in the corresponding period contributed by fair value gains on investment property adjustments amounting to Rs.62.4 mn compared to Rs.18.9mn registered in the previous financial year.

Net debt

During the year under review the group's net debt increased significantly to Rs.44,301 mn compared to Rs.28,846 mn registered in the previous year, an increase of 53.58%. Group's net debt comprise of short term debt, long term debt less cash and cash equivalents. Increase in net debt is mainly driven by funding needs for underlying expansions in the oil palm plantations, Oils & Fats and beverage business sectors.

Rs.000'		
2012	28,846,373	
2013	**44,300,854**	**+53.58%**

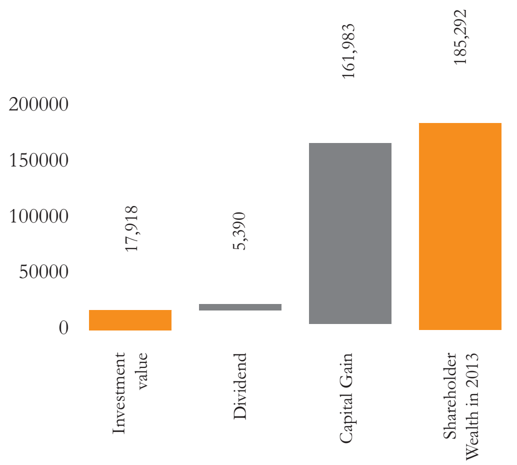


Gross Debt Composition by Segment

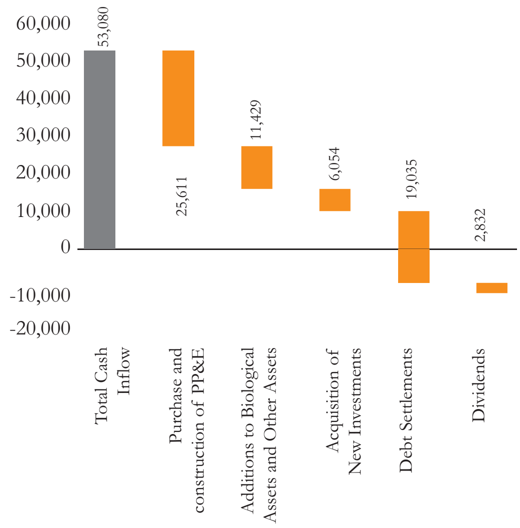
	Debt/Equity	Gross Debt
1. Portfolio & Asset Management	0.22%	27
2. Oil Palm Plantation	65.60%	30,177
3. Oils & Fats	700.20%	12,320
4. Beverage	131.23%	8,052
5. Real Estate	-	-
5. Leisure	1.95%	25
6. Management Services	-	-

Capital Expenditure and Shareholder Return

The business sectors over the years have undertaken substantial expansion projects, re-investing a significant component of cash generated from operating activities back into their respective businesses. Any shortfall is funded via debt financing wherever possible as opposed to raising new equity capital from the shareholders. Even though the sectors have undertaken massive capital expansions, the holding, company Bukit Darah PLC, has not raised capital from its shareholders for any of the recent expansions yet have sustained the expansion plans. This has been the strength of the group and thereby, has delivered substantial capital gain to its shareholders whilst maintaining decent dividend per share. On a ten year horizon, the cumulative average annual shareholder return of the Company was superior to that of the market. The shareholder wealth of an investor had grown at a CAGR of 29.64% whereas the ASPI return over the same period registered at 18.98%.



Shareholder Wealth Composition (Rs.)



Utilization of Cash Inflows 2011 - 2013 (Rs.Mn)

The table below depicts a synopsis of how the group has allocated its cash generated from operating, finance and investing activities. Out of total cash generated over a three year period, 48% has been spent on capital expenditure to purchase of property plant and equipment. Oil Palm Plantation sector has continued their expansion targets having planted nearly 13,207 Ha over the last two years. The total planted area today stand at 63,970 Ha of mature plantation of 48,146 Ha and immature a further 15,824 Ha. This expansion with the oil palm plantation (upstream) together with the acquisition of Oils and Fats sector (downstream) will generate returns to the shareholders in time to come.

Analysis of Group Cash Flows 2011 - 2013

Rs '000	2013	2012	2011	Total
Cash Inflows				
Total Cash Inflows from operating, financing and investing activities	**15,725,961**	19,295,043	18,059,270	53,080,274
Cash Outflows				
Investing Activities				
Purchase and construction of property, plant & equipment	**(12,712,303)**	(8,828,099)	(4,070,941)	(25,611,343)
Addition to Biological assets and other assets	**(7,133,943)**	(3,859,362)	(435,664)	(11,428,969)
Acquisition of new investments and non controlling interest	**(413,732)**	(5,065,718)	(574,201)	(6,053,651)
Financing Activities				
Repayment of borrowings and Redemption of preference shares	**(6,710,384)**	(9,406,756)	(2,918,014)	(19,035,154)
Dividends paid (including dividend paid to non controlling shareholders and preference dividends)	**(1,012,941)**	(1,073,512)	(745,114)	(2,831,567)

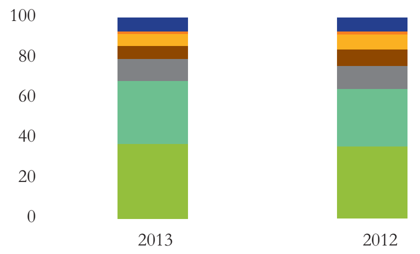
Financial Review

The Beverage Sector has incurred Rs.913 million to upgrade its brew-house. Further capital expenditure has been incurred towards upgrading and modernizing its packaging lines and other infrastructure. These are currently in progress which is scheduled to be completed during the ensuing financial year. Investments have also been made to broad base the beverage sectors franchised restaurant chain – namely, Machang, O! and 8.8. These investments will ensure a sound foundation to the sector to meet future potential and the challenges ahead. The remaining cash generation of the sector has been mainly used to service debt and dividend payment to shareholders.

Backed by a prudent investment strategy, group's portfolio and asset management sector has managed to increase its investment portfolio substantially over the years mainly deriving from organic growth. The discretionary portfolio of the sector today recorded at Rs.11,610 mn from Rs.4,555 mn as at 31st March 2009 with a compound annual growth rate of 26% whilst market value of total investment portfolio amounted to Rs.26,029 mn as at 31st March 2013.

Asset Base

The valuable asset base is the greatest strength of the group. Over the years group's net worth has increased significantly. The increase in net assets is mainly contributed by adjustment on biological gains as per valuations. Group's other assets which include available for sale financial assets, fair value through profit or loss and investment properties too have increased over the years contributing for group's asset base.



Composition of Group's Total Assets (%)

	2013	2012
PP&E	37.17%	35.80%
Biological Assets	31.16%	28.78%
Working Capital	10.98%	11.39%
AFS & FVPL instruments	6.58%	7.96%
Cash	5.78%	7.53%
Investment Property	1.43%	1.63%
Other	6.90%	6.91%

Operational Review

OUR INVESTMENTS

CARSON CUMBERBATCH PLC

Carson Cumberbatch PLC (Carsons) recorded a company level turnover of Rs. 677.1 million, an increase of 13% as compared to last year with a profit after tax of Rs. 336.2 million as against Rs. 1.7 billion recorded last year which included an one-off restructuring gain of Rs.1.4 billion. Consolidated turnover was Rs.76.2 billion as against Rs.66.1 billion of last year which is a 15% increase. Consolidated profit after tax recorded Rs. 9.6 billion which is a 24% drop compared to last year's Rs. 12.6 billion.

Given below is a synopsis of the focus area of each of the businesses of Carsons located in Sri Lanka. It is pertinent to note that Carsons has a direct stake of 53.3% in the Company's other investment, Goodhope Asia Limited, which is reflected in the consolidated results.

Portfolio and asset management business

The year under review has been a challenging one with the Colombo stock market experiencing much volatility and recording marginal positive growth. Domestic issues clouded the sentiment of the Colombo Bourse and transactions have been subdued. Economic concerns added to the prevailing sentiment, driving investors to fixed income products in the backdrop of a rising interest rate scenario. The commencement of the new financial year, however, saw a quick pick up in the market, supported by foreign inflows, though the volatility has remained. However, on the international front, markets have been buoyant despite challenging economic problems the world over. Liquidity in global markets, supported by successive rounds of quantitative easing, has attracted substantial capital flows to emerging markets leading to stock market booms the world over, though plagued by volatility and capital flight whenever a slight setback is experienced. Thus this business now operates amidst exceeding uncertainty and volatility which makes decision making challenging and complex.

Despite the effects of both local and overseas macro factors in the investment business, sector still remain confident of the long term potential of Sri Lankan equities and the sustainability of the economic development plans set in place. Sector believes that the long term development potential of Sri Lanka will flow through to its equity markets and the ratios such as market capitalisation to GDP (currently 29%) will improve in the near future reflecting more mature market indicators. Short term blips however are likely to bring uncertainty to equity investors, but sector remain confident that in the long haul the vagaries of the market will be ironed out, giving a superior return to investors, as equities should do.

Sector recorded a profit after tax of Rs. 1.5 billion despite volatile market conditions, whereby the market ended on positive note for the financial year 2012/13. This performance was attributed to booking of profits on selected overvalued stocks, capturing market anomaly and booking substantial capital gains despite market conditions. Sector's discretionary portfolio value recorded an appreciation of 11.6% vis-à-vis a 5.82% increase in the benchmark All Share index and a 10.31% appreciation in the newly constructed Standard & Poors Sri Lanka 20 Index. The total portfolio value stood at Rs. 26 billion as at the year end.

On evaluating the medium term performance, five year compounded portfolio growth rate was 22.6% on market value basis and 33.3% on market capitalization, vis-à-vis an All Share Index growth of 17.6%. The long term track record of Guardian group thus highlights the reading of market conditions enabling shifting of funds between asset classes contributing to portfolio performance, plus sticking to our inherent philosophy of investing for value. Sector has not been weary of holding high cash positions and waiting out of equities, being patient during times of market uncertainties.

Beverage business

Beverage business, consolidated its operations in a year of mixed results. Harsh operating conditions brought about by effectively two excise duty increases during the year, 80% increase in industrial fuel prices, input cost hike on two vital ingredients – malt & empty cans- due to global commodity price increase and weaker Sri Lankan Rupee suppressed the margins even though turnover increased 25% over the previous year. Yet undeterred, sector carried out 3 major projects, capacity expansion, rationalizing the supply chain from consignment agent warehousing to retailers and migrating its full IT system to a world class new ERP system (SAP), all of which will reap benefits in the years to follow.

On a consolidated turnover of Rs 23.0 billion, the sector returned a pre-tax profit of Rs 1.59 billion. The operating company, Lion Brewery (Ceylon) PLC's gross margin was 22.4%, down from 28.6% during the previous year. Two factors contributed to the drop in margins. Firstly, the increases in excise duty & other input costs were not passed on in full to consumers since beer is a price sensitive

Operational Review

product. Secondly, the company was faced with a significant capacity constraint particularly in its canning line. This shortfall was met via imports, the landed cost of which is much higher than local production due to prohibitive customs duties. However, consumer pricing remained the same irrespective of origin of production & resulted in significant erosion in gross margins.

In the beer category, our enviable portfolio of brands – Lion, Carlsberg & Corona - & benchmark distribution system, continued to set the trends & the pace.

Sri Lankan beer consumers have always held Lion's brands in high esteem. This trust, confidence & bonding have been amply confirmed by a recent study undertaken by Brand Finance, the global experts on brand value. Amongst listed Sri Lankan enterprises, Lion brands are placed 9th, the highest rank achieved by an FMCG. That Lion is ranked above a number of other household names notwithstanding the restrictions faced by it in terms of price, promotion & distribution is truly gratifying.

Whilst the main focus remains on the market in Sri Lanka, exports continue to make gradual but steady progress with approx. 22 containers per month on average reaching a wide cross- section of markets globally. During the year under review, revenue from exports reached Rs.283.8 million.

During the year under review, Lion Brewery (Ceylon) PLC was appointed Sri Lanka's sole importer & distributor of the Diageo portfolio of brands. Diageo is the world's largest premium alcobev business & is headquartered in London. Its portfolio includes such iconic brands as Johnny Walker, J&B, Talisker, Smirnoff, Tanqueray, Ciroc, Bailey's & Guinness.

The Lion Brewery also obtained the rights to import & distribute the Moet Hennessy portfolio of brands in Sri Lanka during the last quarter of the year. Moet Hennessy is a part of the French luxury goods business, LVMH. Their alcobev portfolio which is as iconic as Diageo includes Hennessey, Glenmorangie, Moet-Chandon & Dom Perignon.

Sector operates a very successful restaurant chain through wholly owned subsidiary comprising 3 restaurant brands, namely Machang, O! and 8.8, catering to different strata of consumer needs. In addition the sector operates 4 retail outlets via another wholly owned subsidiary. In both these cases the management is outsourced.

During the year under review, the Lion Brewery (Ceylon) PLC commissioned a new brewhouse at its plant in Biyagama at a cost of Rs.913 million. Along with the new brewhouse, the company added to its fermenter farm during the year. Work also commenced to expand the beer processing sections & utilities all of which will be completed during the on-going financial year.

To complement the new brewhouse & processing sections, the company will modernize & expand its packaging lines during the on-going financial year. Once completed, its plant at Biyagama will be a truly world-class facility & will probably be the most up to date brewery in South Asia.

Sector is the third largest taxpayer in the country. During the year under review, its contribution to the exchequer amounted to Rs.14.7 billion, up 32.4% (Rs.11.1 billion) from the previous year. It's pertinent to note that Lion Brewery pays corporate tax at the rate of 40% whereas the tax rate applicable to other corporates not in alcohol & tobacco trade is 28%

The year ahead looks no different from the one just ended. The challenges will remain or get tougher as time passes by. However, sector is confident that its excellent portfolio of brands, benchmark distribution systems, state-of the-art manufacturing process and superior human talent form a well balanced resource pool to meet the challenges that are in store in the years ahead.

Leisure business

Sri Lanka scores high on the factors of image and stability. The end of the war has established an enduring peace and Sri Lanka can rightfully be considered as one of the safest destinations in the South Asian region today. Political stability and economic opportunity coupled with a diverse tourism product render Sri Lanka an unbeatable holiday destination. More importantly, the country is focusing on elevating tourism as its number one foreign exchange earner in the near future and has earmarked 2.5 million tourist arrivals by the year 2016.

Positioned as a city beach resort, the Pegasus Reef Hotel straddles prime property between the Dutch Canal and the sea, offering a picturesque setting which belies its proximity to Colombo, Negombo and the international airport . Providing a welcome break from strenuous day to day urban life, Pegasus Reef has enhanced its facilities to reflect a modern and aesthetic ambience that is on par with other newly built resorts in the country. Given its location, Pegasus has a mixed clientele of foreign groups, MICE participants and week-end diners from locality.

Giritale Hotel, the fully owned subsidiary of Pegasus, rests on a hillock overlooking the picturesque Giritale tank, close to Polonnaruwa. This homely 40 room property is strategically located on a hub point to eastern and northern Sri Lanka and the two neighbourhood wild life sanctuaries in addition to the cultural triangle hot spots makes it an ideal transit point for round trip visitors.

Carsons have continued a successful partnership in an "offline" environment with KLM Royal Dutch Airlines which reached a half a century of an unbroken relationship as their representatives in Sri Lanka. With the creation of the Air France KLM group carsons continue to represent them in a very competitive environment. The Air France KLM group entered into a codeshare agreement with Etihad airways on the Abu Dhabi/ Colombo sectors in an endeavour to enhance its market presence in Sri Lanka.

Carsons is proud to have been appointed GSA for Kenya Airways in Sri Lanka and was commended for it contribution on flights to Madagascar which in which they were ranked 4th from highest contributor from the entire network.

The sector, especially the hotels, continued its steady and increasing contribution to the consolidated performance for the 4th year running from the industry's turning point. A revenue contribution of Rs.499.0 million and a profit after tax contribution of Rs.150 million was recorded as against Rs.431.5 million and Rs. 124.0 million respectively of previous year.

Real Estate business

The sector's investment property portfolio, valued at Rs. 2,694.3 Mn as at 31st March 2013, constitutes of approximately 150,000 square feet of office cum warehouse space. The financial year under review witnessed a marginal fall in overall occupancy levels, from 86% in FY 2010/11 to 83% this year.

The sector recorded a turnover of Rs.126.0 million during the year, which was marginally below Rs. 132.7 million recorded during the previous financial year.

Operating profit improved by 61% in comparison to that of financial year 2011/12 on the back of significant fair value gains on investment properties, mainly from valuation of the properties situated in the Colombo city centre. The total net gain on investment property valuation amounted to Rs. 103.4 million.

Sector's contribution to consolidated profit after tax was Rs.100.8 million as compared to Rs. 47.0 million of the previous year. Income tax expenses increased significantly during the year due to withdrawal of the 10% concessionary tax rate which prevailed in FY 2011/12, and was replaced with the 28% tax rate.

The proposed amendment to the law introducing a prohibition of sale of lands in Sri Lanka to foreign nationals and on imposing a tax on lease value will have a negative impact on our rental business. The proposed tax on lease values will discourage long term lease agreements with foreign tenants and will have an impact on the sector with regard to its ability to demand higher rentals, especially in the context where substantial informal markets exist in converting residences into office premises via informal rent agreements.

GOODHOPE ASIA HOLDINGS LTD (GAHL)

The main and only business line of GAHL group remains as an integrated player in palm oil value chain business through its subsidiaries. It has a total land bank of 157,889 ha under its portfolio of which 63,971 ha are planted. The milling capacity within the group is 360 MT/hour. Group employed 13,750 employees as at the year end.

Oil Palm Plantation business

The year under review started off with positive sentiments for the global Palm Oil industry with CPO prices trading at around MYR 3,000, however as the year progressed the CPO price fluctuated significantly, dropping by about 30% at one point.

The significant movements in prices were mainly attributed to the record stocks of CPO both in Malaysia and Indonesia, which is the resultant effect of higher than anticipated production in these two countries as well as lower than anticipated consumption for palm based products. Production of palm oil in Indonesia has increased by an average 8.23%% over the last 5 years, with an estimated average of 375,000 hectares of new plantations coming into maturity every year during the last five years contributing to the year on year growth in palm oil production. Although new planting in Malaysia has been very limited, crop production has surpassed analysts' expectations due to better yields as well as favourable weather conditions.

Operational Review

The lower CPO prices compared to the previous year significantly impacted the performance of the oil palm plantations segment, resulting in a net profit after tax of Rs. 8.6 billion inclusive of gains on biological asset valuation being recorded for the year ended 31st March 2013, as against Rs.9.5 billion recorded in the previous year. The EBITDA recorded by this sector amounted to Rs. 15.16 bn for the 12 month period as opposed to Rs. 14.94 bn for the previous year.

Operationally, this segment performed well during the year, the CPO production consisting of internal and external crop increased as compared to the previous year. Further, operating costs have been managed through concerted efforts across the organization in undertaking cost and productivity management initiatives. The social and regulatory issues which had hitherto hampered the development of new plantations in Indonesia were managed effectively and over 10,000 hectares of new plantations developed during the year.

One of the significant achievements of this segment during the year was the certification of the two mills in PT Agro Indomas by the Roundtable on Sustainable Palm Oil (RSPO). With this approximately 88% of the CPO produced by two mills since September 2012 was certified palm oil, thereby demonstrating our commitment to sustainable plantation development.

Although the market sentiments for the palm oil industry over the short-term remains bearish as the current high stocks levels of CPO is expected to remain over the coming months, the medium to long term outlook is positive given that consumption will match the increasing production levels. As such, sector will continue with expansion towards increasing the volumes and thereby being able to sustain competitiveness as a cost effective and sustainable producer of palm oil.

Oils and Fats business

As explained under the oil palm plantations segment, the palm oil industry went through a challenging year with fluctuating prices, build up of CPO stock levels and tax regimes adopted by consuming and palm oil producing countries. The competition within the specialty fats industry has intensified over the period and we compete with large and established players within this industry. Further, Malaysia and Indonesia also compete with each other to secure a price advantage for products refined and manufactured within their territories through the imposition of differential duty structures.

The differential duty structure practiced in Indonesian favoring local refiners together with lower demand from consuming countries for specialty fats due to seasonal effects impacted the performance of the oils and fats segment during the first half of the year. However, the competitive advantages enjoyed by the Indonesian refiners were negated with Malaysia too adopting a similar differential duty structure from 2013 onwards.

The competitive landscape in India for refined palm oil and specialty fats further intensified as a result of resultant impacts from changing import duty structures, currency depreciation and domestic oil seed production which competes with palm based products.

Sector produces specialty fats from palm based products through further refining and value addition to the refined palm oil. Unlike the basic refining of palm based products as edible oils, the manufacture of specialty fats requires research and development support for advanced product formulations and quality testing. Sector's products are sold as ingredients to global chocolate and confectionery producers and exported to customers in over 50 countries, covering the Middle East and North African markets, Russia and the CIS, Asia Pacific and North America covering confectionery and bakery products industry as well as by-products as animal feed.

Sector has cleared and eliminated capacity related bottlenecks experienced hitherto in the Malaysian plant to ensure optimization and aligning of specialty fats refining and processing capacities with packing and storage capacities. The capacities for basic refining as well as value addition have been increased, in addition to commensurate increase in packing and storage facilities. Operating processes were streamlined and improved leading to operating efficiencies at the plant level. We are confident of achieving and maintaining full capacity utilization of the key processes within the Malaysian plant during the coming year.

This was the first full year of operations for this segment; the operational performance of this segment has improved from the 2nd half of the financial year. During the 1st half of the current financial year, the performance was significantly affected by seasonal variations, lower capacity utilization as well the favourable duty structure that prevailed in Indonesia favoring domestic refiners of specialty fats.

However, from the 2nd half of the year capacity utilization within the plants increased and relationship with key customers were strengthened and overall margins improved through product mix optimization. Both the plants in Malaysia and in India have now started to record positive EBITDA over the last few months.

The net loss recorded by this segment for the financial year ended 31st March 2013 was Rs.1.5 billion.

Improved performance is expected from this segment during the coming year through the consolidation of the current businesses and by deriving internal efficiencies. Industry analysts are of the view that companies which are integrated within the palm oil industry value chain especially with operations in the specialty fats domain will stand to benefit in an environment of fluctuating global palm oil commodity prices over the coming years.

Conclusion

Bukit Darah PLC will continue to hold and benefit from the above mentioned two key strategic investments it has made over the years. Given the diversity and the geographical spread of the underlying businesses, shareholders of Bukit Darah are hedged against business risks as opposed to being exposed to one business line in one country. Fundamentally, the source of growth for the Company will flow from the global commodity price performance in oil palm and the economic growth in the focused sectors in Sri Lanka.

Sustainability Report

Our Sustainability Ethos

Our vision for Sustainability is echoed in The World Commission on Environment and Development's official definition of the word - "A process of change in which the exploitation of resources, the direction of investments, the orientation of technological development and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspirations."

Our Sustainability Strategies

Carson Cumberbatch PLC's sustainability strategies take into account the impact of our operations on people, planet and profits. The group's sustainability strategy is two-fold:

- We support social/entrepreneurial ventures via philanthropy on the basis of identified needs and merits after a prudent review
- We engage directly in specific projects and channel valuable resources towards seeing them to fruition

The overarching objective of company's sustainability commitment is to upgrade the quality of the lives of the communities within which we operate. The management has taken a decision to place greater emphasis on the education and development of economically under-privileged youth in order that they too can access higher education and related opportunities to realize their true potential. Volunteerism is a valuable quality trait across the group, with employees selflessly giving of their time and energy to bring lasting meaning to the lives of others.

CORPORATE SOCIAL RESPONSIBILITY

The company expresses its corporate social responsibility beyond mere compliance of business ethics. Our sense of responsibility extends towards the community and environment in which we operate. We are proud to honour our ethical values and to respect people, communities and the natural environment. The Carsons group expresses its CSR commitment by building bridges with the community with an emphasis on improving access to education and youth development. Our CSR initiatives are simple and sustainable, delivering maximum impact to the beneficiaries. These projects now form a fundamental part of our operations.

During the financial year under review, the Carson Cumberbatch company sustained its commitment to Tharunyata Hetak, a Non-Governmental Organization (NGO) devoted to developing youth, in running a project of enhancing employability of youth in Hambantota and Kilinochchi. In existence for the last three years, the company remains deeply engaged in the project in which to-date more than 750 youth have participated. Conducted over four months, the programme includes imparting skills in computers, English communication, grooming and readiness to the corporate world. More than 150 youth have gained employment in the private sector and 50 or more in the public sector after completing our programme, which has built their confidence and given them essential skills to be highly employable.

Having experiences the eagerness of youth to be a part of the project, we have extended our programme and set up a computer training centre each in Hambantota and Biyagama. These centres provide free access to computers and the Internet. More importantly, an instructor has been hired to ensure that the youth engage in continuous learning.

The Carsons Group continued its support to the Hatton Norwood School in 2012/13 by retaining the services of a dedicated teacher to improve English language skills of students, so that they are not disadvantaged when seeking higher studies at the university level or even in the workplace.

We maintain a strong focus on improving opportunities for education amongst the economically under-privileged. Children of the rural South and Colombo suburbs continued to receive financial support from the Group to ensure that their education remains uninterrupted. We are proud to note that as a result of our intervention, some of the beneficiaries have gone on to successfully complete their public examinations.

Human face of our business is a cornerstone of our success and company identifies socio economic needs of the community and stretches its help to go beyond their expectation. The board of

directors of Carson Cumberbatch PLC who have observed the need of a Dharma Salawa and a Sunday school at Agbopura Rajamaha Vihara, an ancient Buddhist temple built during the Polonnaruwa era and funded a construction of a spacious building. This facility will provide appropriate environment to inculcate Buddhist ways of life and collective learning of Buddhism to the community of Giritale village. Giritale Hotel management, staff and families are engaged in voluntary construction work to add another dimension to demonstrate corporate citizenship of Carsons Group.

The Company continuously supports the defense ministry efforts of proactively assessing the socio economic dimensions and leverages in the post war Sri Lanka by sponsoring the "Defense Seminars" conducted by the Sri Lanka Army.

Carson Cumberbatch PLC is the platinum sponsor of the Annual Economic Summit by the Ceylon Chamber of Commerce as a demonstration of its integration to macro economic development of the country.

Beverage Sector

Lion Brewery (Ceylon) PLC, embarked on an ambitious project to teach English to the children of employees below the rank of middle management. In this initiative, the company provided an internationally recognized English education starting as a Young Learner, progressing to Foundation, Intermediate and finally to achieving the Diploma.

Furthermore, the company distributed school books to approximately 1500 students of the Biyagama electorate. This has been an annual practice for over a decade. The Lion Brewery also grants scholarships to selected students based on their Ordinary Level results and this merit-based financial assistance has helped deserving students to continue with their higher studies. Apart from academic merits and achievements, the parents' income levels are also taken into consideration when selecting the beneficiaries.

Tharunyata Hetak Programme held at Hambantota, Sri Lanka

The company is also engaged in the cleaning and upkeep of more than 10 acres of the outdoor area of the Kelaniya temple since 2002.

Plantations, Oils and Fats Sector

CSR programs are conducted as an integral part of our plantation operations given that we interact with the communities around our operations on a day to day basis. We have developed and implemented our CSR activities within a structured framework that encompasses education advancement, economic empowerment, health and safety, infrastructure development and community development initiatives.

Dharma Salawa/Sunday School which is under construction in Giritale

Scholarship Distribution for children, Sri Lanka

A noteworthy achievement for the Foundation is its flagship secondary school, SMP Tunas Agro, established in PT Agro Indomas, in Central Kalimantan, Indonesia.

Facilitating Education Advancement

The objective of our education advancement programmes is to provide education opportunities and facilities for children of employees and those residing within the villages in proximity to our plantations. This programme is established under the purview of the Agro Harapan Foundation. This Foundation's key objective is to guide and facilitate the setting-up of education and school facilities within our plantations and assist the surrounding village schools to carry out their educational activities.

A noteworthy achievement for the Foundation is its flagship secondary school, SMP Tunas Agro, established in PT Agro Indomas, in Central Kalimantan, Indonesia. The school provides high quality education to children of employees and to those residing in neighbouring villages. The success of the school is demonstrated by the Indonesian Government granting it an 'A' grade accreditation, which is the highest rating that can be given to a private school in Indonesia. The school continues to maintain a 100% graduation rate.

Further, the Foundation also supports the training of teachers. For this purpose, we work together with the Indonesian Teachers Association (ITA) and the CitaBunda Foundation to improve teacher capacity and professionalism in compliance with government standards and national curriculum in Indonesia. The Foundation has also established day care and nursery schools in some of the remote plantation operating locations to ensure that children are given an early start in developing their learning skills. The Foundation grants scholarships to students with the highest grades to continue with their higher education. Teachers are also given scholarships to enhance their own education levels. In the year under review, the Foundation assisted in the education of 6,324 students, including 2,547 employees' children.

Economic Empowerment

Through the economic empowerment programme the sector aims to aid communities around our plantation operating locations to become more self-reliant by helping them develop their home based business ventures and advance their occupational skills.

A key initiative within this programme is the implementation of the outgrowers'or smallholders' scheme known as PLASMA, where community members are assigned allocated land which we develop in partnership with them. The sector advices the smallholders and helps with the management of the PLASMA land, while financial assistance is provided through independent banking institutions to the PLASMA holders. To-date, the sector has successfully developed 2,469 hectares under the PLASMA programme.

Other initiatives undertaken by the sector include assisting in the establishment of cooperatives, outsourcing contracts to village contractors and suppliers where possible, helping community members to set-up sustainable agriculture and fisheries programmes

The facilities available at SMP Tunas in PTAI

The CCC House in Maharagama Cancer Hospital, Sri Lanka

and training women in areas such as sewing and handicrafts in order to help establish themselves in home-based business.

In addition, a Community Learning Centre was established at Penyang Village, close to PT Agro Bukit, Central Kalimantan, Indonesia. This centre hosts and facilitates the continuous training programmes that help community members improve their knowledge and skills. The centre is also utilized to host social and community events and gatherings.

Health and Safety

In the year under review, several health campaigns were conducted in our plantations including dental clinics and health check-up programmes for employees and members of the surrounding communities. As a part of our commitment to ensuring a safe working environment, mobile clinics and polyclinic facilities within the plantations are available to both employees and community members.

In one of our plantations where Malaria was rampant, regular spraying was done and the community educated on prevention methods. We continue to promote a programme on 'Hygiene and Healthy Living' where the aim is to educate the community to change their use of river based water consumption to land based water by using 'wells'. This programme is implemented in collaboration with the FIELD Foundation.

Infrastructure Development

The Sector has built quality houses and provides other amenities to maintain an acceptable standard of living for resident employees in our remote plantation locations. Where required, we have also constructed and maintain road networks both within the plantations and on neighbouring villages for easy accessibility. In some of our plantation locations, we have also provided generators and clean water facilities. We have established close links with local government agencies and Non-Governmental Organizations (NGOs) to assist local communities to meet their basic infrastructure development needs.

Community Development Initiatives

In order to help preserve the unique cultures that surround our plantation operations, we have established relationships with village elders and have helped them to educate the communities on the unique aspects of their traditions and cultures. In Central Kalimantan, we have helped establish the Dayak cultural center to preserve traditional dances and arts. We also help promote Dayak rituals and support the indigenous community to perform the 'MapasLeweuh' and 'MenyanggarLeweuh' or cultivation rituals during the land development process. We also when possible, support the undertaking of traditional events or ceremonies proposed by these communities.

CSR project in Sri Lanka

The sector's corporate office based in Sri Lanka under the aegis of its holding company - Goodhope Asia Holdings Ltd, sponsored the construction of the second phase of a transit house to accommodate cancer outpatients of the Cancer Hospital in Maharagama.
Rs.60 Mn was donated towards this project and voluntary donations were also made by the senior management team and corporate

Company carry out risk assessments and identify places and activities in the surrounding villages for water pollution, air and sound pollutions and take action to minimize or control them.

A High Conservation Value (HCV) area, Indonesia

Waste water treatment plant at Biyagama, Sri Lanka

office staff of Colombo. While the first phase was completed in the previous financial year, the second phase of construction was officially declared open on March 2013. The completed transit home will accommodate up to 179 cancer outpatients, their caregivers and support medical staff at any given time.

Known as the 'CCC House', it offers patients a calm, clean and safe environment where they are able to rest and recover between treatment. The CCC House offers bedrooms with attached bathrooms for children and their caretakers, while adults are accommodated in dormitory style rooms. Playrooms, relaxation areas, a prayer room, dining rooms, and sitting rooms are some of the additional facilities that are available.

ENVIRONMENT SUSTAINABILITY

At Carson Cumberbatch PLC, we believe that environmental sustainability involves us taking actions that are in the interests of protecting nature and renewing it to nurture and support life. We strive to increase our green footprint to the greatest possible extent through innovative measures to conserve our natural heritage.

Plantations, Oils and Fats Sector

Environmental Sustainability is an important consideration for the sector and we adopt an approach that is holistic so as to encompass the different aspects of our business. The sector has operationalized many initiatives and processes to ensure that environmentally friendly practices are adopted and adhered to. The plantations operations of the sector has well established environmental sustainability policies and practices in place which are monitored and implemented by a dedicated Environment Management department, with support teams in each of the plantation locations. This department continuously works towards integrating environmental and occupational health and safety standards into all business operations and practices.

RSPO Certifications

As part of the sector's commitment to environmental sustainability, the mills – Sugai Purun and Terawan - located within the sector's most mature plantation, PT Agro Indomas in Central Kalimantan, Indonesia, were certified by the RSPO in September 2012. Thus, 43%of the total CPO produced by the sector since September, 2012 is RSPO certified CPO which can be sold at a premium price. In the last quarter of 2012, the oils and fats segment production facilities based in Pasir Gudang, Malaysia, also obtained the RSPO Supply Chain certification.

Other Certification and Awards

The sector has subscribed to other relevant certifications as well. The two most mature plantation companies are ISO 14001 and OHSAS 18001 certified, while the oils and fats production facilities subscribe to other relevant certifications such as GMP+, Halal, Kosher, HACCP, ISO 22000 and ISO 9001. The Sungai Purun mill in PT Agro lndomas, Central Kalimantan, Indonesia was awarded the Green rating for the second consecutive year by the PROPER Awards for the year 2012. This programme is conducted by the Indonesian Government and the Green Rating is given to those achieving compliance well above expectation of all applicable Indonesian regulations. The rating considers compliance with regards to sustainability standards such as environment policy, pollution control, waste management, conservation measures, CSR policy and programmes and social performance.

Preservation of Biodiversity

As a part of our commitment to protecting and preserving the environment, our plantations undertake an evaluation and assessment for High Conservation Value (HCV) areas which is conducted by external consultants during the plantation development stage. Based on the results, we designate these as HCV areas or nature corridors to help in the conservation and preservation of biodiversity, whilst helping to protect endangered species within these areas. These HCV areas are monitored on a regular basis and there is a clear plan that is followed by each of the plantation companies when managing these areas.

In addition, the plantation operations in Indonesia continue to support the Orangutan Foundation International (OFI) and the Borneo Orangutan Survival Foundation (BOSF) on Orangutan conservation efforts. The Orangutan Herbarium at the OFI/ Orangutan Care Centre and Quarantine Facility (OCCQ) has been successfully completed and operationalized.

Environmental Protection

As a part of our commitment to preserve nature, our plantations in Indonesia and Malaysia strictly follow a 'No Burning' policy when undertaking land clearing and development activities. This zero burning policy, which is enforced without exception is in line with the Group's commitment to following environmentally friendly practices and the principles and criteria as set-out by the Roundtable on Sustainable Palm Oil (RSPO).

At present all on-going plantation land development operations undertaken by Goodhope uses mechanical methods of land clearing which is considered to be one of the most environmentally friendly mechanisms as all of the organic matter is returned to the soil.

The management and staff of all our plantations are highly trained and very conscientious in ensuring that the no-burn policy is adhered to.

Beverage Sector

In keeping with broader corporate principle of environmental sustainability and strategic business initiative breweries sector reaches out to world class practices on ensuring we set benchmark practices for the industry in Sri Lanka.

Waste water treatment system has improved and have met European standard. Presently waste water treatment plant operates remotely using a Supervisory Control and Data Acquisition (SCADA).

Lion Brewery uses 3R, as waste minimization and management system that has given us the high level of quality of our production processes. To further the company's efforts it has engaged in developing and implementing Occupational Health and Safety Management System (OHSMS) and Environment Management System (EMS) to obtain registration as a green reporting facility. Company carry out risk assessments and identify places and activities in the surrounding villages for water pollution, air and sound pollutions and take action to minimize or control them. Such actions are monitored for further improvement to ensure safe environment to surrounding villages

PEOPLE SUSTAINABILITY

Our guiding belief is that our people who make the difference in our performance. People are the lifeblood of Carson Cumberbatch PLC and it is their passion for excellence and resilience in the face of challenging times that has sustained our growth over the years. While pursuing a growth strategy and global presence, as a group we ensure that our human resource policies comply with the laws of the land and that our practices are an accreditation to international standards. We are known to benchmark best practices in managing a diversified workforce and appreciating different cultures, norms and values that creates harmonious industrial relations.

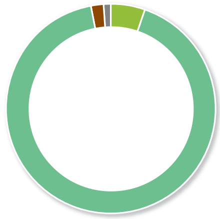
Preferred Employer Status

Continually improving employee value proposition the group companies offer, is improving status of preferred employer in the market. Our reputation as an equal opportunity employer offering a favourable work-life balance, occupational health and safety, performance based remuneration, career development and empowered work environment with sophisticated technology, we

Art Exhibition of employees' children

Total Gender Diversity

- Male 70.06%
- Female 29.94%



Total Workforce by Country

- Sri Lanka 5.41%
- Indonasia 91.72%
- Malaysia 1.95%
- India 0.92%

have earned high degree of loyalty from our people. The group's philosophy is to create a performance driven culture to the extent that variable compensation is based on individual and group performances whilst base pay is guided by the market.

Recruitment and Retention

The group companies maintain a respectable staff turnover that speaks for the effectiveness of Recruitment and Retention. Non-discriminatory recruitment practices affirms the fundamental HR value in respecting individuals. The group companies reach out to talent in the industry using professional head-hunters and also on our own initiative or via press advertisements.

Abiding by International Labour Practices

The group companies are accredited in international standards of labour practices such as OHSAS 18001 and ISO certification. With regard to Occupational Health and Safety, the company gets involved in ensuring employee health and safety by leveraging on international safety accreditations and commissions regular audits to ensure well rehearsed procedures and practices in case of emergency.

Making Learning and Development A Priority

Company provides seamless learning opportunities to the staff. Some of the sector companies have their own staff learning academies and other regular training and development needs analysis and facilitation of learning including encashment of examination fees, study leave and sponsorship.

Work-Life Balance

The work hard play hard culture where open door policy, an empowered work environment and the right degree of flexibility helps the staff to manage a good work-life balance. Company welfare measures such as family day, family staff trip, annual dinner dance, children's art exhibition enhanced a sense of belonging.

Beverage Sector

In this sector, we are committed to our employees and strive to provide a challenging and rewarding climate that stimulates performance and personal development.

Consolidating the Performance based Reward Schemes

The composite reward schemes implemented by the company is creating a performance driven culture that is mutually beneficial to the company and the employees

Implementation of an Integrated and Online Human Resource Management System

The Integrated human resources management system has provided the company an effective and efficient way to manage the Employees in the Organization providing a meaningful and well defined link between all HR activities – from staff Administration to training and performance management

Training and Development

Using best practices such as assessment centers to identify training needs; the company has given a strategic importance to training and development of staff. The company also identifies the required

Employees receiving long service year award

Christmas Party held for all Group employees in Sri Lanka

competencies for emerging business undertakings and develops people for readiness for future challenges.

Employee Engagement Activities

Company sponsors employees' children English language learning as extension of people development, and also Lions' Family day, Employees' Children Art Competition, and staff get-together such as "Paduru Party" helps to build and sustain employee morale.

A Safe Environment

The Company has a vision of positioning itself as the Industry Leader for its Health Safety and Environment Policies and for the exemplary Management of these policies

To achieve this ambitious task, support and direction is provided through structured processes designed to ensure the health and safety of the employees, Contract staff and neighboring communities, and for the protection of our environment

Furthermore, a dedicated HSE coordinator and supporting HSE team is appointed to implement and maintain above, where responsibility, authority and accountability is defined both at HSE committee level as well as departmental and where possible personnel level so as to ensure an efficient and effective operational system is maintained in compliance with all statutory and good manufacturing procedures

Plantations, Oils and Fats Sector

The plantations, oils and fats sector is labour intensive and therefore we have in place a comprehensive human resource management framework that spans all our business operations.

The sector's HR strategies, policies and procedures are based on its philosophy of 'valuing and respecting individuals and supporting their growth and aspirations' while pursuing its vision of 'being the employer of choice to current and future employees'.

The sector is an equal opportunity employer with non-discriminatory recruitment practices. As business operations are spread within different countries, international labour laws are adhered to as well as the country specific laws and regulations.

The Sector undertakes many initiatives to enable employees to develop their careers and improve their talents and skills.
We recognise employees' achievements and reward appropriately. During the year, the sector focused on the below mentioned HR initiatives:

• Recruitment & Retention

As a part of the strategy to retain the talent pool, the sector has deployed various strategies across different levels. One such initiative is creating a learning organization whereby employees can be trained in both technical and soft skills that will help them to develop their talents and move forward in their chosen careers.

• Occupational Health and Safety

The sector adheres to health and safety standards through the application of strict policies. Some of the sector's plantation companies are certified OHSAS 18001. Further, other safety measures and standards are practiced in the plantations, mills and refineries of the sector, including notices, and warning & safety signs in prominent places. Employees are trained and monitored on safety, while all related systems and procedures are regularly reviewed to ensure continuous improvement in safety standards. In the plantations, fire teams are in place and regular fire drills are undertaken to ensure readiness in case of fire emergency.

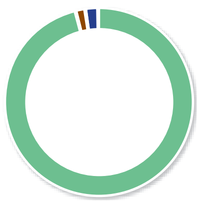
Learning and Development

The challenges associated with the changing nature of the workplace, requires a skilled, knowledgeable workforce with employees who are adaptive, flexible and focused on the future. Our aim in investing in Learning and Development of our employees is to encourage continuous growth and career development. Many training and development initiatives are in place to nurture individuals' skills and talents. All learning and development programs of the sector are conducted under the auspices of the Goodhope Academy of Management Excellence (GAME). A well-equipped GAME Centre is in operation at the Corporate Office in Colombo and at PT Agro Indomas (PTAI) in Central Kalimantan, Indonesia. The GAME Centre in PTAI also provides accommodation facilities for employees who travel from the other plantation companies of the sector to participate in training programmes. In the year under review, GAME conducted 175 training programs in total amounting to 25,329 man hours.

Leisure Sector
Workforce Harmonious

The group's hotel sector exemplifies the visionary employer-employee relations that have eliminated the need for third party union intervention to direct communication with the management. This approach has created a feeling of trust and understanding between the two parties. This win-win situation has necessitated a visionary approach to people management by the sector.

Sector	Executive Directors	Managers	Executives	Non Executives	Employees by Sector for 2013
Plantations, Oils & Fats	19	417	609	13,328	14,373
Investments	2	5	9	0	16
Beverage	4	58	84	88	234
Real Estate	1	2	5	10	18
Leisure	2	13	23	238	276
Management	4	11	18	6	39
Total	32	506	748	13,670	14,956



Employees by Sector

- Plantations, Oils & Fats 96.10%
- Investments 0.11%
- Beverage 1.56%
- Real Estate 0.12%
- Leisure 1.85%
- Management 0.26%

Value Added - Group

(Amounts expressed in Sri Lankan Rs. '000)

For the year ended 31st March	2013		2012		2011		2010		2009	
Revenue	**76,160,413**		66,078,183		36,008,053		23,865,375		17,090,940	
Other income	**128,115**		562,392		252,379		38,384		135,608	
	76,288,528		66,640,575		36,260,432		23,903,759		17,226,548	
Cost of materials and services purchased from outside	**(40,602,817)**		(32,490,166)		(12,839,576)		(9,065,483)		(7,831,320)	
Value Added	**35,685,711**		34,200,408		23,420,856		14,838,276		9,395,228	
		%		%		%		%		%
Distributed as follows:										
To Employees as remuneration	**6,674,584**	19	5,268,992	15	3,735,545	16	1,777,986	12	1,436,385	15
To Governments										
as taxation/excise - Sri Lanka	**12,489,456**	35	9,216,232	27	5,740,020	24	3,078,822	21	2,502,291	27
- Overseas	**1,732,190**	5	2,272,139	7	1,647,571	7	1,376,872	9	817,462	9
To Providers of capital										
as finance on loans	**2,316,754**	6	1,669,457	5	775,413	3	684,011	5	1,057,027	11
as non controlling interest	**5,341,368**	15	6,644,704	19	4,863,701	21	3,704,604	25	1,842,645	20
as dividend to shareholders	**350,202**	1	291,844	1	103,400	0	85,785	1	57,269	1
Retained in the business										
as depreciation	**2,882,210**	8	2,386,493	7	1,547,831	7	1,227,550	8	960,208	10
as retained profits	**3,898,947**	11	6,450,548	19	5,007,375	22	2,902,646	20	721,941	8
	35,685,711	100	34,200,408	100	23,420,856	100	14,838,276	100	9,395,228	100

Note

1. The Statement of Value Added shows the quantum of wealth generated by the activities of the companies within the Group, excluding its Associate Companies, and its application.
2. Value Added Tax, Economic Services Charge and Social Responsibility Levy are excluded in arriving at the above revenue. Therefore, total tax liability to the Sri Lankan Government during the year included the following:

	2013	2012	2011	2010	2009
Value Added Tax /Good Services Tax	**2,794,957**	2,204,416	1,988,353	1,624,842	1,263,922
Social Responsibility Levy/ Nation Building Levy	**431,469**	337,641	346,950	45,025	39,628
Excise Duty included under net sales above	**11,309,633**	7,758,627	4,646,616	2,918,917	2,383,898
	14,536,059	10,300,684	6,981,919	4,588,784	3,687,448
Income Tax	**748,354**	1,119,964	639,470	75,071	57,771
Total Taxes paid to the Government of Sri Lanka	**15,284,413**	11,420,648	7,621,389	4,663,855	3,745,219

Value Added - Group

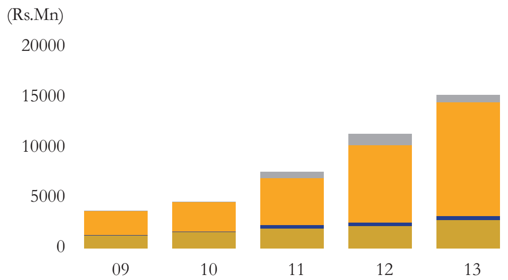
Value added is the wealth created by providing products and services in both domestic and international markets, less the cost of providing such products/services. The value added is allocated among the employees, Governments, providers of capital and the balance is retained in the business for expansion and growth.

Value Addition - Group

- To employees **19%** (2012 - 15%)
- To provide of capital **21%** (2012 - 24%)
- To governments **40%** (2012 - 34%)
- Retained in business **20%** (2012 - 27%)

Being an exemplary corporate citizen, we take pride in full compliance with statutory and regulatory requirements including accruing and paying all due fees and taxes on time. A dominant portion of the value added is distributed to governments both local & overseas in the form of taxes & excise duty.

The portion of value added distributed to the government of Sri Lanka increased from 35% in financial year 2012 to 27% in financial year 2013, whilst the corresponding valued distributed to overseas governments declined to 5% during the period under review from 7% recorded in the previous year.



Taxation paid to Sri Lankan Government

- VAT /Good Services Tax 18% (2012 - 19%)
- Social Responsibility Levy/NBT 3% (2012 - 3%)
- Excise Duty included under net sales above 74% (2012 - 68%)
- Income Tax 5% (2012 - 10%)

Profiles of Directors

HARI SELVANATHAN

Hari Selvanathan is Deputy Chairman of Carson Cumberbatch PLC and President Commissoner of the palm oil related companies in Indonesia. He holds Directorships in several subsidiary companies within the Carsons Group and is also a Director of Sri Krishna Corporation (Private) Limited and the Chairman of Express Newspapers (Ceylon) Ltd. He is also the Chairman of Carsons Management Services (Private) Limited and Agro Harapan Lestari (Pvt) Ltd, the Group's Management companies. Past President of the National Chamber of Commerce and Past Vice Chairman of the International Chamber of Commerce (Sri Lanka).

He counts over 20 years experience in commodity trading in International Markets.

He holds a Bachelor of Commerce Degree.

MANO SELVANATHAN

Mano Selvanathan is the Chairman of Sri Krishna Corporation (Private) Limited, Ceylon Finance & Securities (Private) Ltd and Selinsing PLC and is a Group Director of most Companies in the Carson Cumberbatch Group in Sri Lanka, Indonesia, Malaysia, Singapore & India and is an active Member of its Executive Management Forums. He is also the Deputy Chairman of Ceybank Asset Management Limited.

He is the Past Chairman of the Indo Lanka Chamber of Commerce & Industry and has served as the Chairman of The Ceylon Chamber of Commerce and as the President of the Rotary Club of Colombo North.

Mano Selvanathan was conferred the highest National Honour in Sri Lanka the "DESAMANYA" title by H.E. the President of Sri Lanka, in recognition of the services rendered to the Nation.

In January 2011 he was awarded with the prestigious 'PRAVASI BHARATIYA SAMMAN AWARD' by the President of India in Delhi.

He holds a Bachelors Degree in Commerce.

He is also the Hon. Consul of the Republic of Chile in Sri Lanka.

ISRAEL PAULRAJ

Israel Paulraj is the Chairman of Ceylon Guardian Investment Trust PLC, Ceylon Investment PLC, Guardian Capital Partners PLC and Rubber Investment Trust Limited. He serves as a Director of Carson Cumberbatch PLC and of several of the subsidiary companies within the Carsons Group.

He served as Past Chairman of the Federation of Exporters Associations of Sri Lanka and The Coconut Products Traders Association. He was a member of the Executive Committee of The Ceylon Chamber of Commerce and the National Chamber of Commerce of Sri Lanka Shippers Council. He served on the Board of Arbitrators of The Ceylon Chamber of Commerce. He has served as Hon. General Secretary of the Central Council of Social Services, Hon. Treasurer of The Christian Conference in Asia, President of the Church of Ceylon Youth Movement and Hon. Treasurer of the National Christian Council of Sri Lanka. He has also served as Chairman of the Incorporated Trustees of the Church of Ceylon.

He also served on the Presidential Task Force on Non-Traditional Export and Import Competitive Agriculture set up by President R. Premadasa. He also served as Chairman of the Ecumenical Loan Fund of Sri Lanka and on its International Board in Geneva. He was a member of the Commercial Law Reform Commission and has served on the Parliamentary Consultative Committee on Internal and International Trade.

He holds a Bachelor of Law Degree and an Executive Diploma in Business Administration.

CHANDIMA GUNAWARDENA

Chandima Gunawardena serves as a Non-Independent, Non-Executive Director of Carson Cumberbatch PLC and in most of the Carsons Group Companies in Sri Lanka and overseas. Since assuming Non-Executive status in the Group in 2011, he serves as an advisor to the Group's Strategic Planning and Management forums in Sri Lanka and serves on Board Committees including the Audit Committees of the Group in Sri Lanka and overseas covering all operating sectors of the Group.

Mr. Gunawardena has over four decades of experience in varied fields of business and commercial activities and has held senior positions in The Corporate, Mercantile and State Institutions. He was appointed to the Carsons Group Directorate in 1990.

He has served in the Management committee of The Ceylon Chamber of Commerce for over 10 years and was a Founder Council member of the Sri Lanka Institute of Directors (SLID) and continued to serve in the council for over 10 years.

He is a Fellow of the Chartered Institute of Management Accountants, UK.

CHANDANA TISSERA

Chandana Tissera is a Director of Carson Cumberbatch PLC and presently serves as the Chief Executive Officer for the Plantations, Oils and Fats Sector of the Carsons Group. He is also a Director of several other subsidiary companies of the Group. He has served as the Chief Executive Officer of the Investment Sector and as Director Finance of the Carsons Group.

He has previously served on the Board of Union Assurance PLC and counts over 28 years of experience in the fields of manufacturing, financial services, capital market operations, overseas plantations, project development and management services. He is a Fellow of the Institute of Management, UK.

NALAKE FERNANDO

Nalake Fernando is a Director of the Property Management Companies of the Carson Cumberbatch Group - Equity One PLC and Equity Two PLC.

He is also a Director of Carsons Management Services (Private) Limited and in some of the Boards of the Malaysian Plantation Companies of the Carsons Group. He was the Country representative for Sri Lanka with Dalekeller & Associates Ltd., Designers and Skidmore Ownings & Merrill Architects. Counts over 39 years of work experience. Was a Director of SKC Management Services Ltd.

Holds a Technician's Certificate of the Institute of Work Study Practitioners of UK.

LESLIE RALPH DE LANEROLLE

Leslie De Lanerolle has over 46 years of work experience in both the public and private sectors, where he has held senior management positions. A Chartered Engineer, Mr. De Lanerolle holds a Bachelors Degree in Civil Engineering (First Class Honors) from the University of Ceylon (1965) and a Masters Degree from the University of Waterloo, Ontario, Canada (1968). He is a member of the Association of Professional Bankers of Sri Lanka and a Fellow of the Economic Development Institute of the World Bank, Washington.

Mr. De Lanerolle has worked primarily in the field of Project Finance and Management, undertaking assignments in diverse sectors of the economy, especially in the financial services, real estate and property, tourism, hotel and transportation sectors. He has worked as a team leader/member with several multi-disciplinary groups in carrying out project studies. In an individual capacity, he has served as Consultant to several private companies, providing project related advisory services from pre-investment to implementation.

Mr. De Lanerolle has served and continues to serve, on the Board of Directors of several other private and public listed companies.

KRISHNA SELVANATHAN

(Alternate Director to Mr.M.Selvanathan)

Director of Carsons Management Services (Private) Limited, Lion Brewery (Ceylon) PLC and the Investment Sector Companies of the Carsons Group. He is also a Director of Carlsberg India (Pvt) Ltd.

He holds a BA Degree in Accounting & Finance and Business Administration from the University of Kent, U.K.

Management Teams

OIL PALM

Corporate

Chandana Tissera
Director / Group CEO

Rizan Jiffrey
Director Projects and Business Development

Ms. Janaka Jayawickrama
Director Legal and Corporate Affairs

Kevin de Silva
Director / Chief Operating Officer - Business Systems & Services

Shalike Karunasena
Director / Chief Financial Officer

Sahad Mukthar
Director Corporate Planning

Ms Sharada Selvanathan
Director

Plantations

Sanjaya Upasena
Director / Chief Operating Officer - Oil Palm Plantations

Christoforus Pakadang
Director / Head of Tax Administration and Local Relations

Rathakrishnan Raman
Director Plantations

Mathew Gomez
Director Engineering

Shaji Thomas
Director Agronomy

Edi Suhardi
Director Sustainability

Edible Oils and Fats

Jayaprakash Mathavan
Director / Chief Operating Officer - Edible Oils & Fats

T Tharumarajah
Director Business Development

Satish Selvanathan
Director

Thahir Hussain
Director / Head of Business Operations - India

BEVERAGE

Suresh Shah
Director / CEO

Prasanna Amerasinghe
Director - Marketing

Chan Liyanage
Director - Supply Chain

Ranil Goonetilleke
Director - Finance

Ms. Sharlene Adams
Head of Exports

Wasantha Heenatigala
Manager - Marketing

Shiran Jansz
Head of Sourcing & Procurement

Ms. Nausha Raheem
Head of HR

Nishantha Hulangamuwa
Head of Outbound Logistics

Eshantha Salgado
Manager - Quality Assurance

Janaka Bandara
Manager - Production

Preethi De Silva
Manager - Business Development

Janaka Kiridena
Head of Sales

Hiran Edirisinghe
Chief Engineer

Arjuna Jayasinghe
Head of IT

Roshan Bandara
General Manager - Pub Chain

Nalake Kuruwitaarachchige
Financial Controller

Madhushanka Ranatunga
Marketing Manager - Premium Category

Management Teams

INVESTMENT & ASSET MANAGEMENT

Ms. Ruvini Fernando
Director/CEO -
Guardian Fund Management

Ms. Niloo Jayatilake
Director - Guardian Fund Management

Vibath Wijesinghe
Financial Controller

Tharinda Jayawardena
Head of Research

Sumith Perera
Fund Manager

Pasan Abeygunawardana
Head of Portfolio Operations

Gayan Karunarathna
Accountant

Asanka Jayasekara
Assistant Manager - Research

Lakmal Wickramaarachchi
Assistant Accountant

REAL ESTATE

Nalake Fernando
Director Property Management

S. Rajaram
Head of Engineering

Vibath Wijesinghe
Financial Controller

LEISURE

Paddy Withana
Director - Hotel Sector

Ms. Minoli Perera
Director -
Carsons Airline Services (Pvt) Ltd.

Ajith Weeratunge
Director - Management Services

Niranjan Naganathan
Resident Manager - Pegasus Reef Hotel

Ganeshan Thiagarajah
Resident Manager - Giritale Hotel

Kapila Gunatillaka
Chief Accountant

Ms. Mala Munasinghe
Executive Housekeeper

S. Kariyawasam
F & B Manager

S. Suraweera
Chief Engineer

Mustaq Ahmad
Sales & Marketing Manager

Senarath Ekanayake
Accountant

Mahinda Tennekoon
House-keeper

Hendrik Nandasena
Chef

Roshan Jayawickrama
Executive Chef

Ananda Ratnayake
Restaurant & Bar Manager

K. Jayathilake
Front Office Manager

MANAGEMENT SERVICES

Ajith Weeratunge
Director

Ms. Keshini De Silva
Director

Krishna Selvanathan
Director

Ms. Shirani Jayasekera
Head of Group Internal Audit

Ms. Amali Alawwa
Head of Legal

Bennett Patternott
Head of HR

Sunimal Jayasuriya
Head of IT

Group Directorate - 2013

PLANTATIONS, OILS & FATS

GOODHOPE ASIA HOLDINGS LTD.

Directors:
Chandra Das S/O Rajagopal Sitaram (Non Executive Independent & Non Executive Chairman) (appointed w.e.f. 5/6/2012)
H. Selvanathan (Executive Director & Deputy Chairman) (appointed w.e.f. 28/05/2012)
P.C.P. Tissera
Abdullah Bin Tarmugi (appointed w.e.f. 7/6/2012)
Chan Cheow Tong Jeffery (appointed w.e.f. 7/6/2012)
D.C.R. Gunawardena (appointed w.e.f. 7/6/2012)
J. Mathavan
Wong Gang (resigned w.e.f 22/06/2012)

Alternate Directors:
Tan Wei Shyan (for Wong Gang ceased on 22/6/2012)
Ms. Sharada Selvanathan (for H. Selvanathan - appointed for a period from 20/12/2012 to 05/01/2013)

SHALIMAR DEVELOPMENTS SDN. BHD.

Directors:
H. Selvanathan
M. Selvanathan
D.C.R. Gunawardena
P.C.P. Tissera
Ms. T.Y. Chan
Ms. L. Irene
Ms. J.M.S. Jayawickrama
C.S. Karunasena

Alternate Directors:
K. Selvanathan (for M. Selvanathan - revocation of appointment on 01/04/2013)
P.C.P. Tissera (for H. Selvanathan - revocation of appointment on 01/04/2013)

PT AGRO INDOMAS

Commissioners:
H. Selvanathan (President Commissioner)
M. Selvanathan
M. Tjandrawinata
Israel Paulraj
W. Unamboowe (resigned w. e. f. 3/07/2012)
M. Ramachandran Nair
T. de Zoysa
D.C.R. Gunawardena

Directors:
P.C.P. Tissera (President Director)
S. Upasena (Vice President Director)
S. Bastaman
C.S. Pakadang
Ms. J.M.S. Jayawickrama
C.S. Karunasena
T. Illamurugan (appointed w. e. f 1/09/2012)

SHALIMAR (MALAY) PLC

Directors:
H. Selvanathan (Chairman)
M. Selvanathan
I. Paulraj
D.C.R.Gunawardena
P.C.P. Tissera
K.C.N. Fernando
A.K. Sellayah

SELINSING PLC

Directors:
M. Selvanathan (Chairman)
H. Selvanathan
I. Paulraj
D.C.R.Gunawardena
P.C.P. Tissera
C.F. Fernando

INDO-MALAY PLC

Directors:
H. Selvanathan (Chairman)
M. Selvanathan
I. Paulraj
D.C.R.Gunawardena
P.C.P. Tissera
K.C.N. Fernando
T. Rodrigo

Alternate Director:
S. Mahendrarajah (for I. Paulraj)

GOOD HOPE PLC

Directors:
H. Selvanathan (Chairman)
M. Selvanathan
I. Paulraj
D.C.R.Gunawardena
P.C.P.Tissera
T. Rodrigo
A.K. Sellayah

Alternate Director:
S. Mahendrarajah (for I. Paulraj)

PT AGRO ASIA PACIFIC

Commissioners:
H. Selvanathan (President Commissioner)
M. Selvanathan
D.C.R. Gunawardena

Directors:
P.C.P. Tissera (President Director)
S. Upasena
C.S. Pakadang
Ms. J.M.S. Jayawickrama
C.S. Karunasena
J. Mathavan

PT KARYA MAKMUR SEJAHTERA

Commissioners:
H. Selvanathan (President Commissioner)
M. Selvanathan
D.C.R. Gunawardena

Directors:
P.C.P. Tissera (President Director)
S. Upasena (Vice President Director)
C.S. Pakadang
Ms. J.M.S. Jayawickrama
C.S. Karunasena
T. Illamurugan (appointed w e f 1/09/2012)

PT AGRO HARAPAN LESTARI

Commissioners:
H. Selvanathan (President Commissioner)
M. Selvanathan, (Vice President Commissioner)
I. Paulraj

Directors:
P.C.P. Tissera (President Director)
Ms. J.M.S. Jayawickrama
S. Upasena
C.S. Pakadang
C.S. Karunasena
J. Mathavan (resigned w.e.f. 31/8/2012)
K.G.G. De Silva (resigned w.e.f. 31/8/2012)
M.R. Jiffrey (resigned w.e.f. 31/8/2012)
S. Mukthar (resigned w.e.f. 31/8/2012)
Ramakrishan Rajoo (appointed w.e.f. 1/9/2012)
Ratha K. Raman (appointed w.e.f. 1/9/2012)
M. Gomez (appointed w.e.f. 1/9/2012)
E. Suhardi (appointed w.e.f. 1/9/2012)
S. Thomas George (appointed w.e.f. 1/09/2012)

AGRO HARAPAN LESTARI SDN. BHD.

Directors:
H. Selvanathan
M. Selvanathan
J. Mathavan
P.C.P. Tissera
Ms. T.Y. Chan
Ms. J.M.S. Jayawickrama
S. Upasena
C.S. Karunasena
M.R. Jiffrey
K.G.G. De Silva
M.S. Mukthar

Alternate Director:
S. Selvanathan (for H. Selvanathan)
K. Selvanathan (for M. Selvanathan - revocation of appointment on 01/04/2013)

Group Directorate - 2013

PLANTATIONS, OILS & FATS

PT AGRO BUKIT
Commissioners:
H. Selvanathan (President Commissioner)
M. Selvanathan
I. Paulraj
D.C.R. Gunawardena,
T. de Zoysa

Directors:
P.C.P. Tissera (President Director)
S. Upasena (Vice President Director)
S. Bastaman
C.S. Pakadang
Ms. J.M.S. Jayawickrama
C.S. Karunasena
M.F. Bin Mathunni (appointed w.e.f. 1/9/2012)

AGRO HARAPAN LESTARI (PRIVATE) LIMITED
Directors:
H. Selvanathan
P.C.P. Tissera
J. Mathavan
Ms. J.M.S. Jayawickrama
K.G.G. De Silva
M.R. Jiffrey
S. Upasena
C.S. Karunasena
S. Mukthar
Ms. Sharada Selvanathan (appointed w.e.f. 01/04/2013)

AHL BUSINESS SOLUTIONS (PRIVATE) LIMITED
Directors:
H. Selvanathan
P.C.P. Tissera
J. Mathavan
Ms. J.M.S. Jayawickrama
K.G.G. De Silva
M.R. Jiffrey
S. Upasena
C.S. Karunasena
S. Mukthar

AGRO ASIA PACIFIC LIMITED
Directors:
H. Selvanathan
M. Selvanathan
P.C.P. Tissera
J. Mathavan
Wong Gang
Ms. J.M.S. Jayawickrama
C.S. Karunasena

Alternate Director:
Tan Wei Shyan (for Wong Gang)

PT AGRAJAYA BAKTITAMA
Commissioners:
H. Selvanathan (President Commissioner)
M. Selvanathan
D.C.R. Gunawardena

Directors:
P.C.P. Tissera (President Director)
S. Upasena (Vice President Director)
C.S. Pakadang
Ms. J.M.S. Jayawickrama
C.S. Karunasena

PT RIM CAPITAL
Commissioners:
H. Selvanathan (President Commissioner)
M. Selvanathan
D.C.R. Gunawardena
S. Chelliah

Directors:
P.C.P. Tissera (President Director)
S. Upasena (Vice President Director)
M.F. Bin Mathunni
C.S. Pakadang
Ms. J.M.S. Jayawickrama
C.S. Karunasena

PT AGRO WANA LESTARI
Commissioners:
H. Selvanathan (President Commissioner)
M. Selvanathan
D.C.R. Gunawardena

Directors:
P.C.P. Tissera (President Director)
S. Upasena (Vice President Director)
C.S. Pakadang
Ms. J.M.S. Jayawickrama
C.S. Karunasena
T. Illamurugan (appointed w.e.f. 1/9/2012)

PT NABIRE BARU
Commissioners:
H. Selvanathan (President Commissioner)
M. Selvanathan
D.C.R. Gunawardena

Directors:
P.C.P. Tissera (President Director)
S. Upasena (Vice President Director)
C.S. Pakadang
Ms. J.M.S. Jayawickrama
C.S. Karunasena
M.F. Bin Mathunni (appointed w.e.f. 1/9/2012)

PT BATU MAS SEJAHTERA
Commissioners:
H. Selvanathan (President Commissioner)
M. Selvanathan
D.C.R. Gunawardena

Directors:
P.C.P. Tissera (President Director)
S. Upasena (Vice President Director)
C.S. Pakadang,
Ms. J.M.S. Jayawickrama
C.S. Karunasena

PT SAWIT MAKMUR SEJAHTERA
Commissioners:
H. Selvanathan (President Commissioner)
M Selvanathan
D.C.R. Gunawardena

Directors:
P.C.P. Tissera (President Director)
S. Upasena (Vice President Director)
C.S. Pakadang
Ms. J.M.S. Jayawickrama
C.S. Karunasena

PT SUMBER HASIL PRIMA
Commissioners:
H. Selvanathan (President Commissioner)
M. Selvanathan
D.C.R. Gunawardena

Directors:
P.C.P. Tissera (President Director)
S. Upasena (Vice President Director)
C.S. Pakadang
Ms. J.M.S. Jayawickrama
C.S. Karunasena

PT SINAR SAWIT ANDALAN
Commissioners:
H. Selvanathan (President Commissioner)
M. Selvanathan
D.C.R. Gunawardena

Directors:
P.C.P. Tissera (President Director)
S. Upasena (Vice President Director)
C.S. Pakadang
Ms. J.M.S.Jayawickrama
C.S. Karunasena

PLANTATIONS, OILS & FATS

ARANI AGRO OIL INDUSTRIES LIMITED

Directors:
H. Selvanathan
M. Selvanathan
P.C.P. Tissera
J. Mathavan
Ms. J.M.S. Jayawickrama
T. Tharumarajah
S.C.P. Chelliah
C.S. Karunasena
M.M.T. Hussain (appointed w.e.f 01/04/2013)

PREMIUM OILS & FATS SDN BHD

Directors:
H. Selvanathan
M. Selvanathan
J. Mathavan
P.C.P. Tissera
Ms. T.Y. Chan (Resigned w.e.f 22/3/2013)
Ms. J.M.S. Jayawickrama
T. Tharumarajah
S. Upasena
C.S. Karunasena
M.R. Jiffrey
K.G.G. De Silva
M.S. Mukthar
S. Selvanathan (Appointed w.e.f. 01/04/2013)

PREMIUM VEGETABLE OILS SDN BHD

Directors:
H Selvanathan
M Selvanathan
J Mathavan
P C P Tissera
Ms. J.M.S. Jayawickrama
T. Tharumarajah
S.C.P. Chelliah
C.S. Karunasena

PREMIUM FATS SDN BHD

Directors:
H. Selvanathan,
M. Selvanathan,
J. Mathavan
P.C.P. Tissera
Ms. J.M.S. Jayawickrama
T. Tharumarajah
S.C.P. Chelliah
C.S. Karunasena

PREMIUM NUTRIENTS PRIVATE LIMITED

Directors:
H. Selvanathan
M. Selvanathan
P.C.P. Tissera
J. Mathavan
Ms. J.M.S. Jayawickrama
Tan Wei Shyan (resigned w.e.f. 11/04/2013)
C.S. Karunasena

GOODHOPE INVESTMENTS (PRIVATE) LIMITED

Directors:
P.C.P. Tissera
Ms. J.M.S. Jayawickrema
K.G.G. De Silva
M.R. Jiffrey
C.S. Karunasena
M.S. Mukthar

Group Directorate - 2013

BEVERAGE

CEYLON BEVERAGE HOLDINGS PLC
Directors:
L.C.R. de C. Wijetunge (Chairman)
H. Selvanathan (Deputy Chairman)
M. Selvanathan (Director/ Alternate Director to H. Selvanathan w.e.f. 20/12/2012)
S. K. Shah (Chief Executive Officer)
D.C.R. Gunawardena
G.J. Fewkes

LION BREWERY (CEYLON) PLC
Directors:
L.C.R. de C. Wijetunge (Chairman)
H. Selvanathan (Deputy Chairman)
S. K. Shah (Chief Executive Officer)
D.C.R. Gunawardena
C.P. Amerasinghe
C.T. Liyanage
D.R.P. Goonetilleke
K. Selvanathan (Director/ Alternate Director to H. Selvanathan w.e.f. 20/12/2012)
Ms. S.J.F. Evans,
S. Ravn (resigned w.e.f. 10/6/2013)
R.E. Bagattini (resigned w.e.f. 7/6/2013)
H.J. Andersen (appointed w.e.f. 10/6/2013)
S.G. Lauridsen (appointed w.e.f. 10/6/2013)

Alternate Director
Y.F. Lew (for S.G. Lauridsen appointed w.e.f. 10/6/2013)

PUBS 'N PLACES (PRIVATE) LIMITED
Directors:
S.K. Shah
C. P. Amerasinghe
D.R.P. Goonetilleke
S.W.M.K.N. Hulangamuwa
K.R.T. Bandara
J.R. Kiridena
K.A.W. Heenatigala
(all above directors appointed w.e.f. 1/1/2013)

RETAIL SPACES (PVT) LTD
Directors:
S.K. Shah
C.P. Amerasinghe
D.R.P. Goonetilleke
P.P. de Silva

LUXURY BRANDS (PRIVATE) LIMITED
Directors:
S.K. Shah
D.R.P. Goonetilleke
C.P. Amerasinghe
(all above directors appointed w.e.f. 2/8/2012)
Ms. Nausha Raheem (appointed w.e.f. 1/1/2013)

REAL ESTATE

EQUITY ONE PLC
Directors:
D.C.R. Gunawardena (Chairman)
S. Nagendra
K.C.N. Fernando
E.H. Wijenaike
A.P. Weeratunge
S. Mahendrarajah
P.D.D. Fernando

EQUITY TWO PLC
Directors:
D.C.R. Gunawardena (Chairman)
K.C.N. Fernando
A.P. Weeratunge
E.H. Wijenaike
P.D.D. Fernando

EQUITY THREE (PRIVATE) LIMITED
Directors:
I. Paulraj
C. F. Fernando
K. C. N. Fernando

EQUITY SEVEN LIMITED
(Under Voluntary Liquidation)
Directors:
D.C.R. Gunawardena
K.C.N. Fernando
A.P. Weeratunge

EQUITY LANDS (PRIVATE) LIMITED
Directors:
D.C.R. Gunawardena (Chairman)
K.C.N. Fernando
A.P. Weeratunge

LEISURE

PEGASUS HOTELS OF CEYLON PLC
Directors:
D.C.R. Gunawardena (Chairman)
H. Selvanathan
M. Selvanathan
S. Nagendra
P.M. Withana

Alternate Director:
K.C.N. Fernando (for M. Selvanathan)

EQUITY HOTELS LIMITED
Directors:
D.C.R. Gunawardena (Chairman)
P. M. Withana

CARSONS AIRLINE SERVICES (PRIVATE) LIMITED
Directors:
H. Selvanathan (Chairman)
M. Selvanathan
D.C.R. Gunawardena
Mrs. M.R. Perera

MANAGEMENT SERVICES

CARSONS MANAGEMENT SERVICES (PRIVATE) LIMITED

Directors:
H. Selvanathan (Chairman)
M. Selvanathan
S.K. Shah
P.C.P. Tissera
K.C.N. Fernando
Mrs. K.D.de Silva
A.P.Weeratunge
K.Selvanathan

Alternate Director:
P.C.P. Tissera (for H. Selvanathan)

INVESTMENT HOLDING AND PORTFOLIO & ASSET MANAGEMENT

CARSON CUMBERBATCH PLC

T de Zoysa (Chairman)
H. Selvanathan (Deputy Chairman)
M. Selvanathan
I. Paulraj
D.C.R. Gunawardena
S.K. Shah
P.C.P. Tissera
V.P. Malalasekera
M. Moonesinghe
F. Mohideen
R. Theagarajah (appointed w.e.f. 12/09/2012)

Alternate Directors:
K. Selvanathan (for M. Selvanathan)
S. Selvanathan (for H. Selvanathan appointed w.e.f. 20/12/2012)

CEYLON GUARDIAN INVESTMENT TRUST PLC

Directors:
I. Paulraj (Chairman)
D.C.R. Gunawardena
A. de Z. Gunasekera
V.M. Fernando
Mrs. M.A.R.C. Cooray
K. Selvanathan
C.W. Knight

CEYLON INVESTMENT PLC

Directors:
I. Paulraj (Chairman)
D.C.R. Gunawardena
A.P. Weeratunge
Mrs. M.A.R.C. Cooray
A.de.Z Gunasekera
V.M. Fernando
K. Selvanathan

RUBBER INVESTMENT TRUST LIMITED

Directors:
I. Paulraj (Chairman)
D.C.R. Gunawardena
A.P. Weeratunge

Alternate Director:
A.P. Weeratunge (for I. Paulraj and D.C.R. Gunawardena)

GUARDIAN CAPITAL PARTNERS PLC

Directors:
I. Paulraj (Chairman)
S. Mahendrarajah
D.C.R. Gunawardena

Alternate Director:
S. Mahendrarajah (for I. Paulraj)

WENIWELLA INVESTMENTS LIMITED

(Under Voluntary Liquidation)
Directors:
I. Paulraj (Chairman)
S. Mahendrarajah

MYLANDS INVESTMENTS LIMITED

(Under Voluntary Liquidation)
Directors:
I. Paulraj (Chairman)
D.C.R. Gunawardena
S. Mahendrarajah

LEECHMAN & COMPANY (PRIVATE) LIMITED

Directors:
H. Selvanathan
M. Selvanathan
S. Mahendrarajah

GUARDIAN FUND MANAGEMENT LIMITED

Directors:
Mrs. W.Y.R. Fernando,
Mrs. B.D.N. Jayatillake
K. Selvanathan
A.P. Weeratunge

GUARDIAN ACUITY ASSET MANAGEMENT LIMITED

D.C.R. Gunawardena (Chairman)
R. Theagarajah (Resigned w.e.f. 01/05/2013)
T. W. de Silva
M. R. Abeywardena
K. Selvanathan
Mrs. W. Y. R. Fernando

Alternate Directors:
Mrs. B.D.N. Jayatilake (for D.C.R. Gunawardena)
I. A. S. P. Fernando (for R. Theagarajah - Ceased on 01/05/2013)

Audit Committee Report

The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the Company's process for monitoring compliance with Company policies and procedures, laws and regulations and the code of conduct and the identification of and management of risks that would impact on the Company's business activities.

The Audit Committee of the Company comprises of three Members, as follows :

Audit Committee members	Executive / Non-Executive / Independent
Mr. Ralph De Lanerolle (Chairman)	Non-Executive, Independent
Mr. Chandima Gunawardena	Non-Executive
Mr. Israel Paulraj	Non-Executive, Independent

Mr. Ralph De Lanerolle is a Director of Overseas Realty (Ceylon) PLC.

Mr. Chandima Gunawardena is a Non-Executive Director of Carson Cumberbatch PLC and in most of its Group Companies. He is a Fellow of the Chartered Institute of Management Accountants, U.K.

Mr. Israel Paulraj is a Non-Executive, Independent Director of Carson Cumberbatch PLC and in some of its Group Companies.

Bukit Darah PLC-Audit Committee held 05 Meetings during the financial year to discuss matters relating to the Company and the attendance of the Members of the Audit Committee was as follows :

Meetings attended (out of five)	
Mr. Ralph De Lanerolle (Chairman)	05
Mr. Chandima Gunawardena	04
Mr. Israel Paulraj	05

The Chief Financial Officer, internal auditors and senior management staff members also attended the Audit Committee Meetings by invitation.

The Committee met the external auditors twice during the year, i.e. to discuss the audit scope and to deliberate the draft Financial Report and Accounts. The Audit Committee also met the external auditors, Messrs.KPMG and discussed the draft Financial Report and Accounts, without the management being present.

In accordance with the approved audit plan for 2012/2013, the Group Internal Audit (GIA) carried out two audits on processes of the Company.

The findings and contents of the Group Internal audit reports have been discussed with the management and subsequently the audit reports were circulated to the Audit Committee and to the management.

The objectives of the GIA work was to have an independent review of the system of internal controls as established by the management, its adequacy and integrity vis-à-vis objectives served and to determine the extent of adherence to the controls by staff responsible for the function and to take corrective/preventive action where necessary.

The interim financial statements of the company have been reviewed by the Audit Committee Members at Audit Committee Meetings.

For all periods up to and including the year ended 31st March 2012, the Company and the Group prepared their financial statements in accordance with the Sri Lanka Accounting Standards, which were in effect up to that date. Following the convergence of the Sri Lanka Accounting Standards with the International Financial Reporting Standards (IFRSs), all existing /new Sri Lanka Accounting Standards were prefixed as SLFRS and LKAS (referred to as "SLFRS" in these financial statements) and with effect from the financial periods beginning on or after 1st January 2012, it was mandatory for the Company and the Group to comply with the requirements of the said new / revised Sri Lanka Accounting Standards (LKAS/SLFRS). The adoption of new/revised accounting framework required amendments to the basis of recognition, measurement and disclosure of transactions and balances in the financial statements of the Company and the Group, which are duly addressed in the financial statements for the year ended 31st March 2013. The transition and the resultant impact arising from the adoption of new/revised accounting standards on the financial statements of the Company and the Group were audited by Messrs.KPMG, Chartered Accountants, the Auditors, during the year end audit.

The draft financial statements of the Company for the year ended 31st March 2013 were reviewed at a meeting of the Audit Committee, together with the External Auditors, Messrs. KPMG, prior to release of same to the Regulatory Authorities and to the shareholders.

The Audit Committee was provided with confirmations and declarations as required, by Carsons Management Services (Private) Limited that the said financial statements were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 7 of 2007 therein and presented a true and fair view of the Company's state of affairs as at that date and the Company's activities during the year under review.

The Audit Committee has determined that Messrs.KPMG, Chartered Accountants, Auditors were independent on the basis that they did not carry out any management related functions of the Company.

The Audit Committee has concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors for the financial year ending 31st March 2014, subject to the approval of the shareholders at the Annual General Meeting.

(Sgd.)
L.R. De Lanerolle
Chairman - Audit Committee
Bukit Darah PLC

18th June 2013

Risk Management

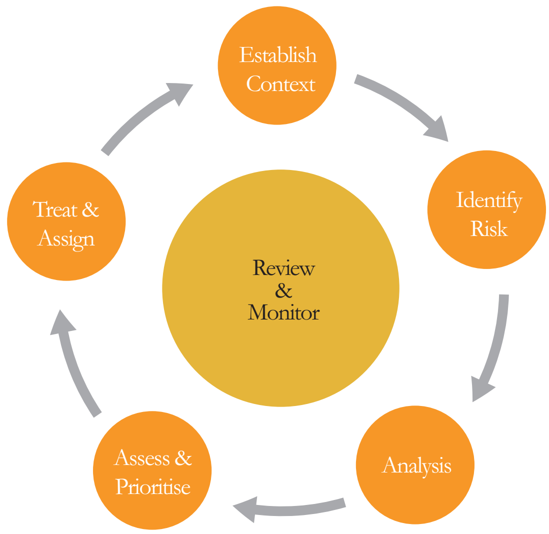
The Bukit Darah PLC is a diversified conglomerate. Bukit Darah PLC with global operations is exposed to a great variety of risks which are either general in nature or industry/country specific. As a result risk management has become an integral part of business and management. These practices provide reasonable assurance through the process of identification and management of events, situations or circumstances which even if they occur would not adversely impact the achievement of objectives of the business. In other words risk management practices will ensure minimum impact from adverse events and will help to maximize the realization of opportunities whilst risks are managed until they are mitigated and re-assessed to be within sector's risk appetite.

Enterprise Risk Management (ERM) provides a common process and terminology for all risk management activities. Its main goals focus on fostering risk awareness and promoting proactive management of threats and opportunities.

In implementing the business plan, the Group has embodied enterprise risk management to its business activities. This risk management process supports;

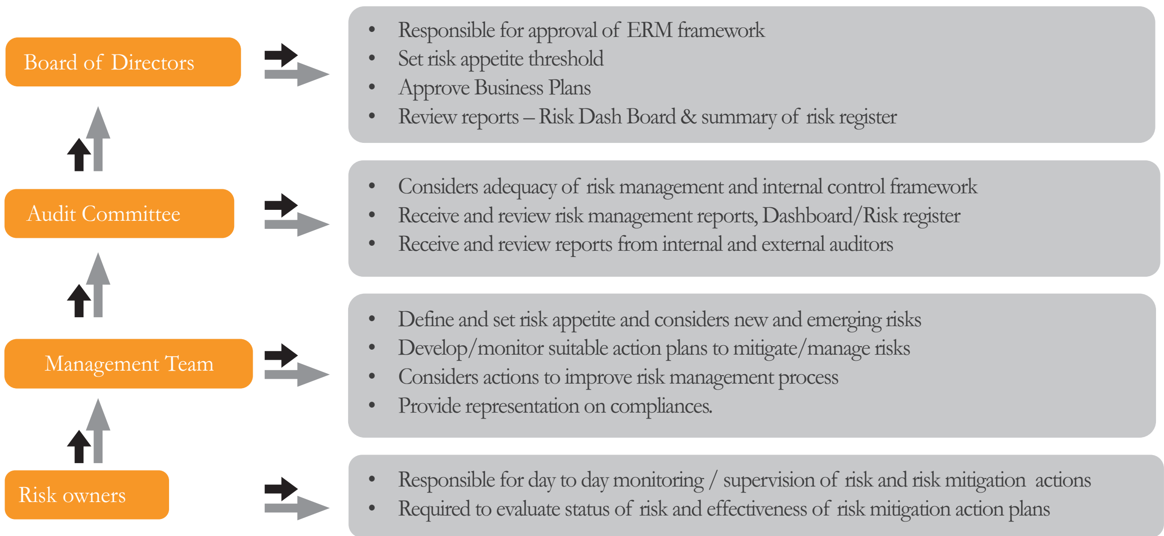
- Corporate Governance
- Quality of business planning
- Audit planning
- Project planning and implementation
- Building confidence of various stakeholder groups

ERM Process



ERM process re-validates that the relevant internal control systems are in place and provides assurance to Management/Board of Directors that processes are robust and working effectively.

Risk Management Governance Structure includes a reporting framework within the organisation and to the Board of Directors, thereby allowing Directors to assume their supervisory function for better Corporate Governance.



We are of the view that Risk Management is one of the driving factors of sustainability of operations and have identified the following risk profiles. The principal risks thus identified are considered and reviewed at various stages within our business process continuously.

Risk	Impact	Risk Responses and Strategies
Commodity Price Risk	The selling prices of CPO and CPKO are determined with reference to international trading prices. These prices are volatile, cyclical and market-driven and are largely determined by changes in the supply and demand fundamentals and other external factors. These may include global economic conditions, weather patterns, government policies and developments in international trade.	• Plantation, Oils and Fats sector Manage the impact of such price volatility on its cash flows, by hedging its sales either by entering into forward sale contract or by hedging its sales through CPO swaps or futures when required. • Beverage sector continuously monitor commodity prices of raw materials and enters into forward contracts for buying major raw materials with the assistance of international business partner or on its own. Further, for local brands the production facility is made agile so that different combinations of raw materials could be used without compromising on either the taste or quality.
General Securities Risk	Any trading in securities carries inherent investment risks associated with the entity issuing those securities. In particular the price or value of any security can and does fluctuate and may even become valueless, resulting in possible loss not only of returns and profits, but even also of all or part of the principal sums invested. These risks arise as a result of the overall risks faced by the issuing entity which affects its ability to provide a return to the investors holding the securities issued by it. Particularly in the case of equities, past performance of any investment is not necessarily indicative of future performance. At Guardian our approach focuses on the fact that there is no substitute for fundamental individual security assessment.	• Investment sector - Sound internal research processes. - Once an investment is made a continuous process of monitoring the performance of that investment is adopted. - Manage the concentration risk arising from over exposure to one security by monitoring sector exposure and single company exposure as mitigation strategies. Further, private equity exposure limits at company and group level are monitored as another measure of managing risk. Loss limits are set to monitor stocks performing below their cost of acquisition to determine whether temporary capital erosion is a concern. This helps us to mitigate the downside risk of any security in the portfolio. - Market risks affecting a particular class of security are mitigated by switching to asset classes that are assessed to be less risky in a particular scenario. - In the case of private equity, Board representation in proportion to the investment for stakes over 10% is considered necessary while for smaller stakes, monitoring mechanisms to facilitate constant evaluation of the investment will be built into the shareholder agreement.
Human Resource Risk	Being unable to recruit and retain appropriately skilled employees could adversely affect the ability to grow and maintain a competitive position in the market place.	The following initiatives have been implemented by the Group. - Ensure recruitments are carried out to hire employees with required qualification, knowledge and experience. - Availability of detailed job descriptions and role profiles for each job. - Human resource policies are focused on encouraging continuous training and development and ensuring appropriate compensation as per market rates to retain and develop employees.

Risk Management

Risk	Impact	Risk Responses and Strategies
Foreign Exchange Risk	Foreign currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currently Plantations, Oils and Fats and Beverage sectors are exposed to foreign currency exchange rate movements, primarily in US Dollar on its US Dollar denominated bank loans and foreign currency denominated supplies.	Assets, liabilities and other operational expenses which arise from daily operations are primarily denominated in the functional currencies. Resort to forward booking as appropriate and seek to match the foreign currency inflows and outflows as an internal hedging mechanism.
Business Environment Risks	Unfavourable global and local weather patterns resulting in adverse weather conditions, natural and man-made disasters including fires and haze from fires, droughts, floods, pestilence and crop disease could reduce the amount or quality of FFB we are able to harvest.	Invest in agronomy and plantation management practices to minimise the impact by any sudden up-rise of diseases. Business Continuity Plan. Cover perils through adequate insurance.
Liquidity Risk	The risk that a sector cannot easily meet its operational and financial obligations due to unavailability of sufficient funds that may interrupt the smooth functioning of the day to day operations.	Manage such an exposure through effective working capital management. Maintain sufficient credit facilities. Develop policies and procedures to plan liquidity based on medium term plans. • Investment sector - Investing in companies with a reasonable free float and where securities are heavily traded. Also by limiting the portfolio's buy list to highly traded blue chips, the risk of illiquidity can be mitigated. Good research will enable the fund team to identify changes in fundamentals and be proactive in investment decision making. - In the case of private equity, liquidity risks are difficult to manage due to time bound exit strategies. However, our insistence on one or two fall back exit options being built into the shareholder agreement ensures that eventually private equity projects will end up in an encashable state with at least a minimum return.

Risk	Impact	Risk Responses and Strategies
Credit Risk	Each sector is exposed to credit risk primarily from its trade receivables, which arise from its operating activities and its deposits with Banking Institutions.	Individual companies exercise some of the following controls to mitigate this risk. - Implementation of credit policies - Continuous and regular evaluation of creditworthiness of customers. - Ongoing monitoring of receivable balances. - Covering credit exposure through a combination of bank guarantees & discounting of credit to banks with no recourse to the company.
Interest Rate	The interest rates on most of our loans and borrowings are currently on a floating basis. As such, our financial performance may be affected by changes in prevailing interest rates in the financial market.	- Financial strength of the Carson Cumberbatch PLC is used via group treasury in negotiating the rates. - Plantation sector will pursue derivative mechanisms such as interest swaps, where necessary. - Obtaining a combination of loans linked to AWDR/SLIBOR/AWPLR & LIBOR.
Systems and process risks	The risk of direct or indirect losses due to inadequate or failed internal processes and systems.	- Maintain detail procedure manuals and provide training and guidelines for new recruits. - The internal audit function of the Group carryout regular review on internal control systems and processes and recommends process improvements if shortcomings are noted.
Legal and Regulatory Compliance	Failure to comply with regulatory and legal framework applicable to the Group.	- The management together with the Carsons group legal division proactively identifies and set up appropriate systems and processes for legal and regulatory compliance in respect of Sector operations. - Arrange training programs and circulate updates for key employees on new / revised laws & regulations on need basis. - Provide comments on draft laws to government and regulatory authorities. - Obtain comments and interpretations from external legal consultants on areas that require clarity. - Obtain compliance certificates from management on quarterly basis on compliance with relevant laws and regulations.

Information to Shareholders & Investors

1 Stock Exchange Listing

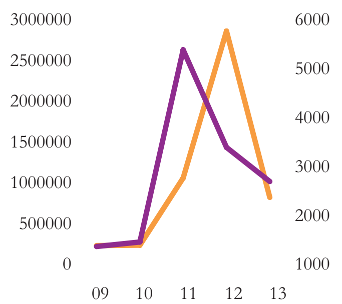
Bukit Darah PLC is a Public Quoted Company, the ordinary shares of which are listed on the main board of the Colombo Stock Exchange of Sri Lanka (CSE).

2 Market Capitalisation and Market price

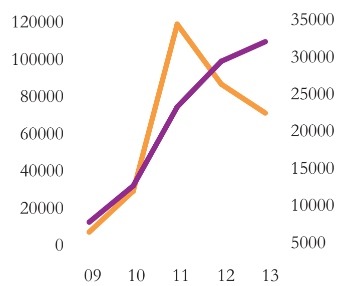
Market Capitalization of the Company's share, which is the number of ordinary share in issue multiplied by the market value of a share, was Rs.71,961 Mn as at 31 March 2013 (Rs.87,516 Mn as at 31st March, 2012).

The Information on Market prices are set out below :

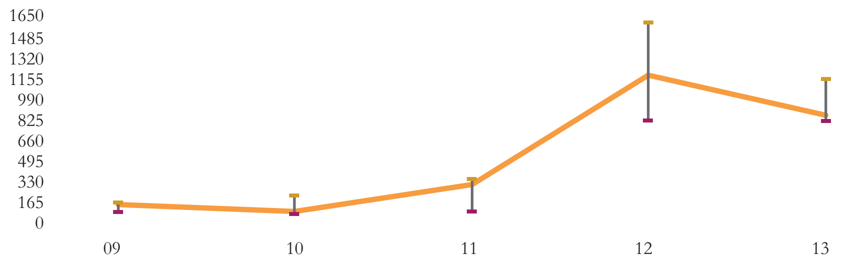
	2013	Q4	Q3	Q2	Q1	2012
Share Information						
Highest price (Rs.)	**950**	748	735	839	950	1,145
Lowest price (Rs.)	**652**	680	652	660	710	809
As at periods end (Rs.)	**706**	706	697	725	775	858
Trading Statistics						
No of transactions	**2,696**	580	409	1,032	675	3,394
No of shares traded	**822,818**	326,159	162,594	255,017	79,048	2,861,672
Value of all shares Traded (Rs.Mn)	**591**	234	112	181	64	3,199
Market Capitalization (Rs.Mn)	**71,961**	71,961	71,094	73,950	79,081	87,516
Enterprise Value (Rs.Mn)	**151,261**	151,261	144,225	126,676	143,350	148,771



Share Trading (Nos)



Shareholders fund & Market Capitalization (Rs.Mn.)



Share Price Trend over the past five years (Dialuted) (Rs.)

3 Shareholder Base

The total number of shareholders as at 31 st March 2013 was 2,059 compared to the 2,154 as at 31st March 2012. The number of ordinary shares held by non-residents as at 31st March 2013 was 22,076,113 which amounts to 21.64 % of the total number of ordinary shares.

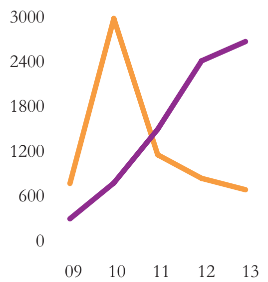
4 Distribution and Composition of Ordinary Shareholders

Distribution of Shares	Residents			Non-Residents			Total		
	No. of Members	No. of Shares	%	No. of Members	No. of Shares	%	No. of Members	No. of Shares	%
1 – 1,000	1,746	206,227	0.20	16	4,119	-	1,762	210,346	0.20
1,001 – 10,000	186	501,323	0.50	10	40,579	0.03	196	541,902	0.53
10,001 – 100,000	45	1,572,935	1.54	18	617,155	0.61	63	2,190,090	2.15
100,001 – 1,000,000	12	2,468,776	2.42	12	4,099,760	4.02	24	6,568,536	6.44
Above 1,000,000	12	75,174,626	73.70	2	17,314,500	16.98	14	92,489,126	90.68
Total	2,001	79,923,887	78.36	58	22,076,113	21.64	2,059	102,000,000	100.00

5 Composition of Shareholders

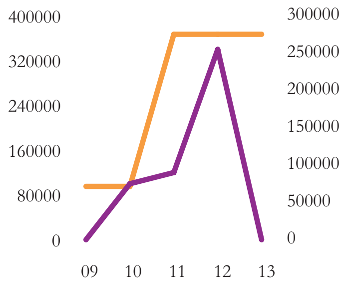
Ordinary Shares	31st March, 2013			31st March, 2012		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individuals	**1,911**	**6,181,681**	**6.06**	1,982	6,472,130	6.35
Institutions	**148**	**95,818,319**	**93.94**	172	95,527,870	93.65
Total	**2,059**	**102,000,000**	**100.00**	2,154	102,000,000	100.00
Residents	**2,001**	**79,923,887**	**78.36**	2,095	79,528,149	77.97
Non Residents	**58**	**22,076,113**	**21.64**	59	22,471,851	22.03
Total	**2,059**	**102,000,000**	**100.00**	2,154	102,000,000	100.00

Percentage of issued ordinary share capital held by the public as at 31st March, 2013 was 31.48%



Net Assets per Share & Closing Price per Share (Rs.)

Net assets per share (Rs)
Closing price per share (Rs)



Gross dividend and Ordinary shary capital (Rs.)

Gross dividend
Ordinary share capital

Information to Shareholders & Investors

6 Key Ratios

	2013	2012
EPS	**41.22**	50.36
Dividend Payout Ratio (%)	**96.91**	88.72
Dividend Yield (%)	**0.43**	0.29
Market Value Added (Mn)	**119,033**	119,159
Price Earning Ratio (PE Ratio)	**17.11**	15.14

7 Information on Dividends

The details of the dividends paid are as follows:

For the year ended 31st March	2013		2012	
	Per share	Amount	Per share	Amount
Ordinary Shares				
First interim - for 2012	**-**	**-**	2.50	255,000
First interim - 2013	**3.00**	**306,000**	-	-
	3.00	**306,000**	2.50	255,000
Preference Shares				
First interim - for 2012			14.95	36,699
First interim - 2013	**23.95**	**440.57**		
	-	**440.57**	14.95	36,699
Preference Shares				
Annual	**0.08**	**145**	0.80	145
	0.08	**145**	0.80	145

8 Shareholder Information

The issued ordinary shares of the Company are listed on the main board of the Colombo Stock Exchange. Stock Exchange ticker symbol for the Bukit Darah PLC shares : BUKI.N0000

9 Dividends Since

Year ended 31st March	DPS (Rs.)	Dividends (Rs.'000)
2009	-	-
2010	7.50	75,000
2011	9.00	90,000
2012	2.50	255,000
2013	**3.00**	**306,000**

10 Ordinary Shares in Issue

Year ended 31st March	Number of Shares
2009	10,000,000
2010	10,000,000
2011	102,000,000
2012	102,000,000
2013	**102,000,000**

11 History of Scrip Issues (Ordinary Shares)

Year ended 31st March	Issue	Basis	Number of Shares
2004	Bonus	24:1	9,600,000
2011	Sub-division	10:1	90,000,000
	Capitalisation	1:50	2,000,000

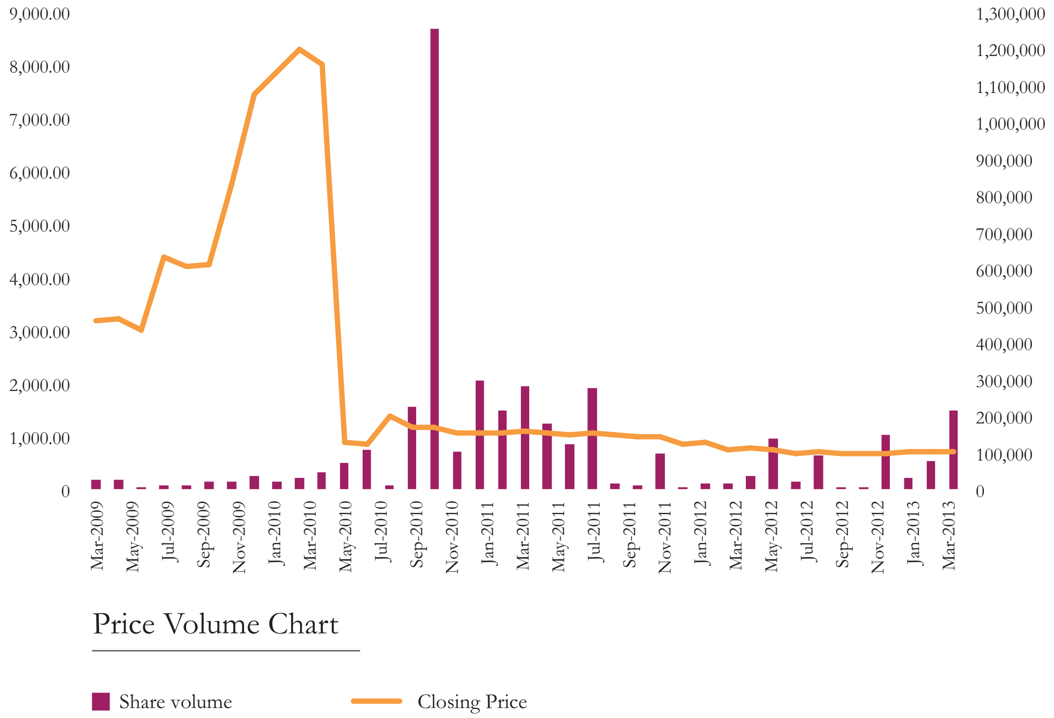
12 Information on Movement in No of Share

Financial Year	Issue	Basis	No of Shares or issued	No. of Shares Ordinary	No. of Shares Cumulative Redeemable Preference
2003/04	Bonus Issue	24 for 1	9,600,000	10,000,000	180,350
2010/11	Sub-division	10 for 1	90,000,000	100,000,000	1,803,500
	Capitalisation	1 for 50	2,000,000	102,000,000	1,839,568

13 Information on Shareholders Funds and market capitalization

As at 31st March	2009	2010	2011	2012	2013
Shareholders' Funds (Rs.Mn.)	7,956	12,838	20,270	29,591	**32,228**
Market Capitalization (Rs.Mn.)	7,900	30,000	119,748	87,516	**71,961**
Market Capitalization as % of CSE Mkt. Captl. (%)	1.48%	2.48%	4.94%	4.35%	**3.26%**

14 Price Volume Chart



Five Year Summary

Group

(Amounts expressed in Sri Lankan Rs.'000 unless otherwise stated)

For the year ended 31st March	2013	2012	2011	2010	2009
OPERATING RESULTS					
Revenue	**76,160,413**	66,078,183	36,008,053	23,865,375	17,090,940
Profit before taxation	**13,555,159**	17,695,891	12,795,996	8,267,477	3,145,465
Income tax expenses	**3,964,642**	4,308,795	2,821,520	1,660,227	580,879
Profit for the year	**9,590,517**	13,387,096	9,974,476	6,607,250	2,564,586
Profit attributable to the Non controlling interest'	**5,341,368**	6,644,704	4,863,701	3,704,604	1,842,645
Profit attributable to the Owners of the company	**4,249,149**	6,742,392	5,110,775	2,902,646	721,941
CAPITAL EMPLOYED					
Stated capital	**412,635**	412,635	412,635	101,804	101,804
Reserves	**31,814,976**	29,178,718	19,857,231	12,736,409	7,854,119
	32,227,611	29,591,353	20,269,866	12,838,213	7,955,923
Non -controlling interest	**34,998,672**	31,523,467	25,947,276	18,585,691	11,917,976
Investment through subsidiaries	**(10,688)**	(10,688)	(12,333)	(12,333)	(12,333)
Short - term and long - term borrowings	**52,234,376**	37,664,912	23,505,260	12,814,355	12,895,663
	119,449,971	98,769,044	69,710,069	44,225,926	32,757,229
ASSETS EMPLOYED					
Non - current assets	**113,263,500**	94,029,100	57,006,961	40,802,636	28,106,995
Current assets	**24,050,368**	23,051,017	20,221,662	10,264,723	10,251,174
	137,313,868	117,080,117	77,228,623	51,067,359	38,358,169
Current liabilities - excluding borrowings	**(8,939,692)**	(11,266,986)	(4,767,453)	(4,300,117)	(3,504,332)
Non - current liabilities	**(28,077)**	(25,492)	(773,052)	(873,229)	(816,816)
Deferred liabilities	**(8,896,128)**	(7,018,595)	(1,978,049)	(1,668,087)	(1,279,792)
	119,449,971	98,769,044	69,710,069	44,225,926	32,757,229
CASH FLOW STATEMENTS					
Net cash inflows from operating activities	**5,119,307**	12,502,140	5,126,379	3,200,718	1,307,552
Net cash used in investing activities	**(19,798,782)**	(17,586,408)	(5,239,889)	(5,210,205)	(2,843,461)
Net cash generated from/(used in) financing activities	**2,441,358**	(3,877,384)	9,859,179	9,025	3,464,071
Net (decrease)/increase in cash & cash equivalents	**(12,238,117)**	(8,961,652)	9,745,669	(2,000,462)	1,928,162

Group

(Amounts expressed in Sri Lankan Rs.'000 unless otherwise stated)

For the year ended 31st March	2013	2012	2011	2010	2009
OPERATIONAL RATIOS					
Return on ordinary shareholders' funds (%)	**13.06**	22.69	25.15	16.12	9.07
Equity to total assets (%)	**48.93**	52.16	59.84	61.53	51.81
Revenue growth (%)	**15.26**	83.51	50.88	39.64	9.50
Asset growth (%)	**17.28**	129.27	101.34	33.13	7.79
Revenue to capital employed (times)	**0.64**	0.67	0.52	0.54	0.52
No. of employees	**15,097**	14,453	11,672	6,943	8,011
Revenue per employee (Rs.'000)	**5,045**	4,572	3,085	3,437	2,133
DEBT & GEARING RATIOS					
Interest cover (times)	**6.97**	8.58	16.52	10.60	6.40
Debt equity ratio (%)	**77.81**	61.74	50.86	40.78	64.89
Gearing ratio (%)	**43.76**	38.18	33.71	28.97	39.35
LIQUIDITY RATIOS					
Current ratio (times)	**0.71**	1.00	1.92	1.15	1.25
INVESTOR RATIOS					
Dividend cover (times)	**13.74**	20.14	5.55	3.78	-
Dividends per share (Rs.)	**3.00**	2.50	9.00	7.50	-
Market value per share (Rs.)	**706**	858	1,174	3,000	790
Market capitalization (Rs.' mn)	**71,961**	87,516	119,748	30,000	7,900
Earnings per share (Rs.)	**41.22**	50.36	49.98	28.35	7.08
Price earnings ratio (times)	**17.11**	17.04	23.49	105.82	111.58
Net assets per ordinary share (Rs.)	**315.56**	289.71	198.32	125.85	77.98

Financial Calendar

Financial Year End	-	31st March 2013
Announcement of Results		
First Quarter ended 30th June 2012	-	14th August 2012
Second Quarter ended 30th September 2012	-	14th November 2012
Third Quarter ended 31st December 2012	-	14th February 2013
Fourth Quarter ended 31st March 2013	-	31st May 2013
Notice of Annual General Meeting	-	18th June 2013
97th Annual General Meeting	-	31st July 2013

Annual Report of the Board of Directors on the Affairs of the Company

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and recommended best accounting practices. The Annual Report was approved by the Directors on 18th June 2013.

GENERAL

The Directors have pleasure in presenting to the shareholders their report together with the Audited Financial Statements for the year ended 31st March 2013 of Bukit Darah PLC, a public limited liability company incorporated in Sri Lanka in 1916.

THE PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activities of the Company consist of investing in Oil Palm Plantations,Oils & Fats, Beverage, Portfolio and Assets Management, Real Estate, Leisure and Management Services.

There have been no significant changes in the nature of the activities of the Group and the Company during the financial year under review.

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

The Chairman's Statement on pages 8 to 9 and Operational review on pages 17 to 21 provide an overall assessment of the business performance of the Group and its future developments. These reports together with audited financial statements reflect the state of affairs of the Company and the Group.

The segment-wise contribution to Group Results, Assets and Liabilities are provided in Note 6 to the financial statements on pages 90 to 93.

FINANCIAL STATEMENTS

The financial statements of the Group are prepared in conformity with Sri Lanka Accounting Standards (SLAS), provide information required by the Companies Act No. 07 of 2007 and the Colombo Stock Exchange Listing requirements. The Company and its subsidiaries are also guided by other recommended best accounting practices.

Revenue

Revenue generated by the company amounted to Rs 390 mn (2012 - Rs.345 mn), whilst group revenue amounted to Rs.76,160 mn (2012 - Rs.66,078 mn). Contribution to group revenue from the different business segments is provided in Note 6 to the financial statements.

Financial Results

The audited results of the Group and of the Company for the financial year ended 31st March 2013 are as follows:

	Group		Company	
For the year ended 31st March	2013 Rs.'000	2012 Rs.'000	2013 Rs.000	2012 Rs.'000
Profit available for appropriation From which the following appropriations/ distributions have been made:	**27,977,746**	24,026,895	**7,059,838**	6,991,711
Dividend				
Preference shares dividend				
Annual Dividend	**145**	145	**145**	145
8% participating cumulative Preference dividend paid - 2013 - Rs 23.95 (2012 - Rs 19.95)	**44,057**	36,699	**44,057**	36,699
Ordinary dividend paid				
Interim Dividend - 2013 Rs.3.00 (2012 - Rs 2.50)	**306,000**	255,000	**306,000**	255,000
Total dividend paid	**350,202**	291,844	**350,202**	291,844
Leaving a balance to be carried forward	**27,627,544**	23,735,051	**6,709,636**	6,699,867

SIGNIFICANT ACCOUNTING POLICIES

For all periods up to and including the year ended 31 March 2012, the Company and the Group prepared their financial statements in accordance with Sri Lanka Accounting Standards which were in effect up to that date.

Following the convergence of Sri Lanka Accounting Standards with the International Financial Reporting Standards (IFRSs), all existing/new Sri Lanka Accounting Standards were prefixed as SLFRS and LKAS (referred to as "SLFRS" in these financial statements) and with effect from the financial periods beginning on or after 1 January 2012, it is mandatory for the Company and the Group to comply with the requirements of the said new/revised Sri Lanka Accounting Standards (LKAS/SLFRS).

The adoption of new/revised accounting framework required amendments to the basis of recognition, measurement and disclosure of transactions and balances in the financial statements of the Company and the Group, which are duly addressed in the financial statements for the year ended 31 March 2013.

The transition and the resultant impact arising from the adoption of new/revised accounting standards on the financial statements of the Company and the Group were audited by Messrs KPMG, Chartered Accountants, the auditors, during the year end audit, and the transition notes are disclosed in Note 45 to financial statements.

CAPITAL EXPENDITURE

Details of the Group capital expenditure undertaken during the year by each sector are:

For the year ended 31st March	2013 Rs.'000	2012 Rs.'000
Portfolio and Assets Management		
Property, plant & equipment	**1,449**	1,239
Intangible assets	**-**	4,471
Oil Palm Plantations		
Property, plant & equipment	**7,449,189**	5,648,375
Intangible assets	**968,512**	569,770
Oils & Fats		
Property, plant & equipment	**1,887,479**	1,283,431
Intangible assets	**2,863**	10,519
Beverage		
Property, plant & equipment	**3,677,236**	1,357,065
Intangible assets	**484**	21,361
Real Estate		
Property, plant & equipment	**112,253**	3,873
Leisure		
Property, plant & equipment	**97,752**	79,433
Management Services		
Property, plant & equipment	**35,353**	4,381
Intangible assets	**385**	161
	14,232,955	8,984,079

Value of the Investment Portfolio

The market value/valuation of the Group's investment portfolio as at 31st March, 2013 was Rs.9,030 million (2012 - Rs.9,325 million).

Value of the Investments Properties

The fair value of the group's investment properties as at 31st March 2013 was Rs.1,970 million (2012 - Rs.1,907 million).

Market Value of Freehold Properties

Certain freehold properties (land and buildings) of the Group have been revalued based on independent professional valuations and written - up in the books of account to conform to market value of such properties. Details of such revaluations are given in note 18 to the financial statements.

Reserves

A summary of the Group's Reserves is given below

	Group		Company	
As at 31st March	2013 Rs.'000	2012 Rs.'000	2013 Rs.'000	2012 Rs.'000
Capital Reserve	**2,169,329**	1,709,572	**40,000**	40,000
Revenue Reserve	**29,645,647**	27,469,146	**6,709,636**	6,699,867
Total	**31,814,976**	29,178,718	**6,749,636**	6,739,867

The movements are shown in the Statements of Changes in Equity given on page 68 to 60 the Annual Report.

Directors' Responsibilities for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Group and the Company which reflect a true and fair view of the state of its affairs. The Directors are of the view that the Statement of Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flow, Significant Accounting Policies and Notes thereto appearing on pages 86 to 159 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and amendments thereto and Listing Rules of the Colombo Stock Exchange. The "Statement of Directors' Responsibility" for Financial Reporting given on page 84 forms an integral part of this Report.

INDEPENDENT AUDITOR'S REPORT

The Independent Auditor's Report on the Financial Statements is given on page 64 of this Annual Report.

INTERESTS REGISTER

The Company maintains an Interests Register conforming to the provisions of the Companies Act No. 07 of 2007. All Directors have made declarations as provided for in Section 192 (2) of the Companies Act, aforesaid.

The relevant details as required by the Companies Act, No. 07 of 2007 have been entered in the Interests Register during the year under review.

The Interests Register is available for inspection as required under the said Companies Act.

Directors' Interest in Contracts and Shares

Directors' interests in contracts of the Company are disclosed in Note 43 to these financial statements and have been declared at meetings of the Directors. The Directors have had no direct or indirect interest in any other contracts or proposed contracts in relation to the business of the Company, while they had the following interests in Ordinary shares of the Company.

Directors	No of Ordinary Shares	
	31.03.2013	31.04.2012
(Ordinary Shares)		
Mr. H. Selvanathan (Chairman)	**153,111**	153,111
Mr. M. Selvanathan	**44,179**	44,179
Mr. I. Paulraj	**1,127**	1,127
Mr. D.C.R. Gunawardena	**-**	-
Mr. P.C.P. Tissera	**-**	-
Mr. K.C.N. Fernando	**-**	-
Mr. L. R. De Lanerolle	**3,074**	3,074
Alternate Directors		
Mr. K. Selvanathan (for M. Selvanathan)		
Preference Shares - 8% Participating		
Mr. H. Selvanathan	**345,130**	345,130
Mr. M. Selvanathan	**817,856**	756,452

(ii) Directors shareholdings in group quoted companies.

Subsidiaries	No. of Ordinary Shares	
As at	31.03.2013	01.04.2012
Carson Cumberbatch PLC		
Mr. H. Selvanathan	**42,318**	42,318
Mr. M. Selvanathan	**32,962**	32,962
Mr. P.C.P. Tissera	**12**	12
Mr. I. Paulraj	**129**	129
Mr. L. R. De Lanerolle	**4,051**	4,051
Messrs. H. Selvanathan & M. Selvanathan	**449,820**	449,820
Ceylon Guardian Investment Trust PLC		
Mr. I. Paulraj	**255**	255
Mr. D.C.R. Gunawardena	**255**	255
Ceylon Investment PLC		
Mr. I. Paulraj	**255**	255
Mr. D.C.R. Gunawardena	**255**	255
Ceylon Beverage Holdings PLC		
Mr. H. Selvanathan	**690**	690
Mr. M. Selvanathan	**690**	690
Mr. D.C.R. Gunawardena	**15**	15
Mr. I. Paulraj	**33**	33
Lion Brewery (Ceylon) PLC		
Mr. H. Selvanathan	**1,579**	1,579
Mr. M. Selvanathan	**1,579**	1,579
Mr. D.C.R. Gunawardena	**34**	34
Mr. I. Paulraj	**1,675**	1,675
Shalimar (Malay) PLC		
Mr. M. Selvanathan	**1**	-
Selinsing PLC		
Mr. M. Selvanathan	**1**	-
Good Hope PLC		
Mr. M. Selvanathan	**1**	-
Indo-Malay PLC		
Mr. M. Selvanathan	**1**	-

Equity Two PLC		
Mr. I Paulraj	**41,000**	41,000
Mr. K.C.N. Fernando	**3,600**	3,600
Guardian Capital Partners PLC		
Mr. H. Selvanathan	**25**	25
Mr. I. Paulraj	**200**	200
Mr. D.C.R. Gunawardena	**25**	25

Related Party Transactions

The Directors have also disclosed the transactions if any, that could be classified as related party transactions in terms of LKAS 24 "Related Party Disclosures" which is adopted in the preparation of the Financial Statements. Those transactions disclosed by the Directors are given in Note 43 to the Financial Statements forming part of the Annual Report of the Board.

Directors' Benefits

Since the end of the previous financial year, none of the directors of the company have received or become entitled to receive any benefit (other than the benefit as disclosed in Note 14 to the financial statements) by reason of a contract made by the company or a related corporation with the director, or with a firm of which the director is a member , or with a company in which the director has substantial financial interest except for any benefits which may be deemed to have arisen by virtue of the significant related party transactions as disclosed in note 43 to the financial statement.

During and at the end of the financial year, no arrangement subsisted to which the company is a party, with the object or object of enabling directors of the company to acquire benefit by means of the acquisition of shares of the company.

Remuneration of Directors

Directors' remuneration in respect of the Company for the financial year ended 31st March 2013 is given in Note 14 to the Financial Statements on page 97.

DIRECTORS

The names of the Directors who served during the year are given under Corporate Information on page 11 of this Annual Report.

Directors to Retire by Rotation

In terms of Articles 82 and 83 of the Articles of Association of the Company, Mr. D.C.R. Gunawardena retires by rotation and being eligible offers himself for re-election.

Appointment of Directors who are over 70 years of age

Upon the recommendation of the Nomination Committee of the Company and the Board, it is recommended that Messrs. I. Paulraj and L. R. De Lanerolle who are over 70 years of age be re-appointed as Directors of the Company for a further period of one year from the conclusion of the Annual General Meeting and that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not be applicable.

INDEPENDENT AUDITORS

Company

Company's Auditors during the year under review was Messrs KPMG, Chartered Accountants

A sum of Rs.253,000/- was paid to them by the Company as audit fees for the year ended 31st March 2013 (2012 - Rs.220,000/-).

The retiring Auditors have expressed their willingness to continue in office. A resolution to re-appoint them as Auditors and authorizing the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

The Audit Committee reviewed the appointment of the Auditors, its effectiveness and its relationship with the group, including the scope of audit and non-audit fees paid to the Auditors.

Group

The group works with firms of Chartered Accountants in Sri Lanka and overseas, namely, Messrs. KPMG and Ernst & Young. Details of audit fees are set out in Note 14 of the financial statements.

Further details on the work of the Auditors and the Audit Committee are set out in the Audit Committee Report.

Auditors' relationship or any Interest with the company

The Directors are satisfied that, based on written representations made by the Independent Auditors to the Board, the auditors did not have any relationship or any interest with the Company and its subsidiaries that would impair their independence.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Rights Issues of Guardian Fund Management Limited (GFM)

During the financial year, GFM increased its' capital by way of two rights issues of shares to the shareholders. Accordingly, 600,000 ordinary shares and 1,203,670 ordinary shares were issued on 5th

July 2012 and 25th March 2013 respectively, at a price of Rs. 25/- per share and a sum of Rs. 45,091,750/- was raised by the said rights issues.

Redemption of Preference shares

Carson Cumberbatch PLC redeemed 5,500,000 (unlisted) Non-Voting Cumulative Redeemable Preference shares (Class B) issued to DFCC Bank on 30th June 2012 in accordance with the Articles of Association of the Company.

Diageo Distributership

Lion Brewery (Ceylon) PLC was appointed Sri Lanka's sole importer and distributor of the Diageo Portfolio of Brands on 1st October 2012.

Incorporation of a Company

During the year Ceylon Beverage Holdings PLC incorporated two subsidiaries Retail Spaces (Private) Limited and luxury Brands(Private) Limited.

Change of Name of a Company

The name of CBL Retailers (Pvt) Ltd was changed to Pubs 'N Places (Pvt) Ltd on 31st July 2012.

Acquisition of PT Sinar Sawit Andalan ("PTSSA")

On 29th May 2012, the Group acquired 95% equity interest in PT Sinar Sawit Andalan ("PTSSA") in Indonesia, at a purchase consideration of Rs. 325 mn. (US$ 2.6 mn). The Group has acquired PTSSA as part of its plantation business expansion plan.

Capitalisation of Loans by Issue of Shares:

Carsons Management Services (Private) Limited issued 16,000,000 Ordinary Shares to Carson Cumberbatch PLC at a consideration of Rs.10/- per share, by capitalizing the loans amounting Rs.160,000,000/- obtained from Carson Cumberbatch PLC

Preferential allotment of shares

Company's subsidiary Carsons Airlines Services (Private) Limited (CASL) made a preferential allotment of 1,500,000 ordinary shares to Carson Cumberbatch PLC at a consideration of Rs. 10/- per share. Hence, a sum of Rs. 15,000,000/- was infused to the capital of the Company.

CORPORATE GOVERNANCE

The Board has ensured that the Company has complied with the Corporate Governance Rules as per the Listing Rules of the Colombo Stock Exchange (CSE).

The Board of Directors

The following Directors held office as at the reporting date and their brief profiles are given on pages 44 to 53 of the Annual Report.

Directors	Executive	Non-Executive	Independent
Mr. H. Selvanathan (Chairman)	√	-	-
Mr. M. Selvanathan	√	-	-
Mr. I. Paulraj *	-	√	√
Mr. D.C.R. Gunawardena	-	√	-
Mr. P.C.P. Tissera	√	-	-
Mr. K.C.N. Fernando	√	-	-
Mr. L.R. De Lanerolle	-	√	√

Alternate Director

Mr. K. Selvanathan (for Mr. M. Selvanathan)

Each of the Non Executive Directors of the Company have submitted a signed declaration on 'Independence/Non Independence' as per Rule 7.10.2.b. of the Listing Rules of the Colombo Stock Exchange. The said declarations were tabled at a Board Meeting held on 18th June 2013, in order to enable the Board of Directors to determine the Independence/ Non Independence of the Non - Executive Directors.

* The Board has determined that Mr. I. Paulraj is an independent Director in spite of being on the Board for more than 9 years and a Director of many other companies within the Carson Cumberbatch Group, in which a majority of the other Directors of the Board are also Directors and also being on the Board of Rubber Investment Trust Limited that has a significant shareholding in the Company, since he is not directly involved in the management of the Company.

Remuneration Committee

As per Rule 7.10.5 of the Listing Rules of the Colombo Stock Exchange, the Remuneration Committee of the Company comprises of the following members;

Remuneration Committee Members	Executive	Non-Executive	Independent
Mr. I. Paulraj (Chairman)	-	√	√
Mr. D.C.R. Gunawardena	-	√	-
Mr. L.R. De Lanerolle	-	√	√

The Committee has formulated a remuneration policy based on market and industry factors and individual performance for all group Companies.

Aggregated remuneration paid to the Non-Executive Directors of the company is disclosed under Note 14 (d) on page 96 of this Report.

Executive Directors are not compensated for their role on the Board.

Audit Committee

As per Rule 7.10.6 of the Listing Rules of the Colombo Stock Exchange, the Audit Committee of the Company comprises of the following members :

Audit Committee Members	Executive	Non-Executive	Independent
Mr. L.R. De Lanerolle (Chairman)	-	√	√
Mr. I. Paulraj	-	√	√
Mr. D.C.R. Gunawardena	-	√	-

The Audit Committee Report is given on page 60 of this Annual Report.

Directors' Meetings Attendance

Seven (07) Board Meetings were convened during the financial year and the attendance of the Directors were as follows:

Directors	Meetings attended (out of 07)
Mr. H. Selvanathan (Chairman)	07
Mr. M. Selvanathan	07
Mr. I. Paulraj	07
Mr. D.C.R. Gunawardena	07
Mr. P.C.P. Tissera	07
Mr. K.C.N. Fernando	07
Mr. L.R. De Lanerolle	05

NOMINATION COMMITTEE

The Nomination Committee of the Company comprises of the following members;

Nomination Committee Members	Executive	Non-Executive	Independent
Mr. I. Paulraj (Chairman)	-	√	√
Mr. D.C.R. Gunawardena	-	√	-
Mr. L.R. De Lanerolle	-	√	√

The primary objective of the Nomination Committee is to recommend the appointment of new Directors to the Board and the Nomination of members to represent the Company in Group companies / Investee companies.

INTERNAL CONTROL AND RISK MANAGEMENT

The ultimate responsibility to establish, monitor and review a group wide internal control system rests with the Board of Directors. The intensity, depth and the tolerance limits for each component of the internal control system would be based on the weight of the element of risk imposed on the sustenance of the business by the respective area of operation. Whilst a strong internal control system would mitigate the crystallization of risk elements to a greater extent, employment of external support structures would also be necessary based on the risk assessments made thereon.

The delegation of the effective maintenance of internal controls and risk identification and mitigation is handed down to the respective CFO's within the guidelines of benchmark policies, procedures and authority limits clearly laid down. This team is supported by the risk officers appointed per sector. The risk officers would confer with the respective management teams and will update the risk registers and the relevant action plans to be followed by the management teams in their respective spheres of operation. Group Internal Audit, whose scope of scrutiny is entirely driven by the grading of the risk involved will be monitoring and providing the feedback to the management and the respective Audit Committees.

Regular submission of compliance and internal solvency certificates vouched by the heads of the respective divisions as a mandatory agenda item keeps the directors abreast of the health of the company, resource base and governance requirements. This allows the Board to have total control of the fulfillment of governance requirements by providing opportunity to take timely preventive action in case of potential deterioration of status quo.

More detailed description of the Risk management strategies of the Company is given on page 44.

OUTSTANDING LITIGATION

In the opinion of the Directors and in consultation with the company lawyers, litigations currently pending against the company will not have material impact on the reported financial results of future operations of the company. Details of litigations pending against the company are given in Note 41 on page 147 of the Annual Report

DIVIDEND

The Directors do not recommend a dividend at this point in time. The details of the dividends paid during the year are set out in Note 17 to the financial statements.

SOLVENCY TEST

Solvency test was performed for the first interim dividend for the financial year ending 31/03/2013 as required under the Section 56 (2) of the Companies Act No.7 of 2007.

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2013 was Rs.412,634,771/- consisting of 102,000,000 Ordinary shares, and 1,839,568 - 8% Participating Cumulative Perefernce Shares.

EVENTS OCCURING AFTER THE REPORTING PERIOD

Subsequent to the reporting date, no circumstances have arisen which required adjustments to or disclosure in the financial statements, other than those disclosed in note 42 to the financial statements.

STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments have been paid up to date or have been provided for in these financial statements.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company has at all times ensured that it complied with the applicable laws and regulations including the listing rules of the Colombo Stock Exchange as a listed company. The management officers responsible for compliance, table a report on the compliance at the quarterly meetings of the Audit Committee/Respective Board.

RELATED PARTY TRANSACTIONS EXCEEDING 10% OF THE EQUITY OR 5% OF THE TOTAL ASSETS OF THE COMPANY

There were no transactions entered into by the Company in its ordinary course of business, the value of which exceeded 10% of the shareholders' equity or 5% of the total assets of the respective companies during the year.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The commitments made on account of capital expenditure and contingent liabilities as at 31st March 2013 are given in note 40 and note 41 respectively to the financial statements.

GOING CONCERN

Having taken into account the financial position and future prospects, the Directors have a reasonable expectation that the Company and its subsidiaries have adequate resources to continue to be in operational existence for the foreseeable future. For this reason the Company and its subsidiaries continue to adopt the going concern basis in preparing the financial statements

HUMAN RESOURCE

The Group continued to invest in Human Capital Development and implement effective Human Resource practices and policies to develop and build an efficient and effective workforce aligned around new business priorities and to ensure that its employees are developing the skills and knowledge required for the future success of the Group.The number of persons employed by the Group as at 31st March 2013 was 15,097 (31st March 2012 – 14,453). The Company had no employees as at 31st March 2013 (2012 - Nil).

DONATIONS

The Group made donations amounting to Rs. 94 mn. during the year under review (2012 - Rs. 48 mn.). Company - Rs. 0.5 mn. (2012- Rs.0.5 mn.)

SHARE INFORMATION

Information relating to earnings, dividends, net assets and market price per share is given on page 48 and 51 of the Annual Report. Information on share trading is given on page 48 of the Annual Report.

Annual Report of the Board of Directors on the affairs of the Company

MAJOR SHAREHOLDERS

Twenty Major Shareholders - Ordinary Shares (Voting)

As at 31st March	2013		2012	
	No. of Share	%	No. of Share	%
Rubber Investment Trust Limited A/C No. 3	**20,438,250**	**20.04%**	20,438,250	20.04%
Portelet Limited	**9,409,500**	**9.23%**	9,409,500	9.23%
Skan Investments (Pvt) Limited	**8,357,876**	**8.19%**	8,357,876	8.19%
Good Hope Holdings (Pvt) Limited	**8,046,752**	**7.89%**	8,046,752	7.89%
Newgreens Limited	**7,905,000**	**7.75%**	7,905,000	7.75%
Interkrish Investment Company (Pvt) Limited	**7,314,895**	**7.17%**	7,314,895	7.17%
Krish Investment Company (Pvt) Limited	**7,304,142**	**7.16%**	7,304,142	7.16%
Carson Cumberbatch PLC A/C No. 2	**6,270,781**	**6.15%**	6,270,781	6.15%
Natwest Nominees (Pvt) Limited	**4,392,433**	**4.31%**	4,392,433	4.31%
Wardley Investments (Pvt) Limited	**4,312,809**	**4.23%**	4,312,809	4.23%
Gee Gees Properties (Pvt) Ltd	**3,734,220**	**3.66%**	3,734,220	3.66%
S Kanapathy Chetty (Pvt) Limited	**2,139,922**	**2.10%**	2,139,922	2.10%
Employees Provident Fund	**1,856,461**	**1.82%**	1,437,063	1.41%
Ceylon Finance & Securities (Pvt) Limited	**1,006,085**	**0.99%**	1,006,085	0.99%
Thurston Investments Limited	**933,600**	**0.92%**	933,546	0.92%
Pershing LLC S/A Averbach Grauson & Co.	**842,996**	**0.83%**	842,996	0.83%
Mr. E.A. Samaraweera	**612,000**	**0.60%**	612,000	0.60%
Mrs. H. Pope (Decd)	**612,000**	**0.60%**	612,000	0.60%
Mr. W. Tippetts	**520,200**	**0.51%**	520,200	0.51%
Mr.K.C. Vignarajah	**477,450**	**0.47%**	602,570	0.59%

EQUITABLE TREATMENT OF SHAREHOLDERS

All shareholders in each category have been treated equitably in accordance with the original Terms of Issue.

ANNUAL REPORT

The Board of Directors on 18th June 2013, approved the Company Financial Statements and the consolidated financial statements together with the reviews which forms a part of the Annual Report.

The appropriate number of copies of the Report would be submitted to the Colombo Stock Exchange, Sri Lanka Accounting and Auditing Standard Monitoring Board and the Registrar General of Companies within the given time frames.

ANNUAL GENERAL MEETING

The 97th Annual General Meeting of the Company will be held on Wednesday, 31st day of July 2013 at 11.00 a.m. at The Kingsbury Hotel "The Balmoral' Ballroom, No 48, Janadhipathi Mawatha, Colombo 01, Sri Lanka. The Notice of the Annual General Meeting is on page 164 of the Annual Report.

Signed on behalf of the Board

(Sgd.)
H. Selvanathan
Director

(Sgd.)
M. Selvanathan
Director

(Sgd.)
K.D. De Silva (Mrs.)
Director

Carsons Management Services (Private) Limited
Secretaries
Colombo
18th June 2013

Statement of Directors' Responsibility

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 required to prepare financial statements for each financial year that present fairly the financial position of the group and the financial performance and cash flows of the group for that period.

In preparing those financial statements, the directors are required to:

- Select suitable Accounting Policies and applied consistently.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Provide additional disclosure when compliance with the specific requirements of Sri Lanka Accounting standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance.
- State that the company has complied with Sri Lanka Accounting standards, subject to any material departures disclosed and explained in the consolidated financial statements.
- Make Reasonable and prudent judgments and estimates.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the consolidated financial statements comply with the Companies Act No. 7 of 2007 and Sri Lanka Accounting standards. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The group's business activities, performance, position and risks are set out in the report. The financial position of the group, its cash flows, liquidity position and borrowing facilities are detailed in the in the notes to the financial statements. The report also includes details of the group's risk mitigation and management. The group has considerable financial resources, and the directors believe that the group is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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

(Sgd.)
K.D. de Silva (Mrs)
Director

(Sgd.)
Carsons Management Services (Pvt) Ltd
Secretaries

18th June 2013

Independent Auditors' Report

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF BUKIT DARAH PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Bukit Darah PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at March 31, 2013, the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 65 to 157 of the annual report.

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 misstatement.

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 purposes 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 financial position of the Company as at March 31, 2013, and of its financial performance and its cash flow 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 of the Company and its subsidiaries dealt with thereby as at March 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Section 153(2) to 153(7) of the Companies Act No. 07 of 2007.

KPMG

CHARTERED ACCOUNTANTS
Colombo.
18th June 2013

Statement of Income

(Amounts expressed in Sri Lankan Rs.'000)

For the year ended 31st March	Note	Group 2013	Group 2012	Change %	Company 2013	Company 2012	Change %
Revenue	6	**76,160,413**	66,078,183	15	**389,724**	345,486	13
Direct operating expenses	7	**(53,309,128)**	(41,399,539)	29	–	–	–
		22,851,285	24,678,644	(7)	**389,724**	345,486	13
Other items of income							
Gain on disposal of non current investments/ shares re-purchase	8	**–**	2,331,554	(100)	**–**	927,766	(100)
Change in fair value of investment properties	21	**62,409**	18,877	231	**–**	–	–
Change in fair value of biological assets	19	**4,881,099**	3,514,596	39	**–**	–	–
Gain / (loss) on fair value through profit or loss financial assets		**92,292**	(125,073)	(174)	**–**	–	–
Other income	9	**128,115**	686,887	(81)	**–**	–	–
Other items of expenses							
Distribution expenses		**(5,255,682)**	(4,159,184)	26	**–**	–	–
Administrative expenses		**(6,644,958)**	(6,162,386)	8	**(28,812)**	(19,283)	49
Other operating expenses	11	**(224,232)**	(190,295)	18	**–**	–	–
Impairment of business assets	10	**(55,940)**	(559,563)	(90)	**–**	–	–
		15,834,388	20,034,057	(21)	**360,912**	1,253,969	(71)
Net Finance cost	12	**(2,271,397)**	(2,335,777)	(3)	**–**	(944)	–
Share of net result of Joint Venture, Net of tax	13	**(7,832)**	(2,389)	228	**–**	–	–
Profit before income tax expenses	14	**13,555,159**	17,695,891	(23)	**360,912**	1,253,025	(71)
Income tax expenses							
Current taxation	15	**(2,480,544)**	(3,392,103)	(27)	**(941)**	(1,000)	–
Deferred taxation	15	**(1,484,098)**	(916,692)	62	**–**	–	–
		(3,964,642)	(4,308,795)	(8)	**(941)**	(1,000)	–
Profit for the year		**9,590,517**	13,387,096	(28)	**359,971**	1,252,025	(71)
Profit attributable to:							
Owners of the Company		**4,249,149**	6,742,392	(37)	**359,971**	1,252,025	(71)
Non controlling interest		**5,341,368**	6,644,704	(20)	**–**	–	–
		9,590,517	13,387,096	(28)	**359,971**	1,252,025	(71)
Earnings per ordinary share (Rs.)	16	**41.22**	50.36	(27)	**3.10**	2.82	10
Dividend per ordinary share (Rs.)	17	**3.00**	2.50	20	**3.00**	2.50	20

The Notes from pages 71 to 157 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statement of Comprehensive Income

(Amounts expressed in Sri Lankan Rs.'000)

For the year ended 31st March	Group 2013	Group 2012	Company 2013	Company 2012
Profit for the year	**9,590,517**	13,387,096	**359,971**	1,252,025
Other Comprehensive Income				
Unrealize gain/(loss) on available-for-sale financial assets	**904,364**	(1,100,399)	-	-
Realize gain/(loss) on available-for-sale financial assets	**(1,073,683)**	(2,472,864)	-	-
Gain on revaluation of freehold land	**828,165**	882,799	-	-
Exchange differences on translation of foreign operations	**(3,118,392)**	2,570,555	-	-
Other comprehensive income/(expenses) for the year, net of tax	**(2,459,546)**	(119,909)	-	-
Total Comprehensive income for the year	**7,130,971**	13,267,187	**359,971**	1,252,025
Attributable to:				
Owners of the Company	**2,948,252**	7,580,784	**359,971**	1,252,025
Non controlling interest	**4,182,719**	5,686,403	-	-
	7,130,971	13,267,187	**359,971**	1,252,025

The notes from pages 71 to 157 from an integral part of these financial statement.

Figures in brackets indicate deductions.

Note:
As required by SLFRS / LKAS, the Other Comprehensive Income includes among other, movements in currency translation of foreign operations, gains/(losses) on fair value of available for sale financial assets, etc. Which were routed directly through the Statement of Changes in Equity under previous GAAP.

Statement of Financial Position

(Amounts expressed in Sri Lankan Rs.'000)

As at 31st March	Note	Group 2013	Group 2012	Group 01st April 2011	Company 2013	Company 2012	Company 01st April 2011
ASSETS							
Non – Current Assets							
Property, plant & equipments	18	**51,042,277**	41,912,976	25,120,764	–	–	–
Biological Assets	19	**42,787,232**	33,698,717	22,916,054	–	–	–
Prepaid lease payment for land	20	**4,125,443**	3,422,400	1,630,333	–	–	–
Investment properties	21	**1,969,954**	1,906,862	1,391,120	–	–	–
Intangible assets	22	**2,989,374**	2,894,219	606,302	–	–	–
Investments in subsidiaries	23	–	–	–	**7,139,064**	7,139,064	6,194,692
Investments in Joint ventures	24	**25,415**	17,611	–	–	–	–
Available-for-sale financial assets	25	**8,064,325**	8,519,519	14,220,974	–	–	–
Deferred tax assets	15	**1,264,001**	788,745	397,946	–	–	–
Trade and other receivables	27	**995,479**	868,051	410,402	–	–	–
Total non – current assets		**113,263,500**	94,029,100	66,693,895	**7,139,064**	7,139,064	6,194,692
Current Assets							
Inventories	26	**7,259,572**	6,608,655	3,400,850	–	–	–
Trade and other receivables	27	**7,813,161**	6,724,646	3,480,155	**2,347**	984	870
Current tax recoverable		**78,575**	93,803	104,038	**768**	742	988
Fair value through profit or loss financial assets	28	**965,538**	805,374	1,194,252	–	–	–
Cash and cash equivalents	29	**7,933,522**	8,818,539	11,060,240	**69,113**	49,781	73,029
Total current assets		**24,050,368**	23,051,017	19,239,535	**72,228**	51,507	74,887
Total assets		**137,313,868**	117,080,117	85,933,430	**7,211,292**	7,190,571	6,269,579
EQUITY AND LIABILITIES							
EQUITY							
Stated capital	30	**412,635**	412,635	412,635	**412,635**	412,635	412,635
Capital reserves	31	**2,169,329**	1,709,572	862,086	**40,000**	40,000	40,000
Revenue reserves	32	**29,645,647**	27,469,146	22,188,357	**6,709,636**	6,699,867	5,739,686
Equity attributable to owners of the company		**32,227,611**	29,591,353	23,463,078	**7,162,271**	7,152,502	6,192,321
Non -controlling interest		**34,998,672**	31,523,467	29,301,974	–	–	–
Total equity		**67,226,283**	61,114,820	52,765,052	**7,162,271**	7,152,502	6,192,321
Investment through Subsidiary		**(10,688)**	(10,688)	(12,333)	–	–	–
		67,215,595	61,104,132	52,752,719	**7,162,271**	7,152,502	6,192,321
LIABILITIES							
Non – Current Liabilities							
Long – term borrowings	33	**27,444,958**	25,801,729	18,924,550	–	–	–
Trade and other payables	34	**28,077**	25,492	25,912	–	–	–
Employee benefit	35	**770,932**	545,625	334,095	–	–	–
Deferred tax liabilities	15	**8,125,196**	6,472,970	3,871,817	–	–	–
Total non – current liabilities		**36,369,163**	32,845,816	23,156,374	–	–	–
Current Liabilities							
Trade and other payables	34	**8,939,692**	9,726,165	4,531,679	**49,021**	38,069	77,258
Current tax liabilities		–	1,540,821	979,530	–	–	–
Long – term borrowings falling due within one year	33	**4,427,223**	2,854,088	2,223,984	–	–	–
Short – term borrowings	29	**15,850,748**	7,534,409	552,000	–	–	–
Bank overdrafts	29	**4,511,447**	1,474,686	1,737,144	–	–	–
Total current liabilities		**33,729,110**	23,130,169	10,024,337	**49,021**	38,069	77,258
Total liabilities		**70,098,273**	55,975,985	33,180,711	**49,021**	38,069	77,258
Total equity and liabilities		**137,313,868**	117,080,117	85,933,430	**7,211,292**	7,190,571	6,269,579
Net assets per ordinary share (Rs.)	36	**315.56**	289.71	229.63	**69.82**	69.72	60.31

The Notes from pages 71 to 157 form an integral part of these financial statements.

I certify that these financial statements are in compliance with the requirements of Companies Act No. 7 of 2007.

(Sgd.)
A.P. Weeratunge
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were approved by the Board on 18th June 2013.

(Sgd.)
H. Selvanathan
Chairman

(Sgd.)
M. Selvanathan
Director

Colombo.

Statement of Changes in Equity

(Amounts expressed in Sri Lankan Rs.'000)

Group	Stated Capital		Capital Reserves	
	Ordinary Share	Preference Shares	Capital Redemption Reserve	Other Capital Reserves
Balance as at 1st April 2011	371,880	40,755	40,000	822,086
Profits for the year	–	–	–	–
Other Comprehensive Income/(expenses) for the year	–	–	–	471,288
Total Comprehensive Income/(expenses) for the year	**–**	**–**	**–**	**471,288**
Transactions with Owners of the company, recognized directly in equity				
Acquisition of Subsidiaries	–	–	–	–
Adjustments on returnable containers	–	–	–	(15,546)
Goodwill on Changes in Shareholdings	–	–	–	28,968
Transfer to Capital Reserve	–	–	–	362,776
Dividend Paid	–	–	–	–
Movement due to changes in equity	–	–	–	–
Total transactions with owners of the Company	–	–	–	376,198
Balance as at 31st March' 2012	**371,880**	**40,755**	**40,000**	**1,669,572**
Profits for the year	–	–	–	–
Other Comprehensive Income/(expenses) for the year	–	–	–	453,699
Total Comprehensive Income/(expenses) for the year	**–**	**–**	**–**	**453,699**
Transactions with Owners of the company, recognized directly in equity				
Share issue by Subsidiaries	–	–	–	–
Acquisition of Subsidiaries	–	–	–	–
Adjustments on returnable containers	–	–	–	–
Goodwill on Changes in Shareholdings	–	–	–	3,550
Transfer to Capital Reserve	–	–	–	2,508
Dividend Paid	–	–	–	–
Movement due to changes in equity	–	–	–	–
Total transactions with owners of the Company	–	–	–	6,058
Balance as at 31st March' 2013	**371,880**	**40,755**	**40,000**	**2,129,329**
Company				
Balance as at 1st April, 2011	371,880	40,755	40,000	–
Total Comprehensive Income for the year	–	–	–	–
Transaction with owners of the Company, recognized directly in equity				
Dividend paid	–	–	–	–
Balance as at 31st March, 2012	371,880	40,755	40,000	–
Total Comprehensive Income for the year	–	–	–	–
Transaction with owners of the Company, recognized directly in equity				
Dividend paid	–	–	–	–
Balance as at 31st March, 2013	371,880	40,755	40,000	–

The Notes from pages 71 to 157 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Revenue reserves					
Currency Translation Reserve	Available for-sale financial Assets reserve	Retained Earnings	Attributable to Owners of the company	Non-Controlling Interest	Total Equity
1,183,537	2,208,801	18,796,019	23,463,078	29,301,974	52,765,052
–	–	6,742,392	6,742,392	6,644,704	13,387,096
1,331,205	(989,447)	25,347	838,392	(958,301)	(119,909)
1,331,205	**(989,447)**	**6,767,739**	**7,580,784**	**5,686,403**	**13,267,187**
–	–	–	–	(1,247,242)	(1,247,242)
–	–	1,773	(13,773)	(47,648)	(61,421)
–	–	(1,175,859)	(1,146,891)	–	(1,146,891)
–	–	(362,776)	–	–	–
–	–	(291,844)	(291,844)	(579,937)	(871,781)
–	–	–	–	(1,590,084)	(1,590,084)
–	–	(1,828,706)	(1,452,508)	(3,464,911)	(4,917,408)
2,514,742	**1,219,353**	**23,735,051**	**29,591,353**	**31,523,467**	**61,114,820**
–	–	4,249,148	4,249,148	5,341,368	9,590,516
(1,695,499)	(20,492)	(38,604)	(1,300,896)	(1,158,649)	(2,459,545)
(1,695,499)	**(20,492)**	**4,210,544**	**2,948,252**	**4,182,719**	**7,130,971**
–	–	–	–	5,829	5,829
–	–	–	–	13,741	13,741
–	–	(5,630)	(5,630)	(19,482)	(25,112)
–	–	40,285	43,835	(34,106)	9,729
–	–	(2,508)	–	–	–
–	–	(350,202)	(350,202)	(643,757)	(993,959)
–		–	–	(29,736)	(29,736)
–	–	(318,053)	(311,995)	(707,512)	(1,019,507)
819,242	**1,198,861**	**27,627,544**	**32,227,611**	**34,998,672**	**67,226,283**
–	–	5,739,686	6,192,321		6,192,321
–	–	1,252,025	1,252,025		1,252,025
–	–	(291,844)	(291,844)		(291,844)
–	–	6,699,867	7,152,502		7,152,502
–	–	359,971	359,971		359,971
–	–	(350,202)	(350,202)		(350,202)
–	–	6,709,636	7,162,271		7,162,271

Cash Flow Statements

(Amounts expressed in Sri Lankan Rs. '000)

For the year ended 31st March	Group 2013	Group 2012	Company 2013	Company 2012
Cash Flows From Operating Activities				
Profit before income tax expenses	**13,555,159**	17,695,891	**360,912**	1,253,025
Adjustments for:				
Foreign exchange loss	**826,513**	750,680	–	–
Change in fair value of Biological Assets	**(4,881,099)**	(3,514,596)		
Change in fair value of investment properties	**(62,409)**	(18,877)	–	–
Gain on disposal of shares (re - purchase)	–	(2,331,554)		(927,766)
Impairment of business assets	**55,940**	559,563	–	–
Bargen purchase of on acqusition of subsidiaries	–	(124,495)	–	–
Gain / (Loss) on fair value through profit or loss financial assets	**(92,292)**	125,073	–	–
Share of net results of Joint venture	**7,832**	2,389	–	–
Depreciation on property, plant & equipment	**2,612,358**	2,230,648	–	–
Amortization of intangible assets/prepaid lease payment	**269,852**	155,845	–	–
Provision for retiring gratuity	**275,814**	175,219	–	–
Finance costs	**1,730,737**	1,363,623	–	–
Profit on disposal of property, plant & equipment	**(14,058)**	(31,474)	–	–
Operating cash flows before working capital changes	**14,284,347**	17,037,928	**360,912**	325,259
(Increase)/decrease in inventories	**(624,455)**	(1,333,589)	–	–
(Increase)/decrease in trade and other receivables	**(1,019,476)**	925,001	**(1,363)**	(114)
Increase/(decrease) in amounts due to related companies	–	–	–	(50,050)
Increase/(decrease) in trade and other payables	**(958,310)**	(1,690,242)	**1,210**	1,075
	11,682,106	14,939,098	**360,759**	276,170
Net cash flow from/(used in) investments	**181,285**	1,837,803	–	–
Net cash generated from operating activities	**11,863,391**	16,776,901	**360,759**	276,170
Finance costs paid	**(2,722,812)**	(1,438,896)	–	–
Tax paid	**(4,006,137)**	(2,820,578)	**(967)**	(754)
Retiring gratuity paid	**(15,135)**	(15,287)	–	–
Net cash inflow from operating activities	**5,119,307**	12,502,140	**359,792**	275,416
Cash Flows from Investing Activities				
Purchase of property, plant & equipment	**(12,712,303)**	(8,828,099)	–	–
Additions to biological assets	**(6,044,447)**	(2,804,556)		
Purchase of intangible assets/prepaid lease payment	**(972,244)**	(606,282)	–	–
Acquisition of Subsidiaries net of cash	**(312,020)**	(4,414,720)	–	(953,572)
Proceeds from disposal of long-term investments in Subsidiaries / associates			–	936,966
Acquisition of Non -controlling interest	**(86,712)**	(630,998)	–	
Movement in Plasma investment	**(117,251)**	(448,524)	–	
Investment in joint venture company	**(15,000)**	(20,000)	–	
Proceeds from disposal of property, plant & equipment	**335,678**	51,431	–	–
Deposits received	**152,877**	128,811	–	–
Deposits refunded	**(27,360)**	(13,471)	–	–
Net cash used in investing activities	**(19,798,782)**	(17,586,408)	–	(16,606)
Cash Flow from Financing Activities				
Proceeds from long-term loans	**10,055,201**	6,499,267	–	–
Repayment of loans	**(6,570,768)**	(9,260,108)	–	–
Redemption of preference shares	**(55,000)**	(55,000)	–	–
Repayment of finance lease creditors	**(84,616)**	(91,648)	–	–
Net decrease in minority shareholders' interest	**(562,999)**	(687,837)	–	–
Dividends paid (including preference dividends)	**(340,460)**	(282,058)	**(340,460)**	(282,058)
Net cash generated from/(used in) financing activities	**2,441,358**	(3,877,384)	**(340,460)**	(282,058)
Decrease in cash and cash equivalents	**(12,238,117)**	(8,961,652)	**19,332**	(23,248)
Cash and cash equivalents at the beginning of the year	**(190,556)**	8,771,096	**49,781**	73,029
Cash and cash equivalents at the end of the year [Note 29(b)]	**(12,428,673)**	(190,556)	**69,113**	49,781

The Notes from pages 71 to 157 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Notes to the Consolidated Financial Statements

(1) Reporting entity

Bukit Darah PLC is a limited liability company which is incorporated in Sri Lanka. The shares of the company have a primary listing on the Colombo Stock Exchange.

The registered office and principal place of business of the company is located at No 61 Janadhipathi Mawatha, Colombo 1.

The consolidated financial statements of the Company as at and for the year ended 31st March 2013 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in associate and jointly controlled entity.

The Group is a diversified conglomerate and one of the foremost business establishments in Sri Lanka backed by a heritage of well over 100 years. Today it is positioned as a company whose outlook is regional, focused on a future which is technology-oriented, results driven and world class.

The businesses range from oil palm plantations and related oils & fats industry in Malaysia, India and Indonesia, to breweries, investment holdings, portfolio management, real estate and leisure in Sri Lanka. The Group has offices in Malaysia, Singapore, India and Indonesia.

The Group has 13 listed subsidiaries, listed on the Colombo Stock Exchange, out of the [50] subsidiaries, and 1 jointly controlled entity set out in Note [23] on pages 116 and 117 to the financial statements.

There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

The Group had 15,097 [(2012 - [14,453]) employees at the end of the financial year. The Company had no employees as at the Balance Sheet date. (2012 - Nil)

(2) Basis of preparation

(a) Statement of compliance

The financial statements of the Company and the Group comprise the statement of financial position, statement of comprehensive income, statement of changes in equity and cash flows together with the notes to the financial statements.

The consolidated financial statements have been prepared in accordance with Sri Lanka Accounting Standards (LKAS/ SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of Companies Act No. 7 of 2007.

For all periods up to and including the year ended March 31, 2012, the Group and the Company prepared their financial statements in accordance with Sri Lanka Accounting Standards which were in effect up to that date. Following the convergence of Sri Lanka Accounting Standards with the International Financial Reporting Standards (IFRSs), all existing/ new Sri Lanka Accounting Standards were prefixed as SLFRS and LKAS (referred to as "SLFRS" in these financial statements) to represent Sri Lanka Accounting Standards corresponding to International Financial Reporting Standards and Sri Lanka Accounting Standards corresponding to International Accounting Standards (IASs), respectively. Accordingly, the Group and the Company adopted these new Sri Lanka Accounting Standards (which are commonly known as SLFRSs) applicable for financial periods commencing from 1st April 2012.

These are the Group's first consolidated financial statements prepared in accordance with LKAS/SLFRS and SLFRS First time adoption of Sri Lanka Accounting Standard has been applied.

The explanation on how the transition to LKAS/ SLFRS has affected the reported financial position , financial performance and cashflows of the Group is provided in Note [45]

The consolidated financial statements were authorised for issue by the Board of Directors on 18th June' 2013.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the financial statements, except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value;
- non-derivative financial instruments classified as fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- biological assets are measured at fair value less costs to sell;
- investment properties are measured at fair value;
- land and buildings are measured at revalued amounts
- defined benefit obligations are measured at its present value, based on an acturial valuation as explained in Note [35].

These financial statements have been prepared on the basis that the Company and the Group would continue as a going concern for the foreseeable future.

(c) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate ('the functional currency'). The consolidated financial statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with LKAS/SLFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

Biological assets valuation
The group engages an independent valuer to assist in estimating the value of biological assets. The valuation considers the extent of planting, age of plantations, applicable discount rate and selling prices of the Fresh Fruit Bunches.

If the planting period is not more than 3 months as at the reporting date, the Group is of the opinion that most appropriate method to value biological assets is at cost due to the fact that the fair value cannot be reliably measured, at such an early stage.

For biological assets with planting period that is more than 3 months, the Group present biological assets at its fair value using the Discounted Cash Flow method (DCF). The DCF requires extensive use of accounting estimates and assumptions including average lives of plantations, period of being immature and mature, yield per hectare and discount rates utilized in the computation of future cash flows. The amount of changes in fair values would differ if the Group utilised different assumptions. Any change in the fair values of these plantations would be recognised in the profit or loss.

Fair value of property, plant and equipment and financial instruments
Where the fair values of financial instruments recorded on the Statement of Financial Position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The Management has also engaged an independent valuer to ascertain the fair value of significant property, plant and equipment. As the fair values exceeded the carrying values of these property, plant and equipment, no impairment charge was required.

- **Determination of owner-occupied properties and investment properties**
  In determining whether a property qualifies as investment property the company makes a judgment whether the property generates independent cash flows rather than cash flows that are attributable not only to the property but also other assets. Judgment is also applied in determining if ancillary services provided are significant, so that a property does not qualify as investment property.

  Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- **Assessment of Impairment - Key assumptions used in discounted cash flow projections**
  The Group assesses at each reporting date whether there is objective evidence that an asset or portfolio of assets is impaired. The recoverable amount of an asset or Cash Generating Unit (CGU) is the greater of its value in use and its fair value less costs to sell.

  In assessing value in use, the estimated future cash flows are discounted to present value using appropriate discount rates that reflects the current market assessments of the time value of money and risks specific to the asset. The carrying value of goodwill is reviewed at each reporting date and is written down to the extent that it is no longer supported by probable future benefits. Goodwill is allocated to CGU for the purpose of impairment testing.

- **Deferred taxation - utilization of tax losses**
  Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the level of future taxable profits together with future tax planning strategies.

- **Defined benefit plans**
  The assessment of the liability of defined benefit obligations involves a significant element of assumptions; including discount rates, future salary increases, mortality rates and future pension increases and due to the long-term nature of these plans, such estimates are subject to uncertainty.

- **Current taxation**
  Current tax liabilities arise to the group in various jurisdictions. These liabilities are provided for in the financial statements applying the relevant tax statutes and regulations which the management believes reflect The actual liability. There can be instances where the stand taken by the group on transactions is contested by revenue authorities. Any additional costs on account of these issues are accounted for as a tax expense at the point the liability is confirmed on any group entity.

Materiality and aggregation
Each material class of similar items is presented in aggregate in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

(3) Significant accounting policies

The Accounting Policies set out below have been applied consistently to all periods presented in the Financial Statements of the Group and the Company and in preparing the opening SLFRS Statement of Financial Position at April 1, 2011 for the purposes of the transition to SLFRSs, unless otherwise indicated.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date - i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

(iii) Subsidiaries

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

Adjustments required to the accounting policies of subsidiaries have been changed where ever necessary to align them with the policies adopted by the group.

In the Company's financial statements, investments in subsidiaries are carried at cost less impairment if any, in net recoverable value.

Company has consolidated the financial Statements of Carson Cumberbatch PLC (CCPLC) with the Group on the following basis.

(a) Company has a direct holding of the voting rights of CCPLC.

(b) Directors are of the opinion that this direct holding is significant enough to influence other shareholders to obtain a clear majority of the voting rights of CCPLC

(c) Directors are also of the opinion that consolidation of Financial Statements of CCPLC gives a true and fair view of the affairs to the Shareholders of the Company.

A list of Subsidiaries within the Group is provided in Note 23.

The consolidated financial statements are prepared to a common financial year end of 31st March.

(iv) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

Subsequently that retained interest is accounted for as an equity-accounted investee (see Note [24]) or as an available-for-sale financial asset (see Note [25]) depending on the level of influence retained.

(v) Investments in associates and jointly controlled entities (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 percent and 50 percent of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for under the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

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

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Financial year end

All companies in the Group have a common financial year which ends on 31st March, except the following.

Company	Nature of relationship	Financial year end
Guardian Acuity Asset Management Limited	Jointly controlled entity	31st December

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates as at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency as at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency as at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognised in profit or loss. However, foreign currency differences arising from the retranslation of the following items are recognised in other comprehensive income:

- available-for-sale equity investments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Sri Lanka Rupees at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Sri Lanka Rupees at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is re-attributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

(c) **Financial instruments**

(i) ***Non-derivative financial assets***

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets classified as Fair value through Profit or Loss comprise short-term sovereign debt securities actively managed by the Group's treasury department to address short-term liquidity needs.

Financial assets designated as fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

Held-to-maturity financial assets

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

Loans and receivables

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

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

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

Available-for-sale financial assets

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

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

(ii) ***Non-derivative financial liabilities***

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, debt securities issued (including certain preference shares, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

(iii) *Stated capital*

Ordinary shares

Ordinary shares are classified as equity. Costs attributable to the issue of ordinary shares are recognised as an expense

(iv) *Derivative financial instruments, including hedge accounting*

The Group uses derivative financial instruments such as forward freight agreements and commodities futures contracts to hedge its risk associated with commodity price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently re-measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designed as a hedging instrument, and if so, the risk management objective of the hedge.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions.

(d) Property, plant and equipment

(i) *Recognition and measurement*

All items of property, plant & equipment are initially recorded at cost. Where items of property, plant & equipment are subsequently revalued, the entire class of such assets is revalued. Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the reporting date.

Subsequent to the initial recognition of the asset at cost, the revalued property, plant & equipment are carried at revalued amounts less accumulated depreciation thereon and accumulated impairment losses. The Group applies revaluation model to freehold properties and cost model to the remaining assets under property, plant & equipment which are stated at historical cost less accumulated depreciation less accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) *Revaluation of Freehold Properties*

The freehold properties of the Group are carried at revalued amounts. Revaluation of these assets are carried out at least once in five (5) years in order to ensure the book value every year reflect the realizable value of such assets, and are depreciated over the remaining useful lives of such assets, wherever applicable.

When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognized as an expense. In these circumstances the increase is recognized as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the evaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to accumulated profits on retirement or disposal of the asset.

(iii) *Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

(iv) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(v) *Depreciation*

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	No of years
Land improvements	30
Leasehold land	36-42
Buildings - Leased	20-42
Buildings - Freehold	20-42
Plant & machinery	5-27
Motor vehicles	4-5
Furniture, fittings & office	5-16
Computers	3-5
Returnable Containers	5
Cutlery, Crockery and glassware	5

Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(vi) Disposal

The gains or losses arising on disposal or retirement of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment are recognized net within Other Income in the Statement of Income. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(vii) Returnable Containers

Returnable containers of subsidiary Lion Brewery (Ceylon) PLC are classified under Property, Plant and Equipment. All purchases of returnable containers will be recognised at cost and depreciated over a period of 5 years. In the event a returnable container breaks within the premises of the company, the written down value, on a First in First out (FIFO) basis, will be charged to Statement of Income as breakages.

Deposits are collected from the agents for the returnable containers in their possession and are classified under non-current liabilities as explained in Note [34]. The said deposit will be refunded to the agent only upon them returning these returnable containers due to cessation of their operation or due to a contraction in sales.

(viii) Capital Work-in-Progress

Capital work-in-progress represents the accumulated cost of materials and other costs directly related to the construction of an asset. Capital in progress is transferred to the respective asset accounts at the time it is substantially completed and ready for its intended use.

(e) Biological assets

Biological assets, represent immature palm oil plantations, are stated at fair values less costs to sell. Oil palm trees have an average life up to 26 years, with the first 30 months as immature and the remaining years as mature. As market determined prices or values are not readily available for plantations in its present condition, the Group uses the present value of expected net future cash flows (excluding any future cash flows for financing the assets, taxation, or re-establishing plantations after harvest) from the assets, discounted at a current market determined pre-tax rate in determining fair values.

Gains or losses arising on initial recognition of plantations at fair values less costs to sell and from the change in fair values less costs to sell of plantations at each reporting date are included in the income statement for the period in which they arise.

(f) Plasma investments

Cost incurred during the development phase up to the conversion of the Plasma plantation are capitalised as Plasma investments The development of the Plasma oil palm plantations is financed by plasma loans, which was received by the plasma farmers (represented by “Cooperatives”), plus additional funding by the Group, should bank financing not be adequate to finance the development costs. Accumulated development costs are presented net of the plasma loans and are presented as “Plasma investments”.

When the carrying amount of the Plasma investments is higher than its estimated recoverable amount, it is written down immediately to its recoverable amount. The difference between the accumulated development costs of Plasma plantations and their conversion value is charged to the income statement

(g) Lease Land rights

Land rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses.

Land use rights are amortised over the period of the lease.

(h) Intangible assets and goodwill

(i) Recognition and measurement

Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, Note [22].

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity accounted investee as a whole.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Software

All computer software costs incurred, licensed for use by the Group, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it's probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category intangible assets and carried at cost less accumulated amortization and any accumulated impairment losses. These costs are amortised to the Statement of Income using the straight line method over 3 to 10 years.

Excise Licenses

Licenses and others are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the Statement of Income using the straight line method over 10 years.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii) Amortisation

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

	No of years
Customer relationship	10
Land rights	30
Software licenses	3-10
Excise License	10

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Impairment

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

(i) Investment property

Investment property is property held either to earn rental income or capital appreciation or for both, but not for sale on the ordinary course of business, use in production or supply of goods and services or for administrative purposes. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions as at the reporting date. Formal valuations are carried out every 3 years by qualified valuers. Gains or losses arising from changes in the fair values of investment properties are included in the Statement of Income in the year in which they arise.

Investment properties are derecognized when either they have been disposed of or when the Investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the Statement of Income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by commencement/ end of owner occupation, commencement of development with a view to sale, commencement of an operating lease to another party or completion of construction or development.

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant & equipment up to the date of change in use. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the Statement of Income. When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the Statement of Income.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

(j) Inventories

Inventories are recognized at cost and net realizable value whichever is lower after making due allowance for obsolete and slow moving items, except for fresh fruit bunches which are valued at since realized values.

The cost of inventories is determined on a weighted average basis for food items which are ascertained on a first-in-first-out basis. The costs are derived on the following bases:

Raw Material and Containers

Cost of purchase together with any incidental expenses.

Work-in-progress

Raw material cost and a proportion of manufacturing expenses.

Finished Goods

Raw material cost and manufacturing expenses in full.

Land held for Development and Sales

Cost and development costs including borrowings costs up to Point of completion for revenue recognition. However limited to the realizable value on valuation.

Linen Stock

In the year of purchase at cost of purchase and in the second year in use at 25% of the Cost of purchase.

(k) Impairment

(i) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20 percent to be significant and a period of 9 months to be prolonged.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income.

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

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note [24].

An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(iii) Defined benefit plans

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

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets (if applicable) are deducted.

The discount rate is the yield at the reporting date on high quality corporate bonds, that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method.

The defined benefit plans are regulated at each of the geographical locations the Group operates in and the salient features of each of such plans are tabulated below;

(a) Sri Lankan Subsidiaries

All local companies are liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983.

The liability recognised in the Financial Statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The defined benefit obligation is calculated by a qualified actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 – 'Employee Benefits'. Such actuarial valuations will be carried out once in every year. The liability is not externally funded. All Actuarial gains or losses are recognised immediately in profit or loss applying the faster recognition approach

Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

(b) Indonesian Subsidiaries

The subsidiaries recognize an unfunded retirement benefits liability, relating to the settlement of termination, gratuity, compensation and other benefits set forth in Labor Law No. 13 year 2003 (Law No. 13/2003) based on an actuarial calculation by an independent actuary using the "Projected Unit Credit Method". Actuarial gains or losses are recognized as income or expense when the cumulative actuarial gains or losses exceed 10% of the defined benefit obligation. These gains or losses are recognized over the expected remaining working lives of employees.

(c) Malaysian Subsidiaries

The Group's subsidiary operations in Malaysia are liable to pay Retirement Gratuity where employees have served in the Company's operations in Malaysia for more than five years and fulfilling the conditions in the Malaysian Agricultural Producers Association and National Union Plantation Worker's agreements. The resulting difference between brought forward provision at the beginning of the year, net of any payment made, and the carried forward provision at the end of a year, is dealt with in the Statement of Income. The gratuity liability is not funded.

The Group's subsidiary operations in Malaysia participate in the national pension scheme as defined by the law of the country. They make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(d) Indian subsidiaries

The Group's subsidiary in India has both defined contribution and defined benefits schemes for its employees.

Retirement benefit in the form of provident fund is a defined contribution scheme for the Indian Subsidiary. The contributions to the provident fund are charged to the income statement for the year when the contributions are due. The subsidiary has no obligation, other than the contribution payable to the provident fund.

The subsidiary operates one defined benefit plan for its employees, viz., gratuity. The costs of providing benefits under the plan are determined on the basis of actuarial valuation at each year-end using the "projected unit credit method". Actuarial gains and losses for both defined benefit plans are recognised in full in the period in which they occur in the income statement.

(iv) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The group does not recognize contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain. In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

(ii) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(iii) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

(iv) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(n) Leases

(i) Finance Lease

Leases of property, plant & equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Assets held under finance lease are capitalized at the cash price as part of property, plant & equipment and depreciated over the shorter of the estimated useful lives of the assets or the lease term.

Upon initial recognitions assets acquired by way of finance leases are stated at an amount equal to the lower of their fair values and the estimated present value of the minimum lease payments at the date of inception less accumulated depreciation and impairment losses. In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is practicable to determine; if not ,the group's incremental borrowing rate is used.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations and net of finance charges are included in borrowings. The interest element of the finance charge is charged to the Statement of Income over the lease period. Property, plant and equipment acquired under finance lease contracts are depreciated over the useful life of the asset. If there is no reasonable certainty that the ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease term and its useful life.

(ii) Operating Lease

Lease of assets under which all the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Income on a straight-line basis over the period of the lease.

(iii) Leased assets

Assets held by the Group under leases which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

(iv) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

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

(v) Determining whether an arrangement contains a lease

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

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

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

(o) Revenue

The Group revenue represents sales to customers outside the Group and sales within the Group which are intended for internal consumption.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group, and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes, and after eliminating sales within the Group.

The following specific criteria are used for the purpose of recognition of revenue:

(i) Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. For sales of timber and paper products, usually transfer occurs when the product is delivered to the customer's warehouse; however, for some international shipments transfer occurs on loading the goods onto the relevant carrier at the port. Generally, for such products the customer has no right of return.

(ii) Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Servicing fees included in the price of the products sold are recognized by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- Revenue from time and material contracts is recognized at the contractual rates as labor hours are delivered and direct expenses are incurred.

(iii) Commissions

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

(iv) Rental income

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognised as other income.

(v) Government grants

An unconditional government grant related to a biological asset is recognised in profit or loss as other income when the grant becomes receivable. Other government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant, and are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised.

(vi) Royalties

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognized on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognized by reference to the underlying arrangement.

(vii) Dividend Income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(viii) Sale of Fresh Fruit Bunches

Upon delivery and acceptance by customers.

(ix) Gain on disposal of financial assets (categorized as available for sale / fair value through profit or loss)

Profits or losses on disposal of investments are accounted for in the Statement of Income on the basis of realized net profit.

(x) Other Income - on accrual basis.

Net gains and losses of a revenue nature resulting from the disposal of property, plant & equipment have been accounted for in the Statement of Income.

(p) Expenditure Recognition

(i) Operating Expenses

All expenses incurred in day-to-day operations of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to revenue in arriving at the profit or loss for the year. Provision has also been made for bad and doubtful debts, all known liabilities and depreciation on property, plant & equipment.

(ii) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination, gains on hedging instruments that are recognised in profit or loss and reclassifications of net gains previously recognised in other comprehensive income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and deferred consideration, dividends on preference shares classified as liabilities, contingent consideration, losses on hedging instruments that are recognised in profit or loss and reclassifications of net losses previously recognised in other comprehensive income.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(q) Income tax expense

Income Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current taxation

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

(ii) Deferred taxation

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

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the resumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

(iii) Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(iv) Economic Service Charge (ESC)

As per the provisions of Economic Service Charge Act No. 13 of 2006 and amendments thereto, is payable on "Liable Turnover" and is deductible from the income tax payments. Any unclaimed ESC can be carried forward and settled against the income tax payable in the four subsequent years.

(v) Sales tax

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

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

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Positions.

(r) Assets held for sale and discontinued operations

(i) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for- sale or held-for-distribution if it is highly probable that they will be recovered primarily through sale or distribution rather than through continuing use.

Immediately before classification as held-for-sale or held-for-distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held-for-sale or held-for-distribution, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(ii) ***Discontinued operations***
A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

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

(t) Related party transactions
Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is charged.

(u) Events after the Reporting Period
All material and important events which occur after the Balance Sheet date have been considered and disclosed in Note [42].

(v) Dividends on ordinary shares
Dividends on ordinary shares are recognized 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 are no longer at the discretion of the Company.

(w) Presentation
Assets and liabilities are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

Where appropriate, the significant accounting policies are disclosed in the succeeding Notes.

(i) ***Offsetting Income and Expenses***
Income and expenses are not offset unless required or permitted by accounting standards.

(ii) **Offsetting Assets and Liabilities**
Assets and liabilities are offset and the net amount reported in the Statement of Financial Position only where there is:

- a current enforceable legal right to offset the asset and the liability; and
- an intention to settle the liability simultaneously

(iii) ***Directors' responsibility***
The Board of Directors is responsible for the preparation and presentation of the Financial Statements. This is more fully described under the relevant clause in the Directors' Report.

(4) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment
The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which property could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

(b) Intangible assets
The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(c) Biological assets

The fair value of biological assets is based on the present value of the net cash flows expected to be generated by the plantation at maturity, in its most relevant market, and includes the potential additional biological transformation and the related risks associated with the asset. A current market determined pre-tax rate is used in discounting the cash flows.

(d) Investment property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every 3 years. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

Investment property under construction is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction, financing costs and a reasonable profit margin.

(e) Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(f) Equity and debt securities

The fair values of investments in equity and debt securities are determined with reference to their quoted closing bid price at the measurement date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

Subsequent to initial recognition, the fair values of held-to-maturity investments are determined for disclosure purposes only.

(g) Trade and other receivables

The fair values of trade and other receivables, excluding construction work in progress, are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(h) Forward exchange contracts and interest rate swaps

The fair values of the derivative financial instruments are ascertained with reference to the following facts;

- fair value of forward contracts is determined by reference to current forward prices for contracts with similar maturity profiles. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.
- fair value futures contract is determined by reference to available market information.
- Where the quoted market prices are not available, the fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

(i) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

For finance leases the market rate of interest is determined with reference to similar lease agreements.

(j) Deferred revenue

The amounts arising from the fair valuation of interest free rent deposits are estimated at the point of their receipt and amortized over the term of the lease.

(k) Contingent consideration

The fair value of contingent consideration arising in a business combination is calculated using the income approach based on the expected payment amounts and their associated probabilities. When appropriate, it is discounted to present value.

(5) Operating segments

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 6 including the factors used to identify the reportable segments and the measurement basis of segment information.

New Accounting Standards issued but not effective as at reporting date

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for financial periods beginning on or after 1st January 2014/ 2015.

Accordingly, these Standards have not been applied in preparing these financial statements.

- Sri Lanka Accounting Standards -SLFRS 10 "Consolidated financial statements"

  The objective of this SLFRS is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

  An investor is expected to control an investee if and only if the investor has all the following:

(a) power over the investee;

(b) exposure, or rights, to variable returns from its involvement with the investee ; and

(c) the ability to use its power over the investee to affect the amount of the investor's returns

This Standard will require the Company to review the group structure in the context of the new Standard and its requirements. Accordingly adoption of this standard is expected to have an impact on the Group structure, and consolidated reporting .

SLFRS 10 will become effective from 1 April 2014 for the Group with early adoption permitted. This SLFRS will supersede the requirements relating to consolidated financial statements in LKAS 27"Consoliadated and Separate Financial Statements

- Sri Lanka Accounting Standards -SLFRS 11 "Joint Arrangements"

  The objective of this SLFRS is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (ie joint arrangements).

  SLFRS 11 will become effective from 1 April 2014 for the Group with early adoption permitted. This SLFRS will supersede the requirements relating to consolidated financial statements in LKAS 31" Interests in Joint Ventures

- Sri Lanka Accounting Standard–SLFRS 12 "Disclosure of Interests in Other Entities"

  SLFRS 10 will become effective from 1 April 2014 for the Group with early adoption permitted

- Sri Lanka Accounting Standard – SLFRS 13, "Fair Value Measurement"

  This SLFRS defines fair value, sets out in a single SLFRS a framework for measuring fair value; and requires disclosures about fair value measurements.

  This SLFRS will become effective for the Group from 1 April 2014. Earlier application is permitted.

  This SLFRS shall be applied prospectively as of the beginning of the annual period in which it is initially applied. The disclosure requirements of this SLFRS need not be applied in comparative information provided for periods before initial application of this SLFRS.

- Sri Lanka Accounting Standard – SLFRS 9 "Financial Instruments"

  The objective of this SLFRS is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

  An entity shall apply this SLFRS to all items within the scope of LKAS 39 Financial Instruments: Recognition and Measurement.

  This SLFRS will become effective for the group from 1 April 2015. Earlier application is permitted for the financial period beginning on or after 01 January, 2013. However, if the Group elects to apply this SLFRS early, it must apply all of the requirements in this SLFRS at the same time

(Amounts expressed in Sri Lankan Rs.'000)

	Group 31st March 2013	Group 31st March 2012	Company 31st March 2013	Company 31st March 2012

(6) Revenue
(i) Revenue Analysis

	Group 31st March 2013	Group 31st March 2012	Company 31st March 2013	Company 31st March 2012
Gross Revenue	**79,386,839**	68,282,599	**389,724**	345,486
Taxes to the Government of Sri Lanka	**(3,226,426)**	(2,204,416)	–	–
Net Revenue	**76,160,413**	66,078,183	**389,724**	345,486
Goods and Services analysis				
Sale of Goods	**76,443,147**	66,387,110	–	–
Services				
Investment income	**4,866,782**	4,735,717	**389,724**	345,486
Property rental income	**126,040**	132,698	–	–
Commission, management services & royalty fees	**3,784,790**	2,425,798	–	–
Hospitality services	**498,987**	425,975	–	–
	9,276,599	7,720,188	**389,724**	345,486
Net revenue before intra – group transactions	**85,719,746**	74,107,298	**389,724**	345,486
Less: Intra – group transactions	**(9,559,333)**	(8,029,115)	–	–
Net Revenue	**76,160,413**	66,078,183	**389,724**	345,486

A detailed analysis of Group Revenue highlighting the contribution from different segments is given under 'Segmental Information' in Note 6 (ii) & (iii) (page 90 to 93) to the financial statements.

(ii) Segmental Information
For management purposes the Group's primary format segment reporting is Industry segments and the secondary format is geographical segments. The risks and returns of the Group's operations are primarily determined by the nature of the different activities that the Group engages in, rather than the geographical location of these operations.

This is reflected by the Group's organizational structure. Industry segment activities of the Group have been broadly classified into eight segments: Investment Holdings, Portfolio and Assets management, Oil Palm Plantations, Beverage, Real-Estate, Leisure, Oils & fats and Management Services according to the nature of product or service rendered. The principal product and services of each segments are follows.

Investment Holdings	–	Holding of Stratergic Investments
Portfolio and Assets Management	–	Investment and management of listed, private equity, fixed income and unit trust investments.
Oil Palm Plantations	–	Production and sale of palm oil and palm kerneland fresh fruit bunches to the local and international market
Beverage	–	Production and sale of Beer
Real Estate	–	Letting office and warehouse premises on rent for commercial purpose.
Leisure	–	Hoteliering & Airline Ticketing
Oils & Fats	–	Manufacturing, marketing and selling of refined oils and specialty fats to the bakery, chocolate & confectionery, ice creams and creamer industries and cooking oil products to end consumers.
Management Services	–	Providing Management Service

Sales between segments are made at prices that approximate market prices. Segment revenue, segment expense and segment result include transactions between industry segments. These transactions and any unrealized profits and losses are eliminated on consolidation. Segmental expenses are expenses that are directly attributed to a relevant segment or a portion of expenses that can be allocated on a reasonable basis as determined by the Management.

The Group's geographical segments are based on the location of the Group's assets and spread of operations. The activities of the Group have been broadly classified into five geographical segments, namely, operations within Sri Lanka, Malaysia, Indonesia and Singapore and India. Sales to external customers are segmented based on the location of the seller. The principal product and services of each geographical segments are follows:

Sri Lanka	Investments, production & sale of Beer, letting of Office and warehouse premises on rent for commercial purpose, Hoteliering, Airline Ticketing and Management Service.
Malaysia	Manufacturing, marketing and selling of refined oils and specialty fats to the bakery, chocolate & confectionery, ice creams and creamer industries and cooking oil products to end consumers, Management Service.
Indonesia	Production and sale of crude palm oil, palm kernel to the local and international market and Management Service.
Singapore	Investments
India	Manufacturing, marketing and selling of refined oils and specialty fats to the bakery, chocolate & confectionery, ice creams and creamer industries and cooking oil products to end consumers.

Principal categories of customer
The principal categories of customer for these goods and services are corporate customers, government customers, wholesale customers and retail customers. The group's reportable segments are therefore as follows:

Portfolio and Assets Management	-	corporate customers, retail customers
Oil Palm Plantations	-	corporate customers
Beverage	-	wholesale & retail customers
Real Estate	-	corporate customers
Leisure	-	corporate customers, retail customers
Oils & Fats	-	corporate customers, retail customers
Management Services	-	corporate customers

Re-classification of industry segment
Following the adoption of new LKAS/SLFRS, Group envisaged it is prudent and more informative to separate the results of its investment sector activities and show same under a separate industry segment Portfolio and Asset Management which was hitherto aggregated with the results of carson Cumberbatch PLC/ Bukit Darah PLC and shown under the segment - Investment Holdings. The comparative segmental information too have been re-classifield accordingly.

(ii) SEGMENTAL INFORMATION - The Primary segments (business segments)
(a) Segment results are as follows:

For the year ended 31st March	Investment Holdings 2013	Investment Holdings 2012	Portfolio and Asset Management 2013	Portfolio and Asset Management 2012	Oil Palm Plantations 2013	Oil Palm Plantations 2012
Total revenue	**979,013**	855,859	**1,924,703**	2,315,958	**32,012,855**	31,450,534
Intra segment revenue	**(179,412)**	(179,412)	**(263,507)**	(234,846)	**(6,215,530)**	(5,574,376)
Segment revenue	**799,601**	676,447	**1,661,196**	2,081,112	**25,797,325**	25,876,158
Inter segment revenue	**(774,081)**	(656,494)	-	-	-	-
Revenue	**25,520**	19,953	**1,661,196**	2,081,112	**25,797,325**	25,876,158
Segment results	**(113,937)**	2,263,879	**1,579,234**	1,298,141	**13,236,411**	14,200,985
Net Finance cost	**(216,797)**	(153,191)	**(19,668)**	(5,066)	**(1,167,912)**	(1,293,666)
Share of net result of joint venture	-	-	**(7,832)**	(2,389)	-	-
Profit/ (loss) before taxation	**(330,734)**	2,110,688	**1,551,734**	1,290,686	**12,068,499**	12,907,319
Income tax expenses						
Current taxation	**1,863**	(10,562)	**(34,775)**	(25,624)	**(2,040,100)**	(2,455,431)
Deferred taxation	-	-	**11,196**	1,103	**(1,368,984)**	(987,288)
Profit/ (loss) for the year	**(328,871)**	2,100,126	**1,528,155**	1,266,165	**8,659,415**	9,464,600
Attributable to:						
Owners of the Company	**(466,825)**	1,186,176	**272,323**	282,721	**4,970,323**	5,390,884
Non controlling interest	**137,954**	913,950	**1,255,832**	983,444	**3,689,092**	4,073,716
	(328,871)	2,100,126	**1,528,155**	1,266,165	**8,659,415**	9,464,600

(b) Segments Assets & liabilities are as follows:

	Investment Holdings 2013	Investment Holdings 2012	Portfolio and Asset Management 2013	Portfolio and Asset Management 2012	Oil Palm Plantations 2013	Oil Palm Plantations 2012
Non - Current Assets						
Property, plant & equipment/ Investment properties	-	-	**3,203**	4,667	**35,587,951**	30,325,914
Biological Assets	-	-	-	-	**42,787,232**	33,698,717
Intangible assets	**84,789**	84,791	**4570**	7278	**757,117**	606,707
Available-for-sale financial assets	**57,765**	54,042	**8,031,975**	8,483,088	-	-
Deferred tax assets	-	-	**10,404**	-	**1,253,597**	788,745
Trade and other receivables	-	-	-	-	**897,038**	779,787
Total non - current asset	**142,554**	138,833	**8,050,152**	8,495,033	**81,282,935**	66,199,880
Current Assets						
Inventories	-	-	-	-	**1,981,573**	1,826,293
Trade and other receivables	**4,811**	5,103	**168,668**	88,252	**2,580,268**	2,552,290
Fair value through profit or loss financial assets	**17,942**	22,953	**947,596**	782,421	-	-
Cash and cash equivalents	**77,039**	843,796	**2,750,445**	1,290,285	**1,022,476**	3,396,680
Total current assets	**99,792**	871,852	**3,866,709**	2,160,958	**5,584,317**	7,775,263
Total segmental assets	**242,346**	1,010,685	**11,916,861**	10,655,991	**86,867,252**	73,975,143
Segment Liabilities						
Non - Current Liabilities						
Long - term borrowings	-	55,000	-	-	**20,033,630**	20,675,340
Trade and other payables	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	792	**6,616,344**	5,090,576
Employee benefits	-	-	**5,425**	3,564	**636,135**	434,782
Total non - current liabilities	-	55,000	**5,425**	4,356	**27,286,109**	26,200,698
Current Liabilities						
Trade and other payables	**155,775**	122,943	**50,818**	63,047	**4,361,880**	5,332,458
Long - term borrowings falling due within one year	**67,712**	332,550	-	-	**2,076,946**	2,075,220
Short - term borrowings	**1,564,498**	1,851,372	**27,161**	643	**8,066,543**	1,281,000
Total current liabilities	**1,787,985**	2,306,865	**77,979**	63,690	**14,505,369**	8,688,678
Total segmental liabilities	**1,787,985**	2,361,865	**83,404**	68,046	**41,791,478**	34,889,376

(C) OTHER INFORMATION

	Investment Holdings 2013	Investment Holdings 2012	Portfolio and Asset Management 2013	Portfolio and Asset Management 2012	Oil Palm Plantations 2013	Oil Palm Plantations 2012
Total cost incurred during the period to acquire Property Plant & Equipments	-	-	**1,449**	1,239	**7,449,189**	5,648,375
Intangible assets (including land rights)	-	-	-	4,471	**968,512**	569,770
Depreciation and amortization	-	-	**5,596**	5,491	**1,867,795**	1,508,184
Salaries and wages	**12,172**	10,409	**55,464**	40,475	**4,856,199**	3,987,468
Employee benefits	-	-	**1,860**	1,844	**245,759**	132,843

Oils & Fats		Beverage		Real Estate		Leisure		Management Services	
2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
26,604,792	20,167,643	**23,294,277**	18,519,825	**126,040**	132,696	**498,988**	431,571	**279,078**	233,212
(1,168,561)	(682,944)	**(292,063)**	(386,279)	**–**	–	**–**	–	**–**	–
25,436,231	19,484,699	**23,002,214**	18,133,546	**126,040**	132,696	**498,988**	431,571	**279,078**	233,212
(376,938)	(68,378)	**–**	–	**(12,770)**	(14,895)	**–**	–	**(276,471)**	(231,491)
25,059,293	19,416,321	**23,002,214**	18,133,546	**113,270**	117,801	**498,988**	431,571	**2,607**	1,721
(752,462)	(291,661)	**1,603,988**	2,399,491	**118,047**	58,778	**150,932**	129,823	**12,175**	(25,387)
(867,612)	(667,693)	**(13,884)**	(218,798)	**(1,178)**	(7,515)	**15,664**	10,226	**(10)**	(74)
–	–	**–**	–	**–**	–	**–**	–	**–**	–
(1,620,074)	(959,354)	**1,590,104**	2,180,693	**116,869**	51,263	**166,596**	140,049	**12,165**	(25,461)
(13,519)	(63,503)	**(358,556)**	(823,971)	**(15,153)**	(2,425)	**(9,599)**	(9,404)	**(10,705)**	(1,183)
95,502	175,081	**(214,102)**	(97,211)	**(877)**	(1,770)	**(6,833)**	(6,600)	**–**	–
(1,538,091)	(847,776)	**1,017,446**	1,259,511	**100,839**	47,068	**150,164**	124,045	**1,460**	(26,644)
(938,404)	(478,187)	**285,778**	295,950	**44,870**	20,675	**76,681**	59,220	**4,403**	(15,046)
(599,687)	(369,589)	**731,668**	963,561	**55,969**	26,393	**73,483**	64,825	**(2,943)**	(11,598)
(1,538,091)	(847,776)	**1,017,446**	1,259,511	**100,839**	47,068	**150,164**	124,045	**1,460**	(26,644)
9,358,345	8,227,057	**8,322,403**	5,122,328	**2,680,073**	2,470,549	**1,147,687**	1,079,660	**38,013**	12,063
–	–	**–**	–	**–**	–	**–**	–	**–**	–
1,966,028	2,022,251	**163,570**	160,141	**12,799**	12,799	**–**	–	**500**	242
–	–	**–**	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**–**	–	**–**	–
–	–	**–**	–	**–**	–	**98,441**	88,264	**–**	–
11,324,373	10,249,308	**8,485,973**	5,282,469	**2,692,872**	2,483,348	**1,246,128**	1,167,924	**38,513**	12,305
2,850,499	3,416,324	**2,406,715**	1,341,576	**5,714**	10,914	**14,981**	13,479	**90**	69
1,922,180	2,923,330	**3,136,534**	1,146,563	**9,062**	20,213	**59,507**	63,116	**10,706**	19,582
–	–	**–**	–	**–**	–	**–**	–	**–**	–
177,982	309,848	**3,781,820**	2,852,816	**8,500**	16,448	**76,820**	74,815	**38,440**	33,851
4,950,661	6,649,502	**9,325,069**	5,340,955	**23,276**	47,575	**151,308**	151,410	**49,236**	53,502
16,275,034	16,898,810	**17,811,042**	10,623,424	**2,716,148**	2,530,923	**1,397,436**	1,319,334	**87,749**	65,807
4,655,975	3,897,576	**2,738,906**	1,148,802	**–**	–	**16,447**	25,011	**–**	–
	–			**28,077**	25,492	**–**	–	**–**	–
583,710	675,907	**789,579**	575,476	**111,245**	112,538	**24,318**	17,681	**–**	–
5,995	6,103	**79,697**	66,261	**5,560**	4,739	**11,922**	9,505	**26,198**	20,671
5,245,680	4,579,586	**3,608,182**	1,790,539	**144,882**	142,769	**52,687**	52,197	**26,198**	20,671
1,385,133	2,899,058	**2,883,722**	2,731,160	**13,095**	16,175	**51,944**	65,650	**37,325**	36,495
1,329,921	79,280	**944,076**	358,470	**–**	–	**8,568**	8,568	**–**	–
6,334,206	5,428,409	**4,369,787**	447,671	**–**	–	**–**	–	**–**	–
9,049,260	8,406,747	**8,197,585**	3,537,301	**13,095**	16,175	**60,512**	74,218	**37,325**	36,495
14,294,940	12,986,333	**11,805,767**	5,327,840	**157,977**	158,944	**113,199**	126,415	**63,523**	57,166
1,887,479	1,283,431	**3,677,236**	1,357,065	**112,253**	3,873	**97,752**	79,433	**35,353**	4,381
2,863	10,519	**484**	21,361	**–**	–	**–**	–	**385**	161
422,385	371,045	**544,098**	461,184	**6,358**	3,719	**26,625**	16,706	**9,353**	20,164
764,214	417,868	**445,682**	393,560	**29,783**	25,825	**91,538**	74,446	**152,590**	151,092
305	5,712	**15,280**	15,134	**820**	736	**6,263**	2,489	**5,527**	16,466

Group	
2013	2012
85,719,746	74,107,298
(8,119,073)	(7,057,857)
77,600,673	67,049,441
(1,440,261)	(971,258)
76,160,413	66,078,183
15,834,388	20,034,057
(2,271,397)	(2,335,777)
(7,832)	(2,389)
13,555,159	17,695,891
(2,480,544)	(3,392,103)
(1,484,098)	(916,692)
9,590,517	13,387,096
4,249,149	6,742,392
5,341,368	6,644,704
9,590,517	13,387,096
57,137,674	47,242,238
42,787,232	33,698,717
2,989,374	2,894,219
8,089,740	8,537,130
1,264,001	788,745
995,479	868,051
113,263,500	94,029,100
7,259,572	6,608,655
7,891,736	6,818,449
965,538	805,374
7,933,522	8,818,539
24,050,368	23,051,017
137,313,868	117,080,117
27,444,958	25,801,729
28,077	25,492
8,125,196	6,472,970
770,932	545,625
36,369,163	32,845,816
8,939,692	11,266,986
4,427,223	2,854,088
20,362,195	9,009,095
33,729,110	23,130,169
70,098,273	55,975,985
13,260,711	8,377,797
972,244	606,282
2,882,210	2,386,493
6,407,642	5,101,143
275,814	175,224

(iii) SEGMENTAL INFORMATION - The Secondary segments (geographical segments)

(a) Segment results are as follows:

	Sri Lanka		Malaysia	
For the year ended 31st March	2013	2012	2013	2012
Revenue	**25,329,557**	20,792,364	**21,984,540**	15,097,481
Segment results	**3,325,089**	6,430,874	**481,118**	1,039,143
Net Finance Cost	**(233,897)**	(372,743)	**(620,080)**	(371,799)
Share of net result of Joint venture	**(7,832)**	(2,389)	**-**	-
Profit/(loss) before taxation	**3,083,360**	6,055,742	**(138,962)**	667,344
Income tax expenses				
Current taxation	**(430,326)**	(873,389)	**(212,503)**	(213,230)
Deferred taxation	**(210,617)**	(104,479)	**72,424**	126,939
Profit/(loss) for the year	**2,442,417**	5,077,874	**(279,041)**	581,053

(b) Segments Assets liabilities are as follows:

	Sri Lanka 2013	Sri Lanka 2012	Malaysia 2013	Malaysia 2012
Segment Assets				
Non - Current Assets				
Property, plant & equipment/Investment properties	**12,393,628**	8,791,676	**13,778,403**	11,786,134
Biological Assets	**-**	-	**967,608**	901,398
Intangible assets	**388,389**	358,054	**1,714,197**	1,705,144
Available-for-sale financial assets	**8,089,740**	8,537,130	**-**	-
Deferred tax assets	**10,405**	-	**2,329**	2,329
Trade and other receivables	**98,441**	88,264	**-**	-
Total non - current asset	**20,980,603**	17,775,124	**16,462,537**	14,395,005
Current Assets				
Inventories	**2,430,370**	1,366,610	**1,983,258**	2,301,879
Trade and other receivables	**3,501,223**	1,469,172	**1,649,664**	2,527,142
Fair value through profit or loss financial assets	**965,538**	805,374	**-**	-
Cash and cash equivalents	**7,035,973**	5,462,502	**35,816**	858,013
Total current assets	**13,933,104**	9,103,658	**3,668,738**	5,687,034
Total segmental assets	**34,913,707**	26,878,782	**20,131,275**	20,082,039
Segment Liabilities				
Non - Current Liabilities				
Long - term borrowings	**2,755,353**	1,228,813	**4,691,741**	3,897,576
Trade and other payables	**28,077**	25,492		-
Deferred tax liabilities	**925,142**	706,487	**830,776**	905,756
Employee benefits	**140,242**	108,863	**9,681**	9,632
Total non - current liabilities	**3,848,814**	2,069,655	**5,532,198**	4,812,964
Current Liabilities				
Trade and other payables	**3,341,666**	3,080,616	**918,765**	866,160
Long - term borrowings falling due within one year	**1,020,356**	699,588	**1,329,584**	79,280
Short - term borrowings	**5,961,415**	2,299,654	**4,490,137**	4,202,440
Total current liabilities	**10,323,437**	6,079,858	**6,738,486**	5,147,880
Total segmental liabilities	**14,172,251**	8,149,513	**12,270,684**	9,960,844

(c) Other Information

	Sri Lanka 2013	Sri Lanka 2012	Malaysia 2013	Malaysia 2012
Total cost incurred during the period to acquire:				
Property Plant & Equipments	**4,028,548**	1,590,859	**1,878,147**	1,283,761
Intangible assets	**58,583**	108,458	**49,706**	11,141
Depreciation and amortization	**672,821**	552,927	**340,902**	236,027
Salaries and wages	**1,062,829**	952,502	**674,398**	480,193
Employee benefits	**37,070**	37,768	**1,867**	1,766

Indonesia		Singapore		India		Group	
2013	2012	2013	2012	2013	2012	2013	2012
24,502,381	23,884,378	**310,949**	1,001,029	**4,032,986**	5,302,931	**76,160,413**	66,078,183
13,018,273	13,158,939	**(462,502)**	(26,152)	**(527,591)**	(568,755)	**15,834,388**	20,034,057
(832,997)	(1,056,176)	**(351,372)**	(243,829)	**(233,051)**	(291,230)	**(2,271,397)**	(2,335,777)
–	–	**–**	–	**–**		**(7,832)**	(2,389)
12,185,276	12,102,763	**(813,874)**	(269,981)	**(760,642)**	(859,985)	**13,555,159**	17,695,891
(1,719,258)	(2,137,192)	**(115,541)**	(113,967)	**(2,916)**	(54,325)	**(2,480,544)**	(3,392,103)
(1,388,013)	(931,931)	**35,913**	–	**6,195**	(7,214)	**(1,484,098)**	(916,692)
9,078,005	9,033,640	**(893,502)**	(383,948)	**(757,363)**	(921,524)	**9,590,517**	13,387,096
29,103,540	24,609,408	**43,804**	–	**1,818,300**	2,055,020	**57,137,674**	47,242,238
41,819,624	32,797,319	**–**	–	**–**	–	**42,787,232**	33,698,717
587,780	511,963	**–**	–	**299,007**	319,058	**2,989,374**	2,894,219
–	–	**–**	–	**–**	–	**8,089,740**	8,537,130
1,215,345	786,416	**35,922**	–	**–**	–	**1,264,001**	788,745
897,038	779,787	**–**	–	**–**	–	**995,479**	868,051
73,623,327	59,484,893	**79,726**	–	**2,117,307**	2,374,078	**113,263,500**	94,029,100
1,976,971	1,822,517	**–**	–	**868,973**	1,117,649	**7,259,572**	6,608,655
1,906,635	2,244,285	**511,377**	122,214	**322,837**	455,636	**7,891,736**	6,818,449
–	–	**–**	–	**–**	–	**965,538**	805,374
560,221	1,539,425	**19,543**	690,571	**281,969**	268,028	**7,933,522**	8,818,539
4,443,827	5,606,227	**530,920**	812,785	**1,473,779**	1,841,313	**24,050,368**	23,051,017
78,067,154	65,091,120	**610,646**	812,785	**3,591,086**	4,215,391	**137,313,868**	117,080,117
11,445,478	13,629,840	**8,552,386**	7,045,500	**–**	–	**27,444,958**	25,801,729
–	–	**–**	–	**–**	–	**28,077**	25,492
6,369,278	4,860,727	**–**	–	**–**	–	**8,125,196**	6,472,970
615,011	421,027	**5,998**	6,103			**770,932**	545,625
18,429,767	18,911,594	**8,558,384**	7,051,603	**–**	–	**36,369,163**	32,845,816
4,022,542	5,207,956	**170,287**	62,897	**486,432**	2,049,358	**8,939,692**	11,266,986
2,077,283	2,075,220	**–**	–	**–**	–	**4,427,223**	2,854,088
2,356,493	640,500	**5,710,050**	640,500	**1,844,100**	1,226,001	**20,362,195**	9,009,095
8,456,318	7,923,676	**5,880,337**	703,397	**2,330,532**	3,275,359	**33,729,110**	23,130,169
26,886,085	26,835,270	**14,438,721**	7,755,000	**2,330,532**	3,275,359	**70,098,273**	55,975,985
7,271,794	5,457,181	**48,886**	–	33,336	45,996	**13,260,711**	8,377,797
863,955	486,683	**–**	–	–	–	**972,244**	606,282
1,843,067	1,582,501	**4,149**	–	21,271	15,038	**2,882,210**	2,386,493
4,555,163	3,623,267	**–**	–	115,259	45,180	**6,407,642**	5,101,143
236,572	129,978	**–**	–	305	5,712	**275,814**	175,224

(Amounts expressed in Sri Lankan Rs.'000)

(7) Direct operating expenses

For the year ended 31st March	Group 2013	Group 2012
Cost of inventories recognised as expense - physical deliveries	**18,016,965**	12,451,970
Depreciation and overheads	**3,336,418**	3,108,589
Harvesting and plantation maintenance	**6,211,712**	5,534,849
Processing (milling) costs	**771,407**	621,589
Purchase of FFB	**1,876,066**	1,111,592
Production costs	**2,175,474**	1,241,833
Feedstock costs	**20,921,086**	17,329,117
	53,309,128	41,399,539

(8) Gain on Disposal of Non Current Investments/Share Re-Purchase

Gain on disposal of non current investments

During the financial year ended 31st March 2012, Carson Cumberbatch PLC (CCPLC) and Bukit Darah PLC (BDPLC), made a joint offer to the minority shareholders of the Carsons Group's Malaysian oil palm companies, namely Shalimar (Malay) PLC, Indo-Malay PLC, Good Hope PLC and Selinsing PLC to buy their respective shares by offering shares of their respective cross-holding portfolios.

Based on the acceptance of the offer, CCPLC transferred 1,175,474 BDPLC shares and BDPLC transferred 1,424,079 CCPLC shares to the aforesaid Malaysian plantation companies shareholders through the trading floor of the CSE, as consideration for the said companies' shares surrendered by them.

These gains arose solely from the disposal of strategic shareholdings of the respective companies as a result of a group restructuring exercise which is a one-off transaction hence should be considered as out side the normal course of business.

For the year ended 31st March	Group 2013	Group 2012
(9) Other Income		
Profit/(loss) on disposal of fixed assets:		
Beverage Sector	**3,765**	-
Plantation Sector	**11,422**	14,814
Oil & Fats	**(6,275)**	16,660
Real estate Sector	**1,183**	-
Leisure	**(8)**	-
Portfolio and asset management	**(25)**	-
Management Services Sector	**3,996**	-
	14,058	31,474
Foreign exchange gain/(loss) - from operations	**(285,853)**	221,474
Bargain purchase on acquisition of subsidiaries	**-**	124,495
Derivative gain	**40,352**	-
Sales of sludge Oil	**15,360**	141,202
Sundry income	**344,198**	168,242
	128,115	686,887
(10) Impairment of Business Assets		
Impairment of available for sale financial assets (Note a)	**55,940**	559,563
	55,940	559,563

(a) The impairment loss of Group Rs.55.94 mn (2012 - Rs.559.6 mn) recognized in the statement of income for the year is due to the adjustment on significant/ prolonged decline in fair value of investment in equity securities below its cost as required by LKAS - 39 "Financial Instruments; recognition and measurement".

(Amounts expressed in Sri Lankan Rs.'000)

(11) Other Operating Expenses

Other operating expenses mainly consist of power and energy costs, maintenance expenditure of the Beverage sector.

(12) Net Finance Cost

For the year ended	Group 31st March 2013	Group 31st March 2012	Company 31st March 2013	Company 31st March 2012
Finance expenses				
Bank borrowings	**3,296,454**	1,727,362	–	–
Inter company Interest	–	–	–	944
Dividend on redeemable preference shares	**8,726**	11,298	–	–
Finance Lease liabilities	**3,649**	6,070	–	–
Net foreign exchange loss on financing activities (Note i)	**540,660**	972,154	–	–
	3,849,489	2,716,884	–	944
Less: Amount capitalized under				
Property, Plant and Equipments	**(369,045)**	–	–	–
Biological assets	**(623,030)**	(75,273)	–	–
Total finance costs	**2,857,414**	2,641,611	–	944
Finance income				
Interest income on short term bank deposits	**(586,017)**	(305,834)	–	–
Total Finance income	**(586,017)**	(305,834)	–	–
Net Finance costs	**2,271,397**	2,335,777	–	944

(i) Net foreign exchange loss on financing activities

(a) Investment Holding Sector

As at 31st March 2013, Carson Cumberbatch PLC recorded a foreign exchange loss of Rs2.41 mn [2012 – Rs.42.18 mn], arising mainly from revaluation of US Dollar denominated long – term borrowings (Note 33).

(b) Plantation Sector

As at 31st March 2013, the Company's foreign subsidiary, PT Agro Indomas, PT Agro Bukit, & PT Karya Makmur Sejahtera recorded a foreign exchange losses of Rs.550.29 mn [2012 – Rs.741mn], arising mainly from revaluation of US Dollar denominated long – term borrowings (Note 33).

(c) Beverage Sector

As at 31st March 2013, the Company's subsidiary, Lion Brewery (Ceylon) PLC recorded a foreign exchange gain of Rs 12.04 mn [2012 – loss of Rs.188mn], arising mainly from revaluation of US Dollar denominated long – term borrowings (Note 33).

(13) Share of Net Results of Joint Venture

	Joint Venture Company				Group's Share of	
	Revenue		Profit/(Loss) After Tax		Profit/(Loss) After Tax	
For the year ended	31st March 2013	31st March 2012	31st March 2013	31st March 2012	31st March 2013	31st March 2012
Guardian Acuity assets management Ltd	**976**	–	**(15,664)**	(4,778)	**(7,832)**	(2,389)
	976	–	**(15,664)**	(4,778)	**(7,832)**	(2,389)

(Amounts expressed in Sri Lankan Rs.'000)

(14) Profit before income tax expenses

		Group		Company	
	For the year ended	31st March 2013	31st March 2012	31st March 2013	31st March 2012
	Profit before tax has been arrived at after charging/crediting				
	Depreciation and amortization (Note 14 a)	**2,882,210**	2,386,493	**–**	–
	Auditors' remuneration and other professional expenses (Note 14 b)	**127,071**	62,879	**427**	346
	Professional services (Note 14 c)	**316,292**	286,265	**97**	320
	Personnel costs (Note 14 d)	**6,683,456**	5,276,367	**–**	–
	Audit Committee fees	**1,140**	1,240	**240**	90
	Remuneration Committee Fees	**200**	100	**50**	–
	Nomination Committee Fees	**400**	250	**100**	100
	Donations	**94,495**	48,196	**500**	500
	Royalty paid to the Carlsberg A/S	**76,750**	57,748	**–**	–
	Research & development costs	**59,212**	31,938	**–**	–
(a)	**Depreciation and Amortization**				
	Depreciation of property, plant and equipment	**2,612,358**	2,230,648	**–**	–
	Amortization of Prepaid lease payments for lands	**141,658**	73,298	**–**	–
	Amortization of intangible assets	**128,194**	82,547	**–**	–
	Total depreciation and amortization expense	**2,882,210**	2,386,493	**–**	–
	Depreciation and amortization are included in the income statement under the following heading:				
	Direct operating expenses	**1,612,209**	1,381,564	**–**	–
	Administrative expenses	**857,589**	673,548	**–**	–
	Distribution expenses	**403,598**	321,758	**–**	–
	Other operating expenses	**8,814**	9,623	**–**	–
		2,882,210	2,386,493	**–**	–
(b)	**Auditors' Remuneration**				
	Fees payable to KPMG for the audit of annual accounts of Bukit Darah PLC	**253**	220	**253**	220
	Fees payable to KPMG for the audit of subsidiaries of Bukit Darah PLC	**4,311**	3,955	**–**	–
	Fees payable to other auditors for the audit of subsidiaries of Bukit Darah PLC	**91,288**	48,686	**–**	–
	Total statutory audit fees	**95,852**	52,861	**253**	220
	Tax/advisory Services				
	Advisory service – (KPMG)	**–**	191	**–**	–
	Advisory/compliance services – (Other Auditors)	**2,982**	–	**–**	–
		2,982	191	**–**	–
	Other Services (Audit related/Non audit services)				
	KPMG	**1,655**	516	**174**	126
	Other Auditors	**26,582**	9,311	**–**	–
		28,237	9,827	**–**	–
		127,071	62,879	**427**	346

(Amounts expressed in Sri Lankan Rs.'000)

For the year ended	Group 31st March 2013	Group 31st March 2012	Company 31st March 2013	Company 31st March 2012
(c) Professional Services				
Legal services	**68,549**	77,521	**97**	320
Valuation services	**21,621**	16,709	**–**	–
Consultation fees	**757**	420	**–**	–
Plantation consultant services	**136,756**	121,645	**–**	–
Other services	**88,609**	69,970	**–**	–
	316,292	286,265	**97**	320
(d) Personnel Cost				
Salaries, fees, wages and other related expenses	**6,225,827**	4,956,734	**240**	90
Defined contribution plan expenses – EPF & ETF	**181,815**	144,409	**–**	–
Defined benefit plan expenses – Gratuity	**275,814**	175,224	**–**	–
	6,683,456	5,276,367	**240**	90
The above include:				
Directors fees	**662,327**	437,039	**240**	90
Directors' emoluments	**198,828**	189,367	**–**	–
	861,155	626,406	**240**	90

(e) The detail of employees during the year were:

	Group 2013 Year end	Group 2013 Average	Group 2012 Year end	Group 2012 Average
Employee by Industry				
Portfolio and Assets Management	**16**	15	**14**	12
Oil Palm plantations	**14,514**	14,218	**13,922**	12,515
Beverage	**234**	225	**215**	223
Real Estate	**18**	17	**16**	17
Leisure	**276**	265	**254**	260
Management services	**39**	36	**32**	36
	15,097	14,776	**14,453**	13,063
Employees by geographical location				
Sri Lanka	**814**	775	**736**	704
Malaysia	**432**	434	**436**	286
Indonesia	**13,713**	13,426	**13,138**	12,001
Singapore	**–**	–	**–**	–
India	**138**	141	**143**	72
	15,097	14,776	**14,453**	13,063

There were no employees in Bukit Darah PLC during the year. (2012-Nil)

(Amounts expressed in Sri Lankan Rs.'000)

(15) Income Tax Expenses

		Group		Company	
	For the year ended	31st March 2013	31st March 2012	31st March 2013	31st March 2012
(a)	**Statement of Income**				
	(i) Current tax				
	Charge for the year	**2,345,968**	3,186,998	**1,941**	1,000
	Economic service charge write - off	**-**	8,034	**-**	-
	Under / (over) provision for previous years	**(48,327)**	45,168	**(1,000)**	-
	Dividend tax	**182,903**	151,903	**-**	-
		2,480,544	3,392,103	**941**	1,000
	(ii) Deferred Tax				
	Origination/(Reversal) of temporary differences in the current year (Note 15 c)	**1,484,098**	916,692	**-**	-
		1,484,098	916,692	**-**	-
	Total Income tax expense recognised in profit	**3,964,642**	4,308,795	941	1,000
	Income tax expenses may be analyzed as follows:				
	Current Tax				
	Sri Lanka	**748,354**	1,119,964	**941**	1,000
	Overseas	**1,732,190**	2,272,139	**-**	-
		2,480,544	3,392,103	**941**	1,000
	Deferred Tax				
	Sri Lanka	**210,617**	104,479	**-**	-
	Overseas	**1,273,481**	812,213	**-**	-
		1,484,098	916,692	**-**	-
	Total				
	Sri Lanka	**958,971**	1,224,443	**941**	1,000
	Overseas	**3,005,671**	3,084,352	**-**	-
		3,964,642	4,308,795	**941**	1,000

		Group				
		Statement of Income		Statement of Financial Position		
		31st March 2013	31st March 2012	31st March 2013	31st March 2012	1st April 2011
(b)	**Deferred Tax Assets**					
	Capital allowances in excess of depreciation	**190**	(178)	**-**	196	-
	Biological assets	**(5,934)**	(32,994)	**39,684**	36,329	106
	Provision for ex-gratia	**(4)**	718	**90**	86	1,402
	Provision for retirement benefit obligation	**(55,226)**	(36,169)	**153,064**	106,989	62,136
	Unabsorbed tax losses carried forward	**(512,849)**	(267,536)	**1,088,658**	663,844	337,421
		(573,823)	(336,159)	**1,281,496**	807,444	401,065
	Valuation allowance	**-**	13,909	**(17,495)**	(18,699)	(3,119)
		(573,823)	(322,250)	**1,264,001**	788,745	397,946

(Amounts expressed in Sri Lankan Rs.'000)

(15) Income Tax Expenses (Contd.)

	Group				
	Statement of Income		Statement of Financial Position		
	31st March 2013	31st March 2012	31st March 2013	31st March 2012	1st April 2011
(c) Deferred Tax Liabilities					
Property plant & equipment	**239,193**	97,020	**2,041,740**	1,854,076	791,138
Investment in property	**3,131**	(47,687)	**45,401**	42,269	89,956
Biological assets	**1,749,124**	1,262,041	**5,959,437**	4,559,280	2,903,790
Intangible assets	**62,611**	2,747	**74,912**	17,345	11,975
Finance leases	**3,862**	(75,179)	**3,706**	–	74,958
	2,057,921	1,238,942	**8,125,196**	6,472,970	3,871,817
Net deferred tax liability	**1,484,098**	916,692	**6,861,195**	5,684,225	3,473,871

(d) Deferred income tax assets and liabilities are offset when there is a legally enforceable right to off – set current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The off – set amounts are as follows:

	Sri Lanka		Malaysia		Indonesia		Singapore	Total	
	2013	2012	2013	2012	2013	2012	2013	2013	2012
Deferred tax assets:	**10,405**	–	**2,329**	2,329	**1,215,345**	786,416	**35,922**	**1,264,001**	788,745
Deferred tax liabilities:	**(925,142)**	(706,487)	**(830,776)**	(905,756)	**(6,369,278)**	(4,860,727)	**–**	**(8,125,196)**	(6,472,970)
Deferred tax assets/ liabilities (net)	**(914,737)**	(706,487)	**(828,447)**	(903,427)	**(5,153,933)**	(4,074,311)	–	**(6,861,195)**	(5,684,225)

(e) The Net Movement of the Deferred Tax Liabilities is as follows – Group

	2013	2012
Balance at the beginning of the year	**5,684,225**	3,473,871
On consolidation	–	827,743
Provision for the year	**1,484,098**	916,692
Impact on revaluation of property	–	71,107
Impact of exchange rate changes on conversion	**(307,128)**	394,812
Balance at the end of the year	**6,861,195**	5,684,225

Deferred taxation has been computed on tax rates that have been enacted or Substantively enacted at the end of each reporting period.

(f) Recognized deferred Tax assets

The recognition of deferred tax assets by the Group are dependent upon future taxable income in excess of income arising from the reversal of existing taxable temporary differences. Deferred tax assets relating to tax losses carry forward have been re–assessed and the management believes that sufficient taxable profit will be available to allow the benefit to be utilized. Accordingly, the Group recognized the deferred tax assets Rs.1,264 mn (2012: Rs.788 mn) relating to the tax losses carry forward.

Unrecognized deferred Tax assets

Group

Deferred tax assets have not been recognised for unused tax losses of Rs 2,693 million (2012: Rs 2,154 million) due to the uncertainty of sufficient taxable earnings.

(g) Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2012: nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of the subsidiaries will not be distributed in the foreseeable future.

(Amounts expressed in Sri Lankan Rs.'000)

(15) Income Tax Expenses (Contd.)

Subsidiaries falling within the Sri Lankan tax exemption do not need to account for deferred tax as temporary differences do not exist during the tax exemption period. Therefore deferred tax has not being provided for Agro Harapan Lestari (Private) Limited and AHL Business Solutions (Private) Limited.

Corporate tax rate in Sri Lanka

As provided for in LKAS 12 – "income taxes" deferred tax assets and liabilities should be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Accordingly following income tax rates have been used;

Hotels Sector	12% (Previously 12%)
Beverage Sector	40% (Previously 40%)
Real estate Sector	28% (Previously 10%)
Other Sectors	28% (Previously 28%)

		Group		Company	
	For the year ended	31st March 2013	31st March 2012	31st March 2013	31st March 2012
(h)	**Reconciliation of the Accounting Profit with the Taxable Profit/(Loss)**				
	Profit before taxation	**13,555,159**	17,695,891	**360,912**	1,253,025
	Aggregate tax disallowed expenses	**4,278,152**	2,978,436	**29,310**	24,790
	Aggregate of deductions claims	**(6,735,282)**	(4,113,632)	**(656)**	–
	Dividend Income	**(3,424,381)**	(1,429,964)	**(378,899)**	(344,657)
	Exempt profits	**(1,283,887)**	(4,419,328)	–	(927,766)
	Adjustments of Change in Fair Value	**(5,675,506)**	(3,811,112)	–	–
	Impairment of Business assets	**55,940**	559,563	–	–
	Operating losses incurred during the year	**4,868,642**	2,071,948	–	–
	Tax adjusted profits	**5,638,837**	9,531,802	**10,667**	5,392
	Adjustments				
	Adjustments due to the consolidation	**3,401,096**	2,566,096	–	–
	Share of net results of joint venture company	**7,832**	2,389	–	–
	Tax losses utilized during the year	**(91,445)**	(255,583)	**(3,734)**	(1,887)
	Taxable income	**8,956,320**	11,844,704	**6,933**	3,505
	Taxation on Profits				
	Taxation at 10%	–	5,631	–	–
	Taxation at 12% (Note 15 k (iii) & (iv))	**86,345**	10,982	–	–
	Taxation at 28% (Note 15 j (i))	**228,550**	93,597	**1,941**	1,000
	Taxation at 40% (Note 15 k (v))	**218,106**	732,709	–	–
	10% WHT on Intercompany Dividend	**182,903**	151,903	–	–
	Off – Shore profits at varying rates (Note 15 j (ii))	**1,732,190**	2,272,139	–	–
	Effect of different tax rates in other countries (Note 15 k (iii))	**80,777**	71,940	–	–
	Economic Service Charge – write off / credit (Note 15 l)	–	8,034	–	–
	Under / (over) provision for previous years	**(48,327)**	45,168	**(1,000)**	
		2,480,544	3,392,103	**941**	1,000

Group tax expenses is based on the taxable profit of individual companies within the group. At present the tax laws of Sri Lanka does not provide for group taxation.

(Amounts expressed in Sri Lankan Rs.'000)

		Group		Company	
		2013	2012	2013	2012
(i)	**Analysis of Tax Losses**				
	Tax losses brought forward	**5,072,173**	3,133,682	**9,191**	11,078
	Adjustment on losses brought forward	**1,148,152**	122,126	**1,865**	–
	Tax losses incurred during the year	**3,619,667**	2,071,948	–	–
	Utilization of tax losses during the year	**(91,445)**	(255,583)	**(3,734)**	(1,887)
	Tax losses carried forward	**9,748,547**	5,072,173	**7,322**	9,191

Utilization of tax losses in the current year has resulted in a tax saving of Rs.17 mn (2012 – Rs.57 mn) for the Group.

In Sri Lanka the utilization of tax losses is restricted to 35% of Statutory Income. Unabsorbed tax losses can be carried forward indefinitely. Adjustment for taxation on the losses from overseas operations made in accordance with the provisions of the relevant statues in those countries.

(j) Taxation of Profits

(i) Income Tax in Sri Lanka

In accordance with provisions of the Inland Revenue Act No. 10 of 2006 and amendment thereto, the Company and all other companies of the Group other than those entities disclosed in Note (k) operating in Sri Lanka, are chargeable to income tax at the standard rate of 28% (2012 – 28%).

(ii) Income Tax on Overseas Operations

Provision for taxation on the overseas companies are made on the basis of the accounting profit for the year as adjusted for taxation purposes in accordance with the provisions of the relevant statutes in those countries. The corporate income tax rates applicable to group companies operating in the following countries are;

	2013	2012
Singapore	**17%**	17%
Indonesia	**25%**	25%
India	**30.9%**	30.9%
Malaysia	**25%**	25%

(Amounts expressed in Sri Lankan Rs.'000)

(k) Tax Exemptions and Concessions

(i) The Company's fully owned subsidiaries Agro Harapan Lestari (Pvt) Limited and AHL Business Solutions (Pvt) Limited are exempt from income tax, in terms of section 13 of the Inland Revenue Act No 10 of 2006 and amendments thereto respectively.

(ii) In terms of Section 13 (t) of the Inland Revenue Act, profits derived on the sale of shares on which share transaction levy has been paid is exempt from income tax.

(iii) The profits from plantation activities of the Sri Lankan incorporated companies having its plantation operations in Malaysia are liable to corporate income tax in Malaysia at 25% during the year ended 31 March 2013

However as provided for under Section 46 of the Inland Revenue Act, these profits are liable to tax in Sri Lanka at 12%

In terms of the double tax treaty agreement entered into between Sri Lanka and Malaysia, these Companies are entitle to claim credit in Sri Lanka for tax paid in Malaysia, when calculating the Company's tax liability on profits from Malaysian plantation activities in Sri Lanka

(iv) In terms of Section 46 of the Inland Revenue Act, operational profits of a hotels are subject to income tax at 12%.

(v) Profits or income from the manufacture and sale or import and sale of any liquor or tobacco products are chargable to income tax at the rate of 40%. Accordingly Lion Brewery Ceylon PLC operational profits are chargable to income tax at 40%.

(vi) Exemption on interest income earned from foreign currency denominated accounts. Income / profits from offshore dividends and interest is exempt from income tax.

(vii) Premium Oils and Fats Sdn. Bhd. ("POF") incorporated in Malaysia has received "Operational Headquarters" ("OHQ") status from the Malaysian Industrial Development Authority. Accordingly, POF's income from qualifying services is exempt from corporate income tax until 2020.

(l) Economic Service Charge

Economic Service Charge paid by companies is available as income tax credit. In instances where recoverability is not possible due to the tax status, sums paid are written-off to the statements of income.

(16) Earnings Per Ordinary Share

The Group's earnings per ordinary share of Rs.41.22 (2012 - Rs.50.36) and Company's earnings per ordinary share of Rs.3.10 (2012 - Rs.2.82), are calculated by dividing the profit attributable to the ordinary shareholders of Bukit Darah PLC net of non-recurrent gains/losses and after deducting the preference dividend by the weighted average number of ordinary shares in issue during the year.

The impact of non-recurrent transactions of the Company/Group on the calculation of EPS is eliminated on the basis that inclusion of same may misinform the shareholders. However, the amounts so eliminated are disclosed separately for the information of the shareholders.

The amounts used in calculating the earnings per share are as follows:

	Group		Company	
For the year ended	31st March 2013	31st March 2012	31st March 2013	31st March 2012
Amount used as the Numerator				
Profit for the year	**9,590,517**	13,387,096	**359,971**	1,252,025
Dividend on Preference Shares	**(44,202)**	(36,844)	**(44,202)**	(36,844)
Gain on disposal of non current investments /shares re-purchase	-	(1,569,016)	-	(927,766)
Profit attributable to non controlling interest	**(5,341,368)**	(6,644,704)	-	-
Net Profit attributable to Ordinary Shareholders	**4,204,947**	5,136,531	**315,769**	287,415
Number of Ordinary Shares used as the Denominator				
Ordinary shares in issue (Nos.)	**102,000,000**	102,000,000	**102,000,000**	102,000,000
Earnings per Ordinary Share Rs.	**41.22**	50.36	**3.10**	2.82

(17) Dividend Per Share

	Total dividend		Dividend per share	
	2013	2012	2013	2012
On ordinary shares				
Dividend paid	**306,000**	255,000	**3.00**	2.50
	306,000	255,000	**3.00**	2.50
On preference shares				
Annual Dividend	**145**	145	**0.08**	0.08
First Interim	**44,057**	36,699	**23.95**	19.95
	44,202	36,844	**24.03**	20.03
Total Dividend Paid	**350,202**	291,844		

(Amounts expressed in Sri Lankan Rs.'000)

(18) Property, Plant & Equipment - Group

(a) Year ended 31st March 2013

	Freehold Land & Buildings	Leasehold Land & Buildings	Plant & Machinery
Cost/Valuation			
As at 1st April 2012	10,137,162	14,154,292	16,536,749
Reclassification	–	–	(50)
As at 1st April 2012	10,137,162	14,154,292	16,536,699
On Consolidation	–	38,177	4,868
Revaluation	828,165	–	–
Additions	137,882	3,478,021	638,391
Transfers /Adjustments	180,892	2,661,742	2,553,663
Disposals/written – off	(2,288)	(10,854)	(421,892)
Exchange translation difference	(227,650)	(1,109,186)	(739,048)
As at 31st March 2013	11,054,162	19,212,192	18,572,681
Depreciation/Amortization			
As at 1st April 2012	113,460	1,377,936	4,063,553
Reclassification	–	–	–
As at 1st April 2012	113,460	1,377,936	4,063,553
On Consolidation	–	14	89
Charge for the year	77,718	545,949	1,067,385
Revaluation	4,859	–	50,207
Transfers /Adjustments	–	–	(17,471)
On disposals/written – off	–	(2,714)	(257,774)
Exchange translation difference	(7,681)	(110,166)	(222,951)
As at 31st March 2013	188,356	1,811,019	4,683,038
Net Book Value			
As at 31st March 2013	10,865,806	17,401,173	13,889,643

(b) Year ended 31st March 2012

	Freehold Land & Buildings	Leasehold Land & Buildings	Plant & Machinery	Motor Vehicles
Cost/Valuation				
As at 1st April 2011	7,904,873	9,885,781	7,467,859	1,424,172
Reclassification	–	–	–	–
As at 1st April 2011	7,904,873	9,885,781	7,467,859	1,424,172
On Consolidation	949,185	655,234	5,201,183	294,152
Revaluation	116,461	–	32,729	–
Additions	184,736	1,899,527	1,383,583	277,721
Adjustment	118,574	436,392	1,307,209	22,623
Disposals/written – off	–	(1,346)	(70,262)	(56,009)
Exchange translation difference	863,333	1,278,704	1,214,448	160,718
As at 31st March 2012	10,137,162	14,154,292	16,536,749	2,123,377
Depreciation/Amortization				
As at 1st April 2011	77,371	869,760	2,832,751	870,519
Reclassification				
As at 1st April 2011	77,371	869,760	2,832,751	870,519
On Consolidation	–	35	960	48,509
Charge for the year	56,123	383,591	1,022,351	302,340
Revaluation	(29,769)	–	–	–
Transfers /Adjustments	2,935	–	(37)	–
On disposals/written – off	–	–	(45,424)	(47,243)
Exchange translation difference	6,800	124,550	252,952	102,104
As at 31st March 2012	113,460	1,377,936	4,063,553	1,276,229
Net Book Value				
As at 31st March 2012	10,023,702	12,776,356	12,473,196	847,148

Motor Vehicles	Office Equipment, Furniture & Fittings	Computers	Returnable Containers	Capital Work – In Progress	Total as at 31st March 2013
2,123,377	1,168,069	667,151	1,656,992	4,136,006	50,579,798
–	–	–	(97,296)	–	(97,346)
2,123,377	1,168,069	667,151	1,559,696	4,136,006	50,482,452
–	555	13	–		43,613
–	–	–	–	–	828,165
371,624	259,043	158,401	604,691	7,612,658	13,260,711
(35,815)	72,439	7,436	–	(5,518,082)	(77,725)
(496,474)	(70,262)	(24,907)	(42,457)	–	(1,069,134)
(108,439)	(57,339)	(24,739)		(96,447)	(2,362,849)
1,854,273	1,372,505	783,355	2,121,930	6,134,135	61,105,233
1,276,229	535,902	444,518	855,224	–	8,666,822
–	–	–	(72,184)	–	(72,184)
1,276,229	535,902	444,518	783,040	–	8,594,638
–	25	–	–		128
312,360	181,127	134,037	293,782	–	2,612,358
–	–	–	–	–	55,066
17,449	51	–	–	–	29
(444,968)	(19,159)	(22,426)	(473)	–	(747,514)
(64,996)	(27,804)	(18,151)	–	–	(451,749)
1,096,074	670,142	537,978	1,076,349	–	10,062,956
758,199	702,363	245,377	1,045,581	6,134,135	51,042,277

Office Equipment, Furniture & Fittings	Computers	Returnable Containers	Capital Work – In Progress	Total as at 31st March 2012	Total as at 1st April 2011
702,585	387,688	–	2,031,344	29,804,302	18,206,547
–	–	1,137,433		1,137,433	900,368
702,585	387,688	1,137,433	2,031,344	30,941,736	19,106,915
139,805	89,982	–	7,653	7,337,194	7,808,684
–	–	–	–	149,190	808,224
272,327	167,021	519,559	3,673,323	8,377,797	3,279,594
8,623	10,204	–	(1,909,369)	(5,744)	(10,079)
(39,836)	(26,873)	–	(2,997)	(197,323)	(535,219)
84,565	39,129	–	336,052	3,976,949	483,617
1,168,069	667,151	1,656,992	4,136,006	50,579,798	30,941,736
296,824	274,152	599,597	–	5,820,972	3,781,831
					394,878
296,824	274,152	599,597	–	5,820,972	4,176,709
85,074	71,011	–	–	205,589	434,860
123,541	87,075	255,627	–	2,230,648	1,366,761
–	–	–	–	(29,769)	(66,377)
(8,818)	–	–	–	(5,920)	(763)
(4,330)	(17,245)	–	–	(114,242)	(143,372)
43,611	29,525	–	–	559,542	53,154
535,902	444,518	855,224	–	8,666,822	5,820,972
632,167	222,633	801,768	4,136,006	41,912,976	25,120,764

(Amounts expressed in Sri Lankan Rs.'000)

(18) Property, Plant & Equipment - Group (Contd.)

(c) Details of Group Freehold Lands Stated at Valuation are Indicated below:

Property	Method of Valuation	Effective Date of Valuation	Valuer	Land Extent (in Acres)	Carrying Value of Revalued Assets as at 31st March 2013 If carried at Historical Cost	Carrying Value of Revalued Assets as at 31st March 2013
Pegasus Hotels of Ceylon PLC Wattala, Sri Lanka	Market Approach	31.03.2012	Mr. K. Arthur Perera, A.M.I.V.(Sri Lanka) Valuer & Consultant	5.46	5,250	504,332
Ceylon Beverage Holdings PLC Nuwara Eliya, Sri Lanka	Market/income Approach	31.03.2011	Messrs. A.Y. Daniel & Son, professional valuers	3.51	141	112,464
Lion Brewery (Ceylon) PLC Biyagama, Sri Lanka	Market/income Approach	31.03.2011	Messrs. A.Y. Daniel & Son, professional valuers	17.63	338,259	945,504
Equity Two PLC Colombo 1, Sri Lanka	Market Approach	31.03.2013	Mr. S. Sivaskantha, F.I.V. (Sri Lanka) professional valuers	0.54	422,000	430,300
Selinsing PLC District of krian Malaysia	Existing use basis	31.03.2013	Encik W.M. Malik, Member of the Institution of Surveyors, Malaysia, a partner with W.M. Malik & Kamaruzuman.	1,217.84	52,000	1,741,115
Indo-Malay PLC District of Kuala Selangor Malaysia	Existing use basis	31.03.2013	Encik W.M. Malik, Member of the Institution of Surveyors, Malaysia, a partner with W.M. Malik & Kamaruzuman.	725.30	600	1,474,826
Good Hope PLC District of Kuala Langat Malaysia	Existing use basis	31.03.2013	Encik W.M. Malik, Member of the Institution of Surveyors, Malaysia, a partner with W.M. Malik & Kamaruzuman.	780.68	58,000	1,421,569
Shalimar (Malay) PLC District of Kuala Selangor Malaysia	Existing use basis	31.03.2013	Encik W.M. Malik, Member of the Institution of Surveyors, Malaysia, a partner with W.M. Malik & Kamaruzuman.	757.28	222	1,515,794
				3,508.24	876,472	8,145,904

(d) Carrying Value of Property, Plant & Equipment

	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011
At cost	**40,103,764**	31,889,274	17,225,843
At valuation	**10,865,806**	10,023,702	7,809,945
On finance lease	**72,707**	-	84,976
	51,042,277	41,912,976	25,120,764

(Amounts expressed in Sri Lankan Rs.'000)

(18) Property, Plant & Equipment - Group (Contd.)

(e) Capital work-in-progress consists of

	Group		
	As at 31st March 2013	**As at 31st March 2012**	**As at 1st April 2011**
Land Improvements	**268,785**	275,988	-
Buildings	**592,500**	649,350	305,770
Plant & Machinery	**5,034,977**	3,086,334	1,427,468
Others	**237,873**	124,334	298,106
	6,134,135	4,136,006	2,031,344

(f) Fully depreciated assets in used

Property,plant & equipment includes fully depreciated assets having a gross carrying amount of Rs 2,820 mn (2012-2,579 mn)

(g) Capitalization of borrowing costs

The Group's property, plant and equipment includes borrowing costs arising from bank term loans borrowed specifically for their development. During the financial year, the borrowing costs capitalized as cost of Plant and Property, Plant & Equipment amounted to approximately Rs.369.04 mn (2012: Nil).

(h) Revaluation of Freehold Land in Malaysia

Revaluation of the freehold land in Malaysian plantations is carried out annually in order to ensure that the book value reflects the market value and any significant variance from the carrying value will be recorded. The carrying value of the lands in Malaysian plantations as at March 2013 is based on valuation performed by Encik W. M. Malik, member of the Institution of Surveyors, Malaysia, a partner with W. M. Malik and Kamaruzuman. The method is based on existing use using the Costs approach.

If the freehold land of the Malaysian companies had been measured using the cost model, the carrying amount would be Rs.110.90 mn or equivalent to US$874,000 (2012 Rs.109.14 mn or equivalent to US$852,000).

(i) Property, plant and equipment of Indonesian plantations

Based on the reports issued by KJPP Rengganis, Hamid & Partners (formerly PT Heburinas Nusantara) an independent valuer strategically associated with CB Richard Ellis, the combined appraised value of property, plant and equipment of the Indonesian plantations as of 31 March 2013 was Rs.30.69 bn or equivalent to US$241,915,000 (2012 Rs.27.15 bn or equivalent to US$211,972,000). The above appraisal values have not been incorporated into the financial statements. Therefore, the property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

(j) Assets held under finance leases

The net book value of property, plant and equipment held under finance lease at the reporting date is Rs.72.71 mn or equivalent to US$573,000 (2012: nil).

Leased assets are pledged as security for the related finance lease liabilities.

(k) Assets pledged as security

Certain property, plant and equipment of the Group amounting to approximately Rs.15,735.25 mn or equivalent to US$124,007,000 (2012 Rs.15,060.33 mn or equivalent to US$117,567,000) are pledged as security for bank borrowings (Note 33).

(l) Land acquisition Company's subsidiary Pegasus Hotels of Ceylon (PRH)

During the financial year 2008/09, the government of Sri Lanka acquired approximately 1,605 perches of the land owned by the PRH for the purpose of constructing a fisheries harbor, out of which 353.89 perches of land was subject to Supreme Court order. The market value of the said net land extent (1,251 perches) as at the date of acquisition amounting to Rs.187,800,000/- has been removed from the value of the freehold land classified under the property, plant, and equipment in the consolidated reporting date. The removal of the said land has been accounted for as a disposal of an asset in the financial statements.

PRH filed a fundamental rights application in the Supreme Court regarding the acquisition of approximately 353.89 perches of land (described as mangrove) owned by the company. As per the Supreme Court ruling dated 20th November 2008, the said land is to be returned to the company on the completion of the construction work of the fisheries harbour project.

On 15th March 2011, the Sri Lanka Navy has approached the Fisheries Harbour Corporation through which they have requested for a portion of 80 perches from and out of the said 353.89 perches in order to establish a coast guard unit. The PRH is expected to regain title to the balance 273.89 perches and make an additional claim for compensation for the said 80 perches, after referring the said request to the Supreme Court. Until determination of the aforesaid legal steps, the entire land extent in question will continue to be accounted in the consolidated Statement of Financial Position under property, plant & equipment at the market value.

(Amounts expressed in Sri Lankan Rs.'000)

(18) Property, Plant & Equipment - Group (Contd.)

Accordingly the market value of the said land amounting to Rs.52,950,000/- (2011 - Rs.52,950,000/-) as at the reporting date has not been removed from the Property, Plant and Equipment.

(m) Land compensation received

During the financial year 2002/03, a portion of freehold land of a subsidiary, Good Hope PLC was compulsorily acquired by the Government of Malaysia pursunt to the Land Acquisition Act of 1960.

In 2010, the amount accrued as compensation receivable from the Government of US$ 827,000 in respect of compulsory acquisition of a portion of the Malaysian operation freehold land was received by the company. An additional income of US$ 132,000 was received and included in sundry income.

The company, however, has objected to this offer and submitted a claim US$ 1,975,000. This claim has been decided in favour of the company and the company has been awarded a sum of Rs.US$ 77,000 with interest at 8% per annum from the date of possession.

The company has filed a further claim in Shash Alam High Court to recover outstanding late payment Charges amounting to sum US$ 422,000 and it is now in legal proceedings.

(19) Biological Assets

	Group		
	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011
Carrying value at beginning of the year	**33,698,717**	22,916,054	18,537,337
On Consolidation	**95,748**	971,267	-
Additions due to plantation development costs	**6,667,477**	2,879,829	2,252,518
Transfers	**174,701**	-	-
Gain arising from changes in fair value	**4,881,099**	3,514,596	1,817,089
Exchange translation difference	**(2,730,510)**	3,416,971	309,110
Carrying value at the end of the year	**42,787,232**	33,698,717	22,916,054

(a) Analysis of oil palm production

During the financial year, the group harvested 1,031,788 MT (2012 - 874,865 MT) of FFB, which had a fair value less estimated point - of - sale costs of approximately Rs.21,981 mn or equivalent to US$167,472,000 (2012 Rs.24,919 mn or equivalent to US$194,529,000).

The fair value of FFB was determined with reference to their average market prices during the year.

(b) Analysis of biological assets

At the end of the financial year, the Group's total Planted area and related value of mature and immature plantation are as follows:

	Indonisian Plantation			Malaysia Plantation			Total as at	Total as at	Total as at
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Area	Hectares	Hectares	Hectares	Hectares	Hectares	Hectares	Hectares	Hectares	Hectares
Planted Area:									
- Mature	**46,772**	41,395	34,665	**1,374**	1,379	1,379	**48,146**	42,774	36,044
- Immature	**15,818**	10,699	14,713	**6**	6	6	**15,824**	10,705	14,719
	62,590	52,094	49,378	**1,380**	1,385	1,385	**63,970**	53,479	50,763

(Amounts expressed in Sri Lankan Rs.'000)

(19) Biological Assets (Contd.)

(b) Analysis of biological assets (Contd.)

	Indonisian Plantation			Malaysia Plantation			Total as at	Total as at	Total as at
	31st March 2013	31st March 2012	1st April 2011	31st March 2013	31st March 2012	1st April 2011	31st March 2013	31st March 2012	1st April 2011
Value									
Planted Area:									
- Mature	**33,712,523**	26,063,687	18,283,763	**963,012**	903,888	720,156	**34,675,535**	26,967,575	19,003,919
- Immature	**8,107,100**	6,727,423	3,909,348	**4,597**	3,719	2,786	**8,111,697**	6,731,142	3,912,135
	41,819,623	32,791,110	22,193,112	**967,609**	907,607	722,942	**42,787,232**	33,698,717	22,916,054

The carrying value of biological assets of the Group pledged as security for the bank borrowings amounted to approximately Rs.30,042 mn or equivalent to US$236,753,000 (2012 Rs.26,105 mn or equivalent to US$203,784,000).

(c) Biological Valuation of Indonesian Plantations

The fair value of biological assets was determined by KJPP Rengganis, Hamid & Partners an Indonesian independent valuer. The valuations of the biological assets were performed in accordance with Indonesian Valuation Standards ("Standar Penilaian Indonesia/SPI") which are based on the International Valuation Standards using the following assumptions:

(i) Projected economic production life of palm oil plants is 22 years after maturity (2012: 22 years).

(ii) Discount rate per annum of 11.92% in 2013 (2012: 12.41%).

(iii) Fresh Fruit Bunches ("FFB") selling price for the first year is US$122 per ton (2012: US$149).

Borrowing cost capitalised to biological assets for the year ended 31 March 2013 amounted to Rs 623 mn or equivalent to US$4,910,000 (2012 Rs 75 mn or equivalent to US$671,000)

(d) Biological Valuation of Malaysian Plantations

The fair value of biological assets of Shalimar (Malay) PLC, Selinsing PLC, Indo-Malay PLC and Good Hope PLC were determined by KJPP Rengganis, Hamid & Partners an Indonesian independent valuer. The valuations of the biological assets were performed in accordance with International Valuation Standards using the following assumptions:

(i) Projected economic production life of palm oil plants is 22 years after maturity (2012: 22 years).

(ii) Discount rate per annum of 8.25% in 2013 (2012: 8.33%).

(iii) FFB selling price for the first year is US$138 per ton. (2012: US$193).

There were no borrowings costs capitalised to biological assets for the years ended 31 March 2013 and 31 March 2012 in Shalimar (Malay) PLC, Selinsing PLC, Indo-Malay PLC and Good Hope PLC.

(e) The Group is exposed to the following risks relating to its Palm Oil planation.

(i) Regulatory and environmental risks

The Group is subject to laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environment and other laws.

(ii) Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume to market supply and demand. Management performs regular industry trend analayses for projected harvested volumes and pricing.

(iii) Climate and Other risks

The Group Palm Oil plantations are exposed to the risk of damage from climatic changes, diseases, and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular plant inspections and industry pest and disease surveys. The Group is also insured against natural disasters such as floods and hurricanes.

(Amounts expressed in Sri Lankan Rs.'000)

(20) Prepaid Lease Payment for Lands

As at	Group 31st March 2013	31st March 2012	1st April 2011
Cost/Valuation			
Balance as at the beginning of the year	**3,669,909**	1,741,710	395,357
On Consolidation	**261,808**	1,342,389	1,061,405
Additions	**804,281**	282,253	306,871
Transfer	**40,536**	–	(50,958)
Exchange translation difference	**(279,256)**	303,557	29,035
Balance as at end of the year	**4,497,278**	3,669,909	1,741,710
Accumulated amortization			
Balance as at the beginning of the year	**247,509**	111,377	39,753
On Consolidation	**3,387**	40,103	23,248
Amortization	**141,658**	73,298	50,228
Transfer	**–**	–	(3,358)
Exchange translation difference	**(20,719)**	22,731	1,506
Balance as at end of the year	**371,835**	247,509	111,377
Net Balance as at the end of the year	**4,125,443**	3,422,400	1,630,333

(a) Details of leasehold property

The Company' subsidiary PT Agro Indomas's land rights in the form of "Hak Guna Usaha" (HGU) will expire in the following years.

Company	Land Extent (in Ha)	Year of Expiration	Location
PT Agro Indomas	12,104	2028	Kotawaringin Timur
	3,760	2033	Kotawaringin Timur
	15,864		

Land rights represent amounts paid on obtaining land rights certificate under Hak Guna Usaha (HGU or right to cultivate) and expenses incurred for obtaining operating licences. The land rights have an average remaining amortisation period of 27 years. (2012 30 years)

Management believes that the existing land rights will be renewed by the Government of Indonesia upon expiration because under the laws of Indonesia the land rights can be renewed upon the request of the HGU holder (subject to the approval of Government of Indonesia).

(b) Analysis of prepaid lease rights

As at	31st March 2013	31st March 2012	1st April 2011
Prepaid lease rights are to be amortised;			
Not later than one year	**153,410**	118,236	53,544
Later than one year but not later than 5 years	**602,728**	489,983	216,715
Later than five years	**3,369,305**	2,814,181	1,360,074
	4,125,443	3,422,400	1,630,333

(21) Investment Property

	Freehold Land	Freehold Building	Other Equipments	Group As at 31st March 2013	As at 31st March 2012	As at 1st April 2011
(a) Investment Properties of the Group comprise of:						
Equity One PLC.	1,476,250	186,250	30,266	**1,692,766**	1,648,604	1,143,983
Equity Three (Private) Limited	205,000	66,000	6,188	**277,188**	258,258	247,137
	1,681,250	252,250	36,454	**1,969,954**	1,906,862	1,391,120

(Amounts expressed in Sri Lankan Rs.'000)

(21) Investment Property (Contd.)

	Freehold Land As at 31st March 2013	Freehold Land As at 31st March 2012	Freehold Building As at 31st March 2013	Freehold Building As at 31st March 2012	Other equipments As at 31st March 2013	Other equipments As at 31st March 2012	Capital work in progress As at 31st March 2013	Capital work in progress As at 31st March 2012	Total As at 31st March 2013	Total As at 31st March 2012	Total As at 1st April 2011
(b) Movements of Investment Properties											
Balance as at the beginning of the year	**1,606,805**	1,105,478	**255,674**	251,501	**44,383**	14,501	**–**	19,640	**1,906,862**	1,391,120	1,360,872
Additions during the year	**–**	–	**613**	5,209	**94**	35,912	**–**	–	**707**	41,121	–
Disposal during the year	**–**	–	**–**	–	**(24)**	–	**–**	–	**(24)**	–	–
Gain on fair value adjustment (note c)	**74,445**	31,327	**(4,037)**	(6,420)	**(7,999)**	(6,030)	**–**	–	**62,409**	18,877	30,248
Transfer from Inventories	**–**	470,000	**–**	5,384	**–**	–		(19,640)	**–**	455,744	–
	1,681,250	1,606,805	**252,250**	255,674	**36,454**	44,383	**–**	–	**1,969,954**	1,906,862	1,391,120
(c) Change in fair value of investment properties											
Equity One PLC.	**54,445**	18,800	**(4,537)**	(6,393)	**(6,335)**	(4,378)	**–**	–	**43,573**	8,029	22,779
Equity Three (Private) Limited	**20,000**	12,527	**500**	(27)	**(1,664)**	(1,652)	**–**	–	**18,836**	10,848	7,469
	74,445	31,327	**(4,037)**	(6,420)	**(7,999)**	(6,030)	**–**	–	**62,409**	18,877	30,248

(d) Valuation of investment properties

Investment properties of the Group are stated based on a valuation performed by Mr. S. Sivaskantha, F.I.V. (Sri Lanka) of Perera Sivaskantha & Company, Incorporated valuers, as at 31st March 2013 for the financial years 2012 (2011, Mr. K. Arthur Perera, A.M.I.V. (Sri Lanka), an independent professional valuer) the details of which are given in (Note f).

(e) Properties pledged as security

here were no restrictions on title of investment properties as at the reporting date.

(f) Details of Investment Properties – Group

Company	Location	Description	Method of valuation	Net rentable area (In Sq. ft.)	Extent (Hectares)	Historical Cost	Fair Value 31 st March 2013	Fair Value 31 st March 2012	Fair Value 1st April 2011
Equity One Plc	Dharmapala Mw., Colombo 07.	Office Space	Market approach	44,647	0.238	136,693	**729,766**	716,626	682,004
Equity One Plc	Vauxhall Lane, Colombo 02	Warehouse Space	Market approach	30,723	0.524	270,000	**493,000**	461,978	461,978
Equity One Plc	No 07, De Soysa Mawtha, Mt. Lavinia	Land	Market approach	–	2.3	624,000	**470,000**	470,000	–
Equity Three (Private) Limited	George R. De Silva Mw., Colombo 13	Office Space	Market approach	31,237	0.208	97,479	**277,188**	258,258	247,138
							1,969,954	1,906,862	1,391,120

(Amounts expressed in Sri Lankan Rs.'000)

(21) Investment Property (Contd.)

(g) The land located at No.7, De Soysa Mawatha, Mount Lavinia, being property acquired for development activities of the Group; which was previously classified as inventory, was recognized as an investment property held for capital appreciation during the year 2012, upon discontinuation of property development activities.

Accordingly an amount of Rs.470 mn was recognised into investment properties as at 31st March 2012, being the fair value of the property at the date of the transfer, based on a professional valuation performed by Mr. K. Arthur Perera, A.M.I.V (Sri Lanka), an independent professional valuer

(h) No items of investment properties of the Group were pledged as security for liabilities as at the reporting date.

(i) The Group recognized land and building owned by the subsidiary company Equity Two PLC though held to earn rental income and capital appreciation and classified on investment property by the Said Subsidiary as Property Plant and Equipment as opposed to investment property since Company's subsidiary Carson Management Services (Private) Limited occupies a substantial portion of the said property for administrative purposes.

(j) The direct operating expenses incurred on investment properties are as follows :

	2013	2012
Repair and maintenance costs and utility and insurance cost	**13,931**	16,655
Staff costs and other expenses	**42,205**	39,339
	56,136	55,994

(Amounts expressed in Sri Lankan Rs.'000)

(22) Intangible Assets

	Goodwill		Computer Software		Excise License		Patent / Trademark		Customer relationship		Total as at	Total as at	Total as at
	31 st March 2013	31 st March 2012	31 st March 2013	31 st March 2012	31 st March 2013	31 st March 2012	31 st March 2013	31 st March 2012	2013	2012	31st March 2013	31st March 2012	1st April 2011
Cost/Valuation													
Balance as at the beginning of the year	**1,730,515**	275,863	**722,642**	432,712	**46,080**	25,961	**43,954**	–	**565,882**	–	**3,109,073**	734,536	605,605
On Consolidation	**4,443**	1,454,652	**–**	298	**–**	–	**–**	38,014	**–**	565,882	**4,443**	2,058,846	88,994
Additions/(Reversals)	**–**	–	**167,230**	303,858	**–**	20,119	**733**	52	**–**		**167,963**	324,029	128,792
Written-off-Software Development Cost	**–**	–	**(3,949)**	–	**–**	–	**–**	–	**–**	–	**(3,949)**	–	(78,241)
Transfer / Adjustment	**–**	–	**79,710**	(58,951)	**9,874**	–	**–**	–	**–**	–	**89,584**	(58,951)	(13,890)
Exchange translation difference	**–**	–	**(38,936)**	44,725	**–**	–	**(921)**	5,888	**–**		**(39,857)**	50,613	3,275
Balance as at end of the year	**1,734,958**	1,730,515	**926,697**	722,642	**55,954**	46,080	**43,766**	43,954	**565,882**	565,882	**3,327,257**	3,109,073	734,536
Accumulated Amortization													
Balance as at the beginning of the year	**–**	–	**161,601**	122,502	**9,833**	5,732	**–**	–	**43,420**	–	**214,854**	128,234	109,975
On Consolidation	**–**	–	**–**	9	**–**	–	**–**	–	**–**	–	**–**	9	16,480
Amortization	**–**	–	**64,870**	35,026	**5,430**	4,101	**–**	–	**57,894**	43,420	**128,194**	82,547	43,801
Transfer / Adjustment	**–**	–	**–**	(654)	**–**	–	**–**	–	**–**	–	**–**	(654)	(42,488)
Exchange translation difference	**–**	–	**(5,165)**	4,718	**–**	–	**–**	–	**–**	–	**(5,165)**	4,718	466
Balance as at end of the year	**–**	–	**221,306**	161,601	**15,263**	9,833	**–**	–	**101,314**	43,420	**337,883**	214,854	128,234
Net Balance as at the end of the year	**1,734,958**	1,730,515	**705,391**	561,041	**40,691**	36,247	**43,766**	43,954	**464,568**	522,462	**2,989,374**	2,894,219	606,302

(Amounts expressed in Sri Lankan Rs.'000)

(22) Intangible Assets (Contd.)

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate the carrying value may be impaired. Goodwill arising from business combinations has been allocated to an individual cash generating units ("CGU") for impairment testing.

The carrying amounts of goodwill allocated to each CGU are as follows

	2013	2012	2011
Portfolio and asset management	**84,791**	84,791	84,791
Beverage sector	**113,600**	113,600	113,600
Real Estate sector	**12,799**	12,799	12,799
Oil palm Plantation sector	**78,711**	74,268	64,673
Oil & Fats sector	**1,445,057**	1,445,057	-
	1,734,958	1,730,515	275,863

(a) Oil palm plantation sector

The recoverable amounts of the CGUs have been determined based on Value In Use ("VIU") using cash flow projections from financial budgets approved by the management. For the oil palm plantation segment, management has used cash flow projections based on the age of the plantations. These assumptions were used for the analysis of each CGU's within the business segment.

The pre-tax discount rates applied to the cash flow projections and forecasted terminal growth rates used to extrapolate cash flow projections beyond the forecasted period are as follows:

	Oil palm Plantation sector	
	2013	2,012
Pre-tax discount rates	**10%**	10%
Terminal Growth Rate	**3%**	3%

The calculations for value in use for the CGUs are most sensitive to the following assumptions:

(i) **Pre-tax discount rates** - Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and derived from its Weighted Average Cost of Capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected rate of return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowing the Group is obliged to service. Segment specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

(ii) **Terminal growth rate** - The forecasted terminal growth rate used does not exceed the long-term average growth rate of the industry and country in which the entities operate.

(iii) **Project CPO selling price** - The projected selling price of CPO is based on the consensus of reputable independent forecasting service firms for the short-term period and the World Bank forecast for the remaining projection period.

(Amounts expressed in Sri Lankan Rs.'000)

(22) Intangible Assets (Contd.)

(b) Oils and fats sector

The recoverable amounts of the CGUs have been determined based on Value In Use ("VIU") calculations using cash flow projections from financial budgets approved by management covering a five-year period. These assumptions were used for the analysis of each CGU within the business segment.

In the previous year, the recoverable amounts of the CGU have been determined based on fair value less cost to sell ("FVLCTS"). The FVLCTS of the CGU is determined by applying an appropriate market multiple to its earnings before interest, tax, depreciation and amortization ("EBITDA").

The group adopted the DCF method in the current year as opposed to FVLCTS method adopted in previous year, as DCF method is more reflective of the long term business prospects of the Oils and fats segment.

The pre-tax discount rates applied to the cash flow projections and forecasted terminal growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	Oil & Fats sector	
	2013	**2012**
Pre-tax discount rates	**10%**	10%
Terminal Growth Rate	**3%**	3%

The calculations for value in use for the CGUs are most sensitive to the following assumptions:

(i) **Pre-tax discount rates** – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and derived from its Weighted Average Cost of Capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected rate of return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowing the Group is obliged to service. Segment specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

(ii) **Terminal growth rate** – The forecasted terminal growth rate used does not exceed the long-term average growth rate of the industry and country in which the entities operate

Computer Software

Software with a finite life is amortized over a period of expected economic benefit.

Software development costs and licenses represent the costs incurred in the development of the group Enterprise Resource Planning ("ERP") systems and its related licenses that are used to generate financial and management information and have an average remaining amortization period of 7 years (2012: 7 years).

All research costs and development costs not eligible for capitalization amounting to Rs 46.42 mn (2012: Rs 19.18 mn) have been expensed and are recognized in the profit or loss.

Customer relationships

Customer relationships acquired as part of business combination were initially recognized at their fair value at the date of acquisition and are subsequently carried at cost less accumulated amortization. Customer relationships are amortized over 10 years and tested for impairment annually.

(Amounts expressed in Sri Lankan Rs.'000)

(23) Investment In Subsidiaries

		Group				Company			
		No. of Shares 31st March 2013	Cost as at 31st March 2013	Cost as at 31st March 2012	Cost as at 1st April 2011	No. of Shares 31st March 2013	Cost as at 31st March 2013	Cost as at 31st March 2012	Cost as at 1st April 2011
(i)	**Quoted Investments**								
	Investments in Ordinary Shares								
	Carson Cumberbatch PLC	89,706,431	579,363	579,363	588,563	89,706,431	579,363	579,363	588,563
	Equity One PLC	38,818,252	1,019,862	1,019,861	1,019,861	-	-	-	-
	Equity Two PLC	27,533,370	389,166	389,166	389,166	-	-	-	-
	Pegasus Hotels of Ceylon PLC	28,290,959	422,983	316,339	316,339	-	-	-	-
	Selinsing PLC	6,664,867	705,301	677,256	39,800	-	-	-	-
	Good Hope PLC	6,475,117	473,866	472,195	85,102	-	-	-	-
	Indo - Malay PLC	6,326,909	1,326,140	1,272,961	28,135	-	-	-	-
	Shalimar (Malay) PLC	6,701,133	334,729	330,912	72,717	-	-	-	-
	Ceylon Guardian Investment Trust PLC	55,131,341	594,989	594,989	594,989	-	-	-	-
	Ceylon Investment PLC	63,407,519	402,892	402,893	402,893	-	-	-	-
	Guardian Capital Partners PLC	22,275,025	446,267	446,267	446,267	-	-	-	-
	Ceylon Beverage Holdings PLC	15,726,922	649,439	649,439	649,439	-	-	-	-
	The Lion Brewery (Ceylon) PLC	48,190,700	1,943,237	1,943,237	1,543,791	1,300,000	112,292	112,292	112,292
	Total investment in Subsidiaries - quoted		9,288,234	9,094,878	6,177,062		691,655	691,655	700,855
(ii)	**Unquoted Investment**								
	Leechman and Company (Private) Limited	5,160,000	849	849	849	-	-	-	-
	Rubber Investment Trust Limited	9,298,888	612	612	612	-	-	-	-
	Mylands Investments Limited	115,268	5,340	5,340	5,340	-	-	-	-
	Weniwella Investments Limited	93,352	4,501	4,501	4,501	-	-	-	-
	Guardian Fund Management Limited	1,045,015	55,682	55,682	55,682	-	-	-	-
	Good Hope Asia Holdings Limited	1,401,523,046	12,034,423	12,034,423	11,080,851	560,609,280	6,447,409	6,447,409	5,493,837
	Shalimar Developments Sdn. Bhd.	3,942,169	2,665,105	2,665,105	2,665,105	-	-	-	-
	PT Agro Indomas	41,087	1,713,107	1,713,107	1,713,107	-	-	-	-
	PT Agro Bukit	23,591,472	4,785,841	4,785,841	4,785,841	-	-	-	-
	PT Karya Makmur Sejahtera	114,000	1,127,371	1,127,370	1,127,370	-	-	-	-
	PT Agro Wana Lestari	2,375,000	226,523	226,523	226,553	-	-	-	-
	PT Rim Capital	8,792,470	1,293,076	1,293,076	1,293,076	-	-	-	-
	PT Nabire baru	11,875	148,983	148,983	148,983	-	-	-	-
	PT Agrajaya Baktitama	23,750	292,136	292,136	292,136	-	-	-	-
	PT Agro Asia Pacific	1,500	15,478	15,478	15,478	-	-	-	-
	Agro Asia Pacific -Singapore	249,999	20,296	20,296	20,296	-	-	-	-
	PT Agro Harapan Lestari	250,000	119,152	119,152	119,152	-	-	-	-
	PT Batus Mas Sejahtera	47,500	284,638	284,638	-	-	-	-	-
	PT Sawit Makmur Sejahtera	47,500	293,587	293,587	-	-	-	-	-
	PT Sumber Hasil Prima	23,750	331,125	331,125	-	-	-	-	-
	PT Sinar Sawit Andalan	23,750	325,596	-	-	-	-	-	-
	Agro Harapan Lestari Sdn. Bhd.	280,000	75,860	75,860	75,860	-	-	-	-
	Agro Harapan Lestari (Private) Limited	2,689,901	26,865	26,865	26,865	-	-	-	-
	AHL Business Solution (Private) Limited	20,750,000	207,500	207,500	207,500	-	-	-	-
	Premium Nutrients Pvt Ltd	76,337,300	7,917,699	22,469	-	-	-	-	-
	Premium Oils & Fats Sdn Bhd	1,000,000	36,504	36,504	-	-	-	-	-
	Premium Vegitable Oils Sdn Bhd	54,862,500	3,568,789	3,568,789	-	-	-	-	-
	Premium Fats Sdn Bhd	2,500,002	91,648	91,648	-	-	-	-	-
	Arani Agro Oil Industries Ltd	134,557,227	3,191,600	1,944,465	-	-	-	-	-
	Carsons Management Services (Private) Limited	32,334,138	323,341	163,341	163,342	-	-	-	-
	Carsons Airline Services (Private) Limited	1,899,999	19,000	4,000	4,000	-	-	-	-
	Pubs 'N' Places (Private) Ltd	1,200,000	12,000	12,000	12,000	-	-	-	-
	Luxury Brands (Private) Ltd	1,000	0.01	-	-	-	-	-	-
	Retail Spaces (Private) Ltd	1,000	0.01	-	-	-	-	-	-
	Equity Hotels Limited	685,469	7,296	7,297	7,296	-	-	-	-
	Equity Three (Private) Limited	5,400,000	54,000	54,000	54,000	-	-	-	-
	Equity Seven Limited	3,271,882	43,148	43,148	43,148				
			41,318,671	31,675,710	24,148,943		6,447,409	6,447,409	5,493,837

(Amounts expressed in Sri Lankan Rs.'000)

(23) Investment In Subsidiaries (Contd.)

		Group				Company			
		No. of Shares 31st March 2013	Cost as at 31st March 2013	Cost as at 31st March 2012	Cost as at 1st April 2011	No. of Shares 31st March 2013	Cost as at 31st March 2013	Cost as at 31st March 2012	Cost as at 1st April 2011
(iii)	**Investments in Unquoted Deferred Shares**								
	Ceylon Guardian Investment Trust PLC	**5,739,770**	**115,384**	115,384	115,384	-	-	-	-
	Total Investment in Subsidiaries - Unquoted		**41,434,055**	31,791,094	24,264,327	-	**6,447,409**	6,447,409	5,493,837
	Total Investment in Subsidiaries		**50,722,289**	40,885,972	30,441,389	-	**7,139,064**	7,139,064	6,194,692

(a) Acquisition and formation of subsidiaries

2013

Formation of Luxury Brands (Private) Limited (LBL)

During the year company subsidiary Ceylon Beverage Holding PLC (CBHPLC) formed Luxury Brands (Private) Limited a company incorporated in Sri Lanka as importer & distributor of Diageo and Moet Hennesy portfolios of brands. The CBHPLC holds 100% equity interest in LBL.

Formation of Retail Spaces (Private) Limited (RSL)

During the year Company subsidiary Ceylon Beverage Holding PLC (CBHPLC) formed Retail Spaces (Private) Limited a company incorporated in Sri Lanka to manage retail outlets. The CBHPLC holds 100% equity interest in RSL.

Acquisition of PT Sinar Sawit Andalan

On 29 May 2012, the Group acquired 95% equity interest in PT Sinar Sawit Andalan ("PTSSA") in Indonesia, for a cash consideration of Rs 325.6 mn (US$2,520,000). The Group has acquired PTSSA as part of its plantation business expansion plan.

Goodwill of Rs 4.4 mn comprises the value of expanding the Group's operation in Kalimantan-based plantations located in West Kalimantan and to increase the Group total planted areas and land banks.

From the date of acquisition to 31 March 2013, PTSSA's contribution to the Group's revenue and profit was not significant as it is an immature palm oil plantation under development.

The following represents the fair values of the identifiable assets and liabilities of subsidiary acquired as at the date of acquisition:

	2013
ASSETS	
Property, Plant & Equipments	**43,485**
Biological Assets	**95,748**
Prepaid Lease Assets	**258,421**
Inventories	**26,462**
Trade and other receivables	**69,039**
Cash and cash equivalents	**13,576**
Total assets	**506,731**
LIABILITIES	
Trade and other payables	**171,837**
	171,837
Net identifiable assets	**334,894**
Less: Non-controlling interest	**(144,272)**
Identifiable net assets acquired	**190,622**
Add: Positive goodwill arising from acquisition	**4,443**
Consideration for acquisition of non -controlling interest	**130,531**
Total consideration for the acquisition	**325,596**

(Amounts expressed in Sri Lankan Rs.'000)

(23) Investment In Subsidiaries (Contd.)

		2013
(i)	**The effects of acquisition on cash flow is as follows:**	
	Consideration settled in cash	**325,596**
	Less: Cash and cash equivalents of subsidiaries acquired	**(13,576)**
	Acquisition of subsidiaries net of cash	**312,020**

(ii) Acquisition of non-controlling interests

During the year, the Group acquired additional interest in the following subsidiaries from the existing non controlling shareholders:

Acquirer	Acquiree	Additional interest %	Proportion of ownership interest after additional acquisition %	Consideration
Good Hope Asia Holdings Limited	Selinsing PLC	0.36	96.03	28,044
Good Hope Asia Holdings Limited	Good Hope PLC	0.02	94.23	1,671
Good Hope Asia Holdings Limited	Indo - Malay PLC	0.54	90.41	53,180
Good Hope Asia Holdings Limited	Shalimar (Malay) PLC	0.06	96.56	3,817

2012

(b) Acquisition and formation of subsidiaries

Acquisition of Premium Vegetable Oil Sdn. Bhd., Premium Fats Sdn. Bhd. and Arani Agro Oil Industries Ltd.

On 7 July 2011, the Group acquired 100% equity interest in Premium Vegetable Oil Sdn. Bhd. ("PVO") and Premium Fats Sdn. Bhd. ("PFSB") in Malaysia and Arani Agro Oil Industries Ltd. ("AAO") in India at a total purchase consideration of Rs.4,324 mn. (US$ 39.4 mn). The Group has acquired these companies to expand the scope of operations into the edible oils and fats business segment. The acquisitions have been accounted for using the acquisition method. Accordingly only nine months financial performance of PVO, PFSB and AAO is consolidated for previous financial year ended 31st March 2012.

Acquisition of PT Batu Mas Sejahtera

On 16 September 2011, the Group acquired 95% equity interest in PT Batu Mas Sejahtera ("PTBMS") in Indonesia, at a purchase consideration of Rs.284 mn. (US$ 2.6 mn). The Group has acquired PTBMS as part of its plantation business expansion plan. The acquisition has been accounted for using the acquisition method. The Group's consolidated financial statements for the year ended 31st March 2012 include the results of PT BMS for the six-month period from the acquisition date.

Acquisition of PT Sawit Makmur Sejahtera

On 12 January 2012, the Group acquired 95% equity interest in PT Sawit Makmur Sejahtera ("PTSMS"), a company incorporated in Indonesia, for a purchase consideration of Rs.293.6 mn. (US$ 2.58 mn.). The Group has acquired PTSMS as part of its plantation business expansion plan. The acquisition has been accounted for using the acquisition method. The Group's financial statements for the year ended 31st March 2012 include the results of PTSMS for the two-month period from the acquisition date.

Acquisition of PT Sumber Hasil Prima

On 29 March 2012, the Group acquired 95% equity interest in PT Sumber Hasil Prima ("PTSHP"), a company incorporated in Indonesia, at a purchase consideration of Rs.331 mn. (US$2.56 mn). The Group has acquired PTSHP as part of its plantation business expansion plan.

(Amounts expressed in Sri Lankan Rs.'000)

(23) Investment In Subsidiaries (Contd.)

The following represents the fair values of the identifiable assets and liabilities of subsidiaries acquired in the previous financial year as at the dates of acquisition:

	2012
ASSETS	
Property, Plant & Equipments	7,131,605
Biological Assets	971,267
Prepaid Lease Assets	1,302,286
Intangible Assets	38,303
Deferred Tax Assets	43,743
Inventories	2,344,216
Trade and other receivables	4,169,492
Cash and cash equivalents	898,580
Total assets	16,899,492
LIABILITIES	
Long - term borrowings	157,482
Deferred tax liabilities	871,486
Retirement benefit obligation	13,804
Finance Lease	141,741
Short term borrowings	6,641,219
Trade and other payables	6,884,728
Total Liabilities	14,710,460
Net identifiable assets	2,189,032
Less: Non-controlling interest	(906,353)
Identifiable net assets acquired	1,282,679
Add: Positive goodwill arising from acquisition	1,454,652
Customer relationship	565,882
Less: Bargain purchase (negative goodwill)	(124,495)
Consideration for acquisition of Non - Controlling interest	2,134,582
Total consideration for the acquisition	5,313,300

(i) The effects of acquisition on the statement of cashflow is as follows:

Consideration settled in cash	5,313,300
Less: Cash and cash equivalents of subsidiaries acquired	(898,580)
Net cash out flow on acquisition	4,414,720

(ii) Impact of acquisition on statement of income

From the date of acquisition, the acquirees have contributed an additional revenue and losses of approximately Rs 20,099 mn and Rs 892 mn respectively for the financial year ended 2012.

(iii) Acquisition of non-controlling interests

During the previous financial year, the Group acquired additional interest in the following subsidiaries from the existing non controlling shareholders:

Acquirer	Acquiree	Additional interest %	Proportion of ownership interest after additional acquisition %	Consideration
Carson Cumberbatch PLC & Ceylon Beverage Holdings PLC	The Lion Brewery (Ceylon) PLC	3.47	58.61	399,446
Good Hope Asia Holdings Limited	Selinsing PLC	8.40	95.67	637,456
Good Hope Asia Holdings Limited	Good Hope PLC	4.81	94.21	387,093
Good Hope Asia Holdings Limited	Indo - Malay PLC	12.62	89.87	1,244,826
Good Hope Asia Holdings Limited	Shalimar (Malay) PLC	4.21	96.50	258,195

(Amounts expressed in Sri Lankan Rs.'000)

(24) Investments in Joint ventures

(i) Movements of Investments Joint venture Company

	Group As at 31st March 2013	As at 31st March 2012	As at 1st April 2011
Balance as at the beginning of the year	**17,611**	–	–
Investments in Joint venture	**15,000**	20,000	–
Appreciation of joint venture company reserves	**636**	–	–
Share of net results of Joint Venture	**(7,832)**	(2,389)	–
Balance as at the end of the year	**25,415**	17,611	–

(ii) Measurement of Joint venture Company

	No. of Shares 2013	Carrying Value As at 31st March 2013	Market Value/ Valuation As at 31st March 2013	Group Carrying Value As at 31st March 2012	Market Value/ Valuation As at 31st March 2012	Carrying Value As at 1st April 2011
(a) Joint venture Company						
On Unquoted Shares						
Guardian acuity asset management limited	2,000,000	**35,000**	–	**20,000**	**20,000**	–
		35,000	–	20,000	20,000	–
Group Share of Joint venture Company						
Guardian acuity asset management limited		**(9,585)**	–	(2,389)	–	–
Investments in Joint Venture Company	–	**25,415**	–	17,611	20,000	–
Total		**25,415**	–	17,611	20,000	–

(Amounts expressed in Sri Lankan Rs.'000)

(24) Investments in Joint ventures (Contd.)

(iii) The summarized financial information of the associates, adjusted for the proportion of ownership interest held by the Group is as follows:

	As at 31st March 2013	As at 31st March 2012
Revenue	**1,409**	–
Profit before taxation	**(7,615)**	(2,219)
Taxation	**(217)**	(169)
Profit of the year	**(7,832)**	(2,389)
Non – Current assets	**20,836**	177
Current assets	**5,517**	17,662
Total assets	**26,353**	17,839
Current liabilities	**(938)**	(228)
Total liabilities	**(938)**	(228)
Net Assets	**25,415**	17,611

(25) Available-for-Sale Financial Assets

(a) Summary of available for sale financial assets - Group

		Group	
	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011
Investment in equity securities			
Quoted	**7,167,421**	7,689,884	10,250,380
Unquoted	**54,737**	44,236	2,233,825
Private Equity (unlisted)	**441,148**	430,005	1,432,456
	7,663,306	8,164,125	13,916,661
Debentures	**5**	5	5
Unit Trusts	**401,014**	355,389	304,308
	8,064,325	8,519,519	14,220,974

(Amounts expressed in Sri Lankan Rs.'000)

(25) Available-for-Sale Financial Assets

(b) Measurement of Available for sale financial Assets - Group

	No of Shares 2013	Cost as at 31st March 2013	Market Value/ Valuation as at 31st March 2013	No. of Shares 2012	Cost as at 31st March 2012	Market Value/ Valuation as at 31st March 2012	Cost as at 31st March 2012	Market Value/ Valuation 1st April 2011
(b.i) Quoted Investments								
Bank & Finance								
HNB Assurance PLC	**2,000,000**	**106,360**	**95,600**	2,000,000	106,360	91,600	90,735	120,000
Hatton National Bank PLC	**-**	**-**	**-**	-	-	-	341,368	760,000
Commercial Bank of Ceylon PLC	**13,025,350**	**912,988**	**1,471,863**	11,415,548	748,440	1,141,555	463,946	1,191,936
Central finance PLC	**1,327,575**	**231,809**	**238,964**	-	-	-	-	-
People's Leasing Company PLC	**10,595,691**	**190,722**	**138,804**	22,907,300	412,332	265,725	-	-
Sampath Bank PLC	**1,449,593**	**427,752**	**326,013**	1,679,593	495,704	301,991	479,421	462,577
		1,869,631	**2,271,244**		1,762,836	1,800,871	1,375,470	2,534,513
Beverage, Food & Tobacco								
Nestle Lanka PLC	**-**	**-**	**-**	274,500	185,386	250,015	32,590	64,080
Cargills (Ceylon) PLC	**4,650,300**	**138,015**	**705,916**	6,650,300	197,372	1,157,151	197,372	1,518,263
		138,015	**705,916**		382,758	1,407,166	229,962	1,582,343
Construction & Engineering								
Access Engineering PLC	**8,000,000**	**200,280**	**157,600**	8,000,000	200,280	213,600	-	-
Diversified								
Aitken Spence PLC	**-**	**-**	**-**	-	-	-	299,555	1,662,764
Expolanka Holdings PLC	**44,845,150**	**345,618**	**304,947**	50,600,000	380,493	313,720	-	-
John Keells Holdings PLC	**12,851,170**	**406,063**	**3,174,239**	16,629,878	531,727	3,425,754	532,790	3,567,475
		751,681	**3,479,186**		912,220	3,739,474	832,345	5,230,239
Health Care								
Asiri Hospital PLC	**14,890,872**	**151,391**	**169,756**	8,677,800	84,779	65,950	-	-
Ceylon Hospitals PLC (Durdans)	**1,307,509**	**90,711**	**130,751**	756,915	39,942	54,876	39,942	75,692
		242,102	**300,507**		124,721	120,826	39,942	75,692
Hotels & Travels								
Aitken Spence Hotels Holdings PLC	**3,199,908**	**210,468**	**236,793**	3,000,000	197,730	210,000	252,935	631,811
		210,468	**236,793**		197,730	210,000	252,935	631,811
Manufacturing								
Textured Jersey Lanka PLC	**1,633,844**	**24,630**	**16,175**	2,343,300	35,325	16,872	-	-
Tokyo Cement Company (Lanka) PLC	**-**	**-**	**-**	6,706,500	290,592	181,076	181,332	195,782
		24,630	**16,175**		325,917	197,948	181,332	195,782
Total Investment in equity securities -Quoted		**3,436,807**	**7,167,421**		3,906,462	7,689,884	2,911,986	10,250,380

(Amounts expressed in Sri Lankan Rs.'000)

(25) Available-for-Sale Financial Assets (Contd.)

(b) Measurement of Available for sale financial Assets - Group

	No of Shares 2013	Cost as at 31st March 2013	Market Value/ Valuation as at 31st March 2013	No. of Shares 2012	Cost as at 31st March 2012	Market Value/ Valuation as at 31st March 2012	Cost as at 31st March 2012	Market Value/ Valuation as at 1st April 2011
(b.ii) Unquoted Investments								
Lanka Communication Services Limited	**1,428,496**	**15,714**	**15,714**	1,428,496	15,714	15,713	15,714	15,714
Asia Pacific Golf Course Limited	–	–	–	10	2,500	2,500	2,500	2,500
Produce Transport Limited	**1**	–	–	1	–	–	–	–
Serendib Agro Products Limited	**2,500**	**2**	**3**	2,500	2	3	2	3
ACW Insurance (Private) Limited	**449,999**	**1,869**	**24,400**	449,999	1,869	24,400	1,869	26,902
South Asia Breweries (Pte) Limited	–	–	–	–	–	–	2,187,086	2,187,086
Riverside Resorts (Private) Limited	**1,300,000**	**13,000**	**13,000**	–	–	–	–	–
DFCC Vardhana Bank	**128,925**	**1,600**	**1,600**	128,925	1,600	1,600	1,600	1,600
Equity Investment Lanka (Private) Limited	**11,250**	**2**	**2**	11,250	2	2	2	2
Kandy Private Hospitals Limited	**1,200**	**18**	**18**	1,200	18	18	18	18
Total Investment in equity securities -Unquoted		**32,205**	**54,737**		21,705	44,236	2,208,791	2,233,825
Private Equity								
Durdans Medical & Surgical Hospital (Private) Ltd.	**22,285,715**	**280,797**	**401,143**	22,285,715	280,797	390,000	262,797	262,797
Expo Lanka Holdings Limited	–	–	–	–	–	–	252,102	582,224
Hsenid Business Solutions (Pvt) Ltd.	**163,419**	**40,005**	**40,005**	163,419	40,005	40,005	–	–
Softlogic Holdings (Private) Ltd.	–	–	–	–	–	–	199,944	499,860
Textured Jersey Lanka (Private) Limited	–	–	–	–	–	–	35,325	35,325
Vallibel One Limited	–	–	–	–	–	–	52,250	52,250
Total investment in private Equity	–	**320,802**	**441,148**		320,802	430,005	802,418	1,432,456
Debentures								
Tangerine Beach Hotels Limited - Zero Coupon	**56**	**1**	**1**	56	1	1	1	1
Ocean View Limited - 6%	**360**	**4**	**4**	360	4	4	4	4
Total investments in debentures		**5**	**5**		5	5	5	5
Unit Trusts								
The Sri Lanka Fund	**2,531,646**	**224,560**	**253,752**	2,531,646	224,560	227,374	224,564	285,051
Guardian Acquity Equity Fund	**2,500,000**	**25,000**	**28,700**	2,500,000	25,000	25,126	–	–
Ceybank Asset Management Ltd	**360,001**	**3,600**	**33,362**	360,001	3,600	27,139	3,600	19,257
Guardian Acquity Fixed Income Fund	**7,500,000**	**75,000**	**85,200**	7,500,000	75,000	75,750	–	–
Total investment in unit trust		**328,160**	**401,014**		328,160	355,389	228,164	304,308
Total Unquoted Investments		**681,172**	**896,904**	–	670,672	829,635	3,239,378	3,970,594
Total available for sale financial assets		**4,117,979**	**8,064,325**	3,436,807	4,577,134	8,519,519	6,151,364	14,220,974

(Amounts expressed in Sri Lankan Rs.'000)

(26) Inventories

	Group			Company		
	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011
Raw materials	**4,903,085**	5,048,790	1,524,136	–	–	–
Work-in-progress	**97,672**	100,407	59,534	–	–	–
Lands held for development and sale [Note 26 (b)]	**5,714**	10,913	502,925	–	–	–
Finished goods	**2,253,101**	1,448,545	1,314,255	–	–	–
	7,259,572	6,608,655	3,400,850	–	–	–

(a) Assets pledged as security

The Group has pledged inventories amounting to approximately Rs 3,821 million (2012: Rs 3,378 million) as security for bank borrowings.

(b) Details of Lands held for Development and Sale

Company	Location	Extent (in Acres)	Fair Value 31st March 2013 Rs.	Fair Value 31st March 2012 Rs.	Fair Value 1st April 2011 Rs.
Equity One PLC	Mirihana Estate, Mirihana	0.07	**5,714**	10,913	32,925
Equity One PLC	No. 7, De Soysa Mawatha, Mount Lavinia	6.00	–	–	470,000
		6.07	**5,714**	10,913	502,925

(Amounts expressed in Sri Lankan Rs.'000)

(27) Trade and Other Receivables

	Group			Company		
	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011
Financial						
Non Current						
Land compensation receivable (note d)	**98,441**	88,264	79,139			
	98,441	88,264	79,139	**–**	–	–
Current						
Trade receivables (net of provisions)	**4,400,393**	3,429,442	697,356	**–**	–	–
Other receivables	**746,106**	1,315,728	1,923,929	**1,597**	234	870
Loans given to employees	**63,684**	33,408	23,305	**–**	–	–
Current trade and other financial receivables	**5,210,183**	4,778,578	2,644,590	**1,597**	234	870
Trade and other financial receivables	**5,308,624**	4,866,842	2,723,729	**1,597**	234	870
Non Financial						
Non Current						
Plasma receivables (Note e)	**897,038**	779,787	331,263	**–**	–	–
Non current trade and other non financial receivables	**897,038**	779,787	331,263	**–**	–	–
Current						
Prepayments	**2,602,978**	1,946,068	835,565	**750**	750	–
Current trade and other non financial receivables	**2,602,978**	1,946,068	835,565	**750**	750	–
Trade and other non financial receivables	**3,500,016**	2,725,855	1,166,828	**750**	750	–
Total trade and other receivables – Non Current	**995,479**	868,051	410,402	**–**	–	–
Total trade and other receivables – Current	**7,813,161**	6,724,646	3,480,155	**2,347**	984	870

(a) Loans and receivables

	Group			Company		
	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011
Trade receivables	**5,210,183**	4,778,578	2,644,590	**1,597**	234	870
Trade receivables – Non current	**98,441**	88,264	79,139	**–**	–	–
Cash and Bank balances	**7,933,522**	8,818,539	11,060,240	**69,113**	49,781	73,029
	13,242,146	13,685,381	13,783,969	**70,710**	50,015	73,899

(Amounts expressed in Sri Lankan Rs.'000)

(27) Trade and Other Receivables (Contd.)

(b) Assets pledged as security

The Group has pledged receivables amounting to approximately Rs.1,400 mn (US$11,026,000) 2012 Rs.2,360 mn (2012: US$18,419,000) as security for bank borrowings.

Trade receivables of the oil palm plantation business segment are generally non-interest bearing and generally have 30 days term, while those of the oils and fats business segment generally have a 30 to 180 days term. They are recognised at their original invoice amounts which represents fair value at initial recognition.

(c) Trade Receivables that are past due but not impaired the group has trade receivables amounting to approximately Rs. 47.46 mn or equivalent to us $ 363,000 (2012: Rs. 168.15 mn or equivalent to us $ 1,307,000) that are past due at the reporting date but not impaired. These receivables are unsecured and the analysis of their aging for major segment as at the reporting date is as follows:

	Group	
	2013	**2012**
Oil palm plantation business segment		
Trade receivables past due but not impaired		
30 - 60 days	**23,348**	76,476
61 - 90 days	**634**	512
More than 90 days	**9,644**	2,050
	33,626	79,038
Oil and fats business segment		
Trade receivables past due but not impaired		
180- 365 days	**9,771**	81,344
Above 365 days	**2,665**	7,046
	12,436	88,390
Beverage business segment		
Trade receivables past due but not impaired		
0- 365 days	**1,389**	710
Above 365 days	**15**	15
	1,404	725

At the balance sheet date, management believes that all receivables are collectible and an allowance for doubtful accounts is not considered necessary.

The carrying amount of the group's trade receivables are denominated in foreign currencies as at 31st March as follows :

	Group	
	2013	**2012**
Malaysian Ringgit	**618,335**	789,865
Indian Rupee	**224,595**	316,023
Indonesian Rupiah	**779,612**	234,807
Euro	**-**	27,029
US Dollar	**1,159,648**	1,207,471
	2,782,190	2,575,194

(Amounts expressed in Sri Lankan Rs.'000)

(27) Trade and Other Receivables (Contd.)

(d) Land compensation receivable

Pegasus Hotels of Ceylon PLC (PRH)

The government of Sri Lanka acquired approximately 1,251 perches of land owned by PRH under Section 38 proviso (a) of the Land Acquisition Act, No.28 of 1964 by gazette notification dated 14th May 2008 for the public purpose of a fisheries harbour project. The Divisional Secretary called for claim of compensation in response to which PRH submitted a claim of compensation for the compulsory acquisition of the said land on 16th July 2008. The final claim stands at Rs.563 mn taking into account the market value of the property, potential economic value lost for hotel expansion and the nuisance value that will be created for hotel operation by the said project. However, as a matter of prudence the Group has accounted for the compensation receivable of Rs.189.5mn in the financial statements based only on the market value and related costs supported by a professional valuation dated 4th April 2009 conducted Mr. K Arthur Perera, A.M.I.V.(Sri Lanka), Valuer & Consultant.

A valuation was carried out by Mr. K. Arthur Perera as at 31st March 2012 and according to the said valuation, the said acquired property is valued at Rs.250.4mn.

No adjustment has been made to the compensation receivable on a prudent basis, however this will further justify the company's compensation claim on the property. As at the reporting date, PRH has not received any confirmation from the Divisional Secretory of the value determination of the said claim.

Accordingly, the Group has recognized the said compensation receivable at its amortised cost; the underlying assumptions used in such assessment is detailed below.

Expected timing of cash flows year 2018
Discount rates used The weighted average deposit rate

(e) Plasma receivables

In accordance with the Indonesian government's policy, oil palm plantation companies are required to develop new plantations for the local communities within and around the company. A cooperative establishment is formed to take care of the landholder's rights and obligations and this form of assistance to local communities is generally known as the "Plasma Programme".

Plasma receivables represent costs incurred for plasma plantation development and advances to Plasma farmers for working capital purposes during the early maturity stage. These include biological assets and their infrastructures, covering costs incurred for land clearing, planting, upkeep, fertilisation, mature plantation management, harvesting and other indirect expenses. The advances will be subsequently recovered through revenue generated from the Plasma plantations.

Land rights of the Plasma plantation are mortgaged and kept as security for obtaining bank loans from commercial banks in Indonesia. These land rights will be handed over to the Group upon the completion of the loan period. As per management agreement signed with the Plasma Corporative, which represents the Plasma members and the Group's subsidiary companies, these land titles can be retained by the group as security until advances provided are paid in full through Plasma revenue.

(Amounts expressed in Sri Lankan Rs.'000)

(28) Fair value through profit or loss financial assets

(a) Fair value through profit or loss financial assets in equity securities - Group

	No of Shares 31st March 2013	Market/ Valuation as at 31st March 2013	No of Shares as at 31st March 2012	Market/ Valuation as at 31st March 2012	Market/ Valuation as at 1st April 2011
Quoted Investments					
Banks, Finance & Insurance					
National Development Bank PLC	–	–	387,200	47,548	65,901
Sampath Bank PLC	–	–	–	–	138,639
Housing Development Finance Corporation Bank PLC	–	–	–	7,524	12,385
Commercial Bank of Ceylon PLC	**1,668,660**	**188,558**	2,371,099	237,110	40,902
Central Finance Company PLC	–	–	–	–	50,948
Hatton National Bank PLC	**1,085,000**	**181,521**	–	–	38,000
Lanka Orix Leasing Company PLC	–	–	–	–	11,960
L B Finance PLC	–	–	–	–	9,420
Merchant Bank of Sri Lanka PLC	–	–	–	–	20,790
People's Leasing & Finance PLC	**180,688**	**2,367**	–	–	–
		372,446		292,182	388,945
Beverage, Food & Tobacco					
Distilleries Company of Sri Lanka PLC	**1,419,646**	**236,371**	902,000	130,790	153,360
Ceylon Cold Stores PLC	**880**	**119**	200	79	150
Ceylon Tobacco Company PLC	**64,167**	**50,095**	–	–	–
		286,585		130,869	153,510
Chemicals & Pharmaceuticals					
Union Chemicals Lanka PLC	**200**	**88**	200	139	132
		88		139	132
Diversified					
Hemas Holdings PLC	**98,125**	**2,649**	98,125	2,581	4,514
John Keells Holdings PLC	**948,851**	**234,366**	1,046,272	218,591	337,343
Expolanka Holdings PLC	–	–	4,198,600	26,032	–
C T Holdings	–	–	521,512	78,279	102,440
Richard Pieris & Company PLC	–	–	–	–	27,200
		237,015		325,483	471,497
Land & Property					
Colombo Land & Development Company PLC	**518,093**	**15,802**	87,500	3,413	
		15,802		3,413	
Hotels					
Trans Asia Hotels PLC	–		–	–	36,732
Aitken Spence Hotel Holdings PLC	**200,577**	**14,844**	–	–	–
		14,844		–	36,732
Manufacturing					
Royal Ceramic Lanka PLC	–	–	460,000	52,900	31,400
Piramal Lanka Glass Company PLC	**4,000,000**	**24,400**	–	–	15,540
Lanka Floortile PLC	–	–	–	–	56,622
		24,400		52,900	103,562
Plantations					
Kegalle Plantations PLC	–	–	–	–	22,389
Namunukula Plantations PLC	–	–	–	–	17,133
	–		–		39,522
Power & Energy					
Lanka IOC Limited	**20,000**	**408**	20,000	388	352
		408		388	352
Telecommunications					
Dialog Axiata PLC	**1,550,000**	**13,950**	–	–	–
		13,950	–	–	–
Total fair value through profit or loss financial assets		**965,538**		805,374	1,194,252

(Amounts expressed in Sri Lankan Rs.'000)

(29) Cash and Cash Equivalents

	Group			Company		
	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011
Deposits						
F.C.B.U. deposits	**57,527**	52,488	30,474	–	37,222	19,339
Call deposits	**2,447,115**	1,768,991	778,234	–	–	–
Treasury bills	**106,184**	25,768	15,647	**67,684**	7,000	–
Fixed deposits	**2,198,472**	1,259,158	434,196	–	–	–
Short – term deposits	**4,809,298**	3,106,405	1,258,551	**67,684**	44,222	19,339
Cash in hand and at bank	**3,124,224**	5,712,134	9,801,689	**1,429**	5,559	53,690
	7,933,522	8,818,539	11,060,240	**69,113**	49,781	73,029

	Group			Company		
	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011
(a) Cash and cash equivalents are denominated in the following currencies:						
Sri Lankan Rupees.	**6,785,675**	5,694,475	1,827,454	**69,113**	12,559	53,690
US Dollars	**186,275**	609,590	7,623,816	–	36,983	19,133
Sterling Pound	**1,142**	2,178	1,766	–	239	206
Indonesian Rupiah	**486,750**	1,281,512	579,490	–	–	–
Malaysian Ringgit	**199,090**	940,766	1,006,186	–	–	–
Singapore Dollars	**508**	29,463	21,528	–	–	–
Indian Rupee (INR)	**274,082**	260,555	–	–	–	–
	7,933,522	8,818,539	11,060,240	**69,113**	49,781	73,029

Certain bank accounts of the Group have been pledged as security for bank borrowings. As at 31 March 2013, these accounts have a total amount of Rs 360.74 mn (2012: Rs 600 mn). There are no legal and contractual restrictions on the use of the pledged bank accounts.

(b) Plantation sector cash management

Cash at bank is placed in a managed rate account earning interest income at 1.75% – 4.00% per annum (2012: 0.50% – 2.00% per annum) for IDR accounts and 0.00% – 1.00% per annum (2012: 0.05% – 0.15% per annum) for US Dollar accounts.

Short-term deposits earn interest at floating rates based on daily bank deposit rates and are made for varying periods between one day to a week, depending on the immediate cash requirements of the sector. In 2013, interest earned ranges from 3.25% – 3.50% per annum (2012: 3.50% – 4.25% per annum) for Indonesian Rupiah short-term deposits, 0.10% – 0.15% per annum (2012: 0.10% – 0.50% per annum) for US Dollar short-term deposits and 8.47% – 10.00% per annum (2012: 9.00% – 9.50%) for REPO's placed in Sri Lanka.

(c) Oil and Fats cash management

Deposits that are kept with banks are used to cash back the trade instruments, such as Letter of Credits, bank guarantees. These deposits range from a period of a week to three months. For Indian Rupee the interest earned ranges from 5.50% – 9.40% per annum (2012: 6.00% – 8.00% per annum). For Malaysian Ringgit interest earned ranges from 2.80% – 3.10% per annum (2012: 2.80% – 3.70% per annum). Any excess cash is further utilised to reduce the overdraft interest incurred.

(d) Investment and Beverage sectors cash management

Short-term deposits earn interest at floating rates based on daily bank deposit rates and are made for varying periods between one day to a three months, depending on the immediate cash requirements of the sector. In 2013, interest earned ranges from % – % per annum (2012: % – % per annum)

(Amounts expressed in Sri Lankan Rs.'000)

(29) Cash and Cash Equivalents (Contd.)

(b) For the purpose of the consolidated cash flow statement, cash equivalent comprise the following:

	Group			Company		
	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011
Short - term deposits	**4,809,298**	3,106,405	1,258,551	**67,684**	44,222	19,339
Cash-in-hand and at bank	**3,124,224**	5,712,134	9,801,689	**1,429**	5,559	53,690
	7,933,522	8,818,539	11,060,240	**69,113**	49,781	73,029
Short - term borrowings	**(15,850,748)**	(7,534,409)	(552,000)	**-**	-	-
Bank overdrafts	**(4,511,447)**	(1,474,686)	(1,737,144)	**-**	-	-
	(12,428,673)	(190,556)	8,771,096	**69,113**	49,781	73,029

(30) Stated Capital

	Movement in No of shares			Movement in stated capital		
	At the end of the year 31.03.2013	At the end of the year 31.03.2012	At the end of the year 31.03.2011	At the end of the year 31.03.2013	At the end of the year 31.03.2012	At the end of the year 31.03.2011
Ordinary Shares						
As at the beginning of the year	**102,000,000**	102,000,000	10,000,000	**371,880**	371,880	100,000
Sub -division	**-**	-	90,000,000	**-**	-	-
Capitalization of reserves	**-**	-	2,000,000	**-**	-	271,880
	102,000,000	102,000,000	102,000,000	**371,880**	371,880	371,880
Preference Shares						
As at the beginning of the year	**1,839,568**	1,839,568	180,350	**40,755**	40,755	1,804
Sub -division	**-**	-	1,623,150	**-**	-	-
Capitalization of reserves	**-**	-	36,068	**-**	-	38,951
	1,839,568	1,839,568	1,839,568	**40,755**	40,755	40,755
Stated Capital				**412,635**	412,635	412,635

(a) The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings of the Company. All ordinary shares rank equally with regard to the right to the Company's residual assets at the point of distribution.

(31) Capital Reserves

	Group			Company		
	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011
Represented by						
Capital redemption reserve	**40,000**	40,000	40,000	**40,000**	40,000	40,000
Other capital reserves	**2,129,329**	1,669,572	822,086	**-**	-	-
	2,169,329	1,709,572	862,086	**40,000**	40,000	40,000

Capital redemption reserve - created to be used against redeeming of redeemable preferences. Not utilised for distribution.
Other capital reserves - represents the amounts set aside by the Directors for future expansion and to meet any contingencies.

(Amounts expressed in Sri Lankan Rs.'000)

(32) Revenue Reserves

	Group			Company		
	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011
Represented by						
Currency translation reserve	**819,242**	2,514,740	1,183,537	–	–	–
Available for sale financial Asset reserve	**1,198,861**	1,219,353	2,208,801	–	–	–
Retained earning	**27,627,544**	23,735,053	18,796,019	**6,709,636**	6,699,867	5,739,686
	29,645,647	27,469,146	22,188,357	**6,709,636**	6,699,867	5,739,686

(a) **Currency translation reserve** comprises the net exchange movement arising on the translation of net equity investments of Overseas Subsidiaries into Sri Lankan rupees.

(b) **Available for sale financial Asset reserve**
This consists of unrealised surplus on revaluation of available for sale financial assets.

(33) Long Term Borrowings

	Group		
	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011
Current			
Long – Term Borrowings falling due within one year			
Bank borrowings (Note 33 (a))	**4,348,727**	2,719,808	2,153,270
Finance lease payables (Note 33 (d))	**23,496**	79,280	15,714
Redeemable preference shares (Note 33 (e))	**55,000**	55,000	55,000
	4,427,223	2,854,088	2,223,984
Non – Current			
Long – Term Borrowings falling due after one year			
Bank borrowings (Note 33 (a))	**27,400,346**	25,740,275	18,814,550
Finance lease payables (Note 33 (d))	**44,612**	6,454	–
Redeemable preference shares (Note 33(e))	–	55,000	110,000
	27,444,958	25,801,729	18,924,550
Total	**31,872,181**	28,655,817	21,148,534

(a) **Bank Borrowings**

Movements in long – Term Borrowings			
Balance as at the beginning of the year	**28,460,083**	20,967,820	3,198,538
On Consolidation	–	157,481	7,029,055
Obtained during the year	**10,055,201**	6,499,267	13,466,990
	38,515,284	27,624,568	23,694,583
Impact of exchange rate changes on conversion	**(195,443)**	3,454,404	(535,465)
Re – payments during the year	**(6,570,768)**	(2,618,889)	(2,191,298)
	31,749,073	28,460,083	20,967,820
Amounts falling due within one year	**(4,348,727)**	(2,719,808)	(2,153,270)
Amounts falling due after one year	**27,400,346**	25,740,275	18,814,550

(Amounts expressed in Sri Lankan Rs.'000)

(33) Interest Bearing Borrowings (Contd.)

(b) Details of Long – Term Borrowings

Company	Lender/Rate of Interest (p.a.)	Balance as at 31st March 2013	Balance as at 31st March 2012	Balance as at 1st April 2011	Repayment Terms	Security
Carson Cumberbatch PLC	HSBC LIBOR plus 3.87% p.a.	**12,712**	277,550	257,600	The term loan USD 5mn to be repaid in 6 equal sami – annual installment of USD 1.08 mn (excluding interest)	Unsecured.
Equity One PLC	Hatton National Bank AWPLR + 2.25% (to be reviewed quarterly)		–	142,000	To be repaid in 60 months with an initial grace period of 24 months in 11 equal quarterly installments of Rs.36 mn and a final installment of Rs.34 mn plus interest. Interest to be serviced monthly. The loan is to be repaid in full by January 2012	Registered primary floating mortgage bond (RPFMB) executed over the project property at Mount Lavinia and Primary mortgage executed over the immovable property owned by the Equity One PLC situated in Dharmapala Mawatha
PT Agro Indomas (PTAI)	Standard Chartered Bank, Term loan COF+3.25% p.a	**1,015,120**	1,537,200	1,766,400	These loans and borrowings are repayable fully on 26th April 2016	Secured by certain property, plant and equipment and certain bank accounts of certain subsidiaries of the plantation sector. All the borrowers under the facility together with the some of the GAHL Company's subsidiaries have also Provided corporate gurantees.
PT Agro Bukit (PTAB)	Standard Chartered Bank, Term loan COF+3.25% p.a	**7,156,596**	8,787,660	8,920,320		
P T Karya Makmur Sejahtera (KMS)	Standard Chartered Bank, Term loan COF+3.25% p.a	**5,329,380**	5,380,200	4,084,800		
GoodHope Asia Holdings Ltd (GAHL)	Standard Chartered Bank, Term loan COF+3.25% p.a	**8,552,386**	7,045,500	4,416,000		
Premium Vegetable Oils Sdn. Bhd.	Standard Chartered Bank & Hong Leong Bank Malaysia COF + 1.50% p. a.	**5,974,884**	3,891,120	–	This is a term loan repayable fully on 27th October 2015	Secured by fixed and floating charge over the borrower's existing and future assets excluding intangible assets. The Company has also provided a corporate gurantee for this Loan facility.
Lion Brewery (Ceylon) PLC	DFCC Bank – 10.5% p. a.	**890**	11,577	22,265	payable in 57 equal monthly installments commencing from August 2008.	Unsecured.

(Amounts expressed in Sri Lankan Rs.'000)

(33) Interest Bearing Borrowings (Contd.)

(b) Details of Long - Term Borrowings (Contd.)

Company	Lender/Rate of Interest (p.a.)	Balance as at 31st March 2013	Balance as at 31st March 2012	Balance as at 1st April 2011	Repayment Terms	Security
	HSBC 1month LIBOR+3.87%	**8,562**	60,467	96,485	Payable in equal monthly instalments USD 33,333/33 commencing from July '2010	Unsecured.
	HSBC 3 month LIBOR+3.17%	**1,156,118**	1,360,229	1,113,300	Payable in 20equal quarterly instalments commencing from March 2012	Unsecured.
Lion Brewery (Ceylon) PLC	DFCC 3 months AWDR + 3%	**1,000,000**	-	-	Payable in 60 equal quarterly instalments commencing from April 2013	Unsecured.
	HSBC 1 months SLIBOR + 2.75%	**1,472,410**	-	-	Payable in 42 equal quarterly instalments commencing from April 2013	Unsecured.
Ceylon Beverage Holdings PLC	Hatton National Bank AWPLR + 1.25% p.a.	**45,000**	75,000	105,000	To be settled in 24 equal monthly installments commencing from October 2009.	Unsecured.
Pegasus Hotels of Ceylon PLC	Commercial Bank 9% p.a.	**25,015**	33,580	42,150	To be repaid in 58 equal installments of Rs.714,000 and final installment amounting to Rs.738,000.	Corporate guarantee given by Carson Cumberbatch PLC
Equity Hotels Limited	Commercial Bank AWPLR + 1%	-	-	1,500	To be repaid within three years after a grace period of one year commencing from December 2009.	Corporate guarantees given by Carson Cumberbatch PLC, Since released.
		31,749,073	28,460,083	20,967,820		

COF - Cost of Fund, BLR - Bank Lending Rate, SIBOR - Singapore Interbank offer Rate, LIBOR - London Inter Bank offer Rate.

(c) The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Secured 2013	Secured 2012	Unsecured 2013	Unsecured 2012	Balance as at 31st March 2013	Balance as at 31st March 2012	Balance as at 1st April 2011
US dollar	**28,028,366**	26,641,680	**1,177,392**	1,698,246	**29,205,758**	28,339,926	20,654,904
Sri Lankan Rupees	**25,015**	33,580	**2,518,300**	86,577	**2,543,315**	120,157	312,916
	28,053,381	26,675,260	**3,695,692**	1,784,823	**31,749,073**	28,460,083	20,967,820

(Amounts expressed in Sri Lankan Rs.'000)

(33) Interest Bearing Borrowings (Contd.)

(d) Obligations under finance leases and hire purchases

The outstanding minimum lease payments and scheduled maturity dates are as follows:

	Group		
	As at 31st March 2013	**As at 31st March 2012**	**As at 1st April 2011**
Analysis of finance obligation by year of re - payment			
Minimum lease payments:			
Due within one year	**36,925**	79,293	16,802
Due within two years	**42,381**	9,259	-
Future lease payments	**79,306**	88,552	16,802
Less: Future finance charges	**(11,198)**	(2,818)	(1,088)
Present value of minimum lease payable	**68,108**	85,734	15,714
Less: Current portion of obligations due under finance lease	**(23,496)**	(79,280)	(15,714)
	44,612	6,454	-

PT Agro Bukit, PT Agro Indomas and Premium Oils and Fats Sdn. Bhd. subsidiaries of the Group (2012: Premium Vegetable Oil Sdn. Bhd.), had entered into finance lease agreements for motor vehicles and heavy vehicles with finance lease terms of 3 to 5 years (2012: 3 to 5 years). These finance lease purchase obligations are subject to effective interest rates of 11.49% (2012: 3.5%) per annum.

(e) Redeemable Preference shares

	Group		
	As at 31st March 2013	**As at 31st March 2012**	**As at 1st April 2011**
Movements in redemption preference shares			
Balance as at the beginning of the year	**110,000**	165,000	220,000
Re - payments during the year	**(55,000)**	(55,000)	(55,000)
Balance as at the end of the year	**55,000**	110,000	165,000
Amounts falling due within one year	**(55,000)**	(55,000)	(55,000)
Amounts falling due after one year	-	55,000	110,000

As per approval obtained from the shareholders of Carson cumberbatch PLC via Extra - ordinary General Meeting held on 08th January 2009, Company issued 27,500,000 Redeemable, Cumulative , non - voting Class B preference shares carrying a dividend rate of 16% per annum on 31st March 2009. These Class B preference shares are redeemable in 5 equal annual installments starting from 30th June 2009.

As per an amendment to the preference share agreement entered into with preference share holder (DFCC) , wherein after the expiry of the first year (effective 27th January 2010) the relevant preference share dividend rate will be at the higher of the Average Weighted Prime Lending Rate rounded upwards to the nearest 0.5% or the average Treasury Bill Rate net of Withholding Tax rounded upwards to the nearest 0.5% less a discount of 0.5% per annum.

(Amounts expressed in Sri Lankan Rs.'000)

(34) Trade and Other Payables

	Group			Company		
	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011
Financial						
Non Current						
Rental deposits [Note b]	**28,077**	25,492	25,912	–	–	–
	28,077	25,492	25,912	–	–	–
Current						
Trade payables	**3,573,040**	3,351,733	610,239	–	–	–
Amount due to related companies (Note c)	–	–		–	–	50,050
Customer deposits (Note d)	**980,663**	858,665	744,326	–	–	–
Other creditors	**1,793,035**	3,234,990	1,289,242			–
Current trade and other financial payables	**6,346,738**	7,445,388	2,643,807	–	–	50,050
Trade and other financial payables	**6,374,815**	7,470,880	2,669,719	–	–	50,050
Non Financial						
Non Current						
Deferred corporate guarantee	–	–		–	–	–
	–	–		–	–	–
Current						
Accrued expenses	**2,592,954**	2,280,777	1,887,872	**49,021**	38,069	27,208
	2,592,954	2,280,777	1,887,872	**49,021**	38,069	27,208
Trade and other non financial payables	**2,592,954**	2,280,777	1,887,872	**49,021**	38,069	27,208
Total trade and other receivables – Non Current	**28,077**	25,492	25,912	–	–	–
Total trade and other receivables – Current	**8,939,692**	9,726,165	4,531,679	**49,021**	38,069	77,258

(a) **Total financial liabilities**

	Group			Company		
	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011
Trade payables	**6,346,738**	7,445,388	2,643,807	–	–	50,050
Other financial payables – non-current	**28,077**	25,492	25,912	–	–	–
Loans and borrowings	**47,807,153**	34,810,824	21,213,694	–	–	–
Total financial liabilities carried at amortised cost	**54,181,968**	42,281,704	23,883,413	–	–	50,050

Term and condition of the above current Financial liabilities:

- Trade payables are non – interest bearing and are normally settled in 60 to 90 day terms.

- Other payables are non – interest bearing and have an average term of six months.

- Interest payables are normally settled monthly throughout the financial year.

(Amounts expressed in Sri Lankan Rs.'000)

(34) Trade and Other Payables (Contd.)

		Group	
	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011
(b) Rental Deposits			
Balance as at the beginning of the year	**25,492**	25,912	19,537
Receipts during the year	**3,772**	2,323	10,173
Transferred to deferred revenue	**–**	–	(596)
Refunds during the year	**(253)**	(1,322)	(4,760)
Amount recovered from prepaid rental deposits	**(3,079)**	(3,079)	–
Unwinding of interest on refundable deposits	**2,145**	1,658	1,558
Balance as at the end of the year	**28,077**	25,492	25,912

The above rental and telephone deposits are re – payable on termination of the tenancy agreements in the real estate sector.

(c) Amounts due to related companies

		Company	
	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011
Carson Cumberbatch PLC	–	–	50,050
Total amount due to related companies	–	–	50,050

(d) Customer Deposits

		Group	
	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011
Balance as at the beginning of the year	**858,665**	744,326	627,765
Receipts during the year	**149,105**	126,488	117,630
Refunds made during the year	**(27,107)**	(12,149)	(1,069)
Balance as at the end of the year	**980,663**	858,665	744,326

Customer deposits are taken as security against the containers with the distributors in the brewery sector.

(e) The carrying amount of the group's trade payables are denominated in foreign currencies as at 31st March as follows :

		Group	
	As at 31st March 2013	As at 31st March 2012	As at 1st April 2011
Currency			
US Dollar	**1,289,583**	461,801	250,387
Malaysian Ringgit	**515,681**	677,393	21,970
Indonesian Rupiah	**1,658,960**	1,655,693	815,856
Indian Rupee (INR)	**36,798**	1,850,405	–
Singapore Dollar	**634**	–	773
Euro	**3,299**	2,306	–
British Pound Sterling	**761**	–	–
	3,505,716	4,647,598	1,088,986

(Amounts expressed in Sri Lankan Rs.'000)

(35) Employee Benefits

	Group As at 31st March 2013	As at 31st March 2012	As at 1st April 2011
The amounts recognized in the Statement of Income are as follows;			
Current service cost	**188,225**	139,673	92,088
Interest cost	**44,694**	39,821	27,330
Amortization of past service costs - non-vested	**381**	418	22
Amortization of actuarial loss	**11,343**	12,138	18,802
Immediate recognition of new entrants	**56,682**	105,556	37,895
Curtailment gain/loss	**(25,185)**	(121,872)	(64,916)
Adjustment on the previous year employee benefits	**(326)**	(597)	(1,525)
Settlement loss	**-**	87	927
Total employee benefit expense	**275,814**	175,224	110,623
The details of employee benefit liability are as follows:			
Present value of unfunded obligations	**1,240,632**	634,349	425,754
Unrecognized past service costs - non-vested	**(35)**	(50)	(86)
Unrecognized actuarial loss	**(469,665)**	(88,674)	(91,573)
	770,932	545,625	334,095
The movement in the liabilities recognized in the Statement of Financial Position is as follows:			
Balance as at the beginning of the year	**545,625**	334,095	201,761
On Consolidation	**3,634**	13,804	32,074
Provision for the year	**275,814**	175,224	110,623
Payments made during the year	**(15,135)**	(15,292)	(14,391)
Impact of exchange rate changes on conversions	**(39,006)**	37,794	4,028
Balance as at the end of the year	**770,932**	545,625	334,095

A separate fund has not been established to accommodate the liability arising in respect of gratuity. The above gratuity provision of Rs.275.81 mn (2012 -Rs 175.21mn) is based on assumptions of an actuarial valuation carried out by Mr. Piyal S Goonatilleke of Messers Piyal S. Goonetilleke Associates and Mr. M. Poopalanathan, AIA, of Messrs Actuarial & Management Consultants (Private) Limited, as at 31st March 2012, for the Sri Lankan Subsidiaries and the provision for Malaysian operations in accordance with the formula method as described (E) of revised SLAS 16 (Revised) "Employee Benifit" for the year ended 31st March 2013. The Indonesian Subsidiaries, engaged an independent actuary, PT Dayamandiri Dharmakonsilindo to conduct actuarial valuation of employee benefits liability as of March 31st 2013 using the projected unit credit actuarial valuation method.

The actuarial valuation was made using the following assumptions:

	Sri Lanka	**Indonesia**	**Malaysia**
Discount rate	10% per annum	6.25% per annum	4% per annum
Future salary increment rate	10% per annum	11% per annum	3% per annum
Mortality rate	A 67/70 Mortality Table issued by the Institute of Actuaries, London	CSO 1980	
Disability rate		10% of mortality rate	-
Resignation rate	5% per annum for age up to 49 and thereafter zero.	3% per annum from age 20 and reducing linearly to 1% per annum at age 45 and thereafter 100% at normal retirement	-
Retirement age	55 years	55 years	

(Amounts expressed in Sri Lankan Rs.'000)

(36) Net Assets Per Share

Company and Group net asset per share calculation as follows.

	Group			Company		
	2013	**2012**	**2011**	**2013**	**2012**	**2011**
Total Equity	**67,226,283**	61,114,820	52,765,052	**7,162,271**	7,152,502	6,192,321
Less						
Non -controlling interest	**(34,998,672)**	(31,523,467)	(29,301,974)	-	-	-
Outstanding preference share capital	**(40,755)**	(40,755)	(40,755)	**(40,755)**	(40,755)	(40,755)
Total equity attributable to ownes of the company	**32,186,856**	29,550,598	23,422,323	**7,121,516**	7,111,747	6,151,566
Number of ordinary shares used as the denominator						
Ordinary shares in issue	**102,000,000**	102,000,000	102,000,000	**102,000,000**	102,000,000	102,000,000
Net Asset per share	**315.56**	289.71	229.63	**69.82**	69.72	60.31

(37) Fair value of financial instruments

(A) The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced liquidation or sale.

(i) Classes of financial instruments that are not carried at fair value and at which carrying amounts are a reasonable approximation of fair value

Current trade and other receivables (Note 27), cash and cash equivalents (Note 29), trade and other payables (Note 34) and loans and borrowings (Note 33).

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near as at the reporting date.

(ii) Fair value of financial instruments by classes that are not carried at fair value and of which carrying amounts are not reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and of which carrying amounts are not reasonable approximation of fair value are as follows:

	2013		2012	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial asset				
Other receivable	**278,524**	#	14,860	#

Fair value information has not been disclosed for these financial instruments carried at cost because fair value cannot be measured reliably.

(Amounts expressed in Sri Lankan Rs.'000)

(37) Fair Value of Financial Instruments (Contd.)

(B) The following table shows an analysis of financial instruments carried at fair value by level of fair value hierachy:

	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable (Level 3)	Total
As at 31 Mar 2013				
Financial assets:				
Available for sale financial assets	7,605,863	401,143	57,319	8,064,325
Fair value through profit or loss financial assets	965,538	–	–	965,538
Balance as at 31st March 2013	8,571,401	401,143	57,319	9,029,863
As at 31 Mar 2012				
Available for sale financial assets	8,129,519	390,000	–	8,519,519
Fair value through profit or loss financial assets	805,374	–	–	805,374
Balance as at 31st March 2012	8,934,893	390,000	–	9,324,893

(C) Fair value of financial instruments that are carried at fair value

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by the levels in the fair value hierarchy. The different levels have been defined as follows.

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

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Methods and assumptions used to determine fair values

The methods and assumptions used by the management to determine the fair values of financial instruments other than those carrying amounts reasonably approximate their fair values as mentioned in Note are as follows:

Instrument Category	Fair Value Basis	Fair Value Hierarchy
Investment in Listed Shares	Publised volume weighted average (VWA) prices	Level 1
Listed Unit Trusts	Published Market Prices	Level 1
Unlisted redeemable Unit Trusts	Net assets Values (NAV)	Level 1

Fair value of financial instruments by classes that are not carried at fair value and of which carrying amounts are reasonable approximation of fair value

Current trade and other financial receivables and payables, current and non-current loans and borrowings at floating rate, other bank deposits and cash and bank balances.

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance.

(Amounts expressed in Sri Lankan Rs.'000)

(38) Financial Instruments and Financial Risk Factors

The accounting classification of each category of financial instruments, and their carrying amounts are set out below

2013	Available for sale	Fair value through profit or loss	Loans and receivables	Other financial liabilities	Total carrying amount
Financial assets					
Investment in equity securities	**7,663,306**	**965,538**	**–**	**–**	**8,628,844**
Investment in unit trusts	**401,019**	**–**	**–**	**–**	**401,019**
Trade and other receivables	**–**	**–**	**5,308,624**	**–**	**5,308,624**
Cash and cash equivalents	**–**	**–**	**7,933,522**	**–**	**7,933,522**
	8,064,325	**965,538**	**13,242,146**	**–**	**22,272,009**
Financial liabilities					
Long term borrowings	**–**	**–**	**–**	**31,749,073**	**31,749,073**
Redeemable preference shares	**–**	**–**	**–**	**55,000**	**55,000**
Finance lease liabilities	**–**	**–**	**–**	**68,108**	**68,108**
Trade payables	**–**	**–**	**–**	**6,374,815**	**6,374,815**
Short term borrowings	**–**	**–**	**–**	**20,362,195**	**20,362,195**
	–	**–**		**58,609,191**	**58,609,191**
2012					
Financial assets					
Investment in equity securities	8,164,125	805,374	–	–	8,969,499
Investment in unit trusts	355,394	–	–	–	355,394
Trade and other receivables	–	–	4,866,842	–	4,866,842
Cash and cash equivalents	–	–	8,818,539	–	8,818,539
	8,519,519	805,374	13,685,381	–	23,010,274
Financial liabilities					
Long term borrowings	–	–	–	28,460,083	28,460,083
Redeemable preference shares	–	–	–	110,000	110,000
Finance lease liabilities	–	–	–	85,734	85,734
Trade payables	–	–	–	7,470,880	7,470,880
Short term borrowings	–	–	–	9,009,095	9,009,095
	–	–	–	45,135,792	45,135,792

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its credit, liquidity, interest rate, foreign currency, commodity price and market price risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses relevant financial instruments to hedge the risks of such commercial exposure. Such financial instruments are not held for trade or speculative purposes. These market risk management activities are governed by its risk management system. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks for the financial years ended 31 March 2013 and 31 March 2012. Mechanisms adopted by the Group in managing eventual impact of such risks are given below,

(01) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. For trade receivables, the Group adopts the policy of dealing with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit rating counterparties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

(Amounts expressed in Sri Lankan Rs.'000)

(38) Financial Instruments and Financial Risk Factors (Contd.)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows.

	2013 Rs.'000	2012 Rs.'000
Available for sale financial assets - Investment in unit trusts	**401,014**	355,389
Trade and other receivables	**5,308,624**	4,866,842
Cash and cash equivalents	**7,933,522**	8,818,539
	13,643,160	14,040,770

The credit risk for the trade and other receivable at the end of the reporting period by segment wise is as follows:

	2013 Rs.'000	2013 % of total	2012 Rs.'000	2012 % of total
Portfolio and Asset Management	**148,471**	**3%**	46,515	1%
Oil Palm Plantations	**1,736,882**	**33%**	1,242,422	26%
Oils & Fats	**1,800,626**	**34%**	2,629,001	54%
Beverage	**1,448,068**	**27%**	784,795	16%
Real Estate	**15,445**	**0%**	13,432	0%
Leisure	**157,295**	**3%**	147,591	3%
Management Services	**1,837**	**0%**	3,086	0%
	5,308,624	**100%**	4,866,842	100%

The credit risk for the trade and other receivable at the end of the reporting period by geographic region as follows:

	2013 Rs.'000	2013 % of total	2012 Rs.'000	2012 % of total
Sri Lanka	**1,772,248**	**33%**	1,004,098	21%
Malaysia	**1,541,424**	**29%**	2,311,529	47%
Indonesia	**1,193,779**	**22%**	1,063,842	22%
Singapore	**503,144**	**9%**	114,500	2%
India	**298,029**	**6%**	372,873	8%
	5,308,624	**100%**	4,866,842	100%

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents, financial assets held for trading and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(02) Liquidity Risk

The Group actively manage its operating and financing cash flows to ensure all refinancing, repayment and investment needs are satisfied. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain unutilised banking facilities of a reasonable level compared to its overall debt. The Group raises committed funding from both capital markets and financial institutions and prudently balance it's debt maturity profile with a mix of short and longer term funding to achieve overall cost effectiveness.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the segment treasury. The treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts.

(Amounts expressed in Sri Lankan Rs.'000)

(38) Financial Instruments and Financial Risk Factors (Contd.)

	One year or less	One to five years	Total
Group			
2013			
Financial assets			
Available-for-sale financial assets	-	8,064,325	8,064,325
Fair value through profit or loss Financial Assets	965,538	-	965,538
Trade and other receivables	5,210,183	98,441	5,308,624
Cash and cash equivalents	7,933,522	-	7,933,522
Total undiscounted financial assets	14,109,243	8,162,766	22,272,009
Financial liabilities			
Trade and other payable	6,346,738	28,077	6,374,815
Loans and borrowings	24,789,418	27,444,958	52,234,376
Total undiscounted financial liabilities	31,136,156	27,473,035	58,609,191
Total net undiscounted financial assets/(liabilities)	(17,026,913)	(19,310,269)	(36,337,182)
2012			
Financial assets			
Available-for-sale financial assets	-	8,519,519	8,519,519
Fair value through profit or loss Financial Assets	805,374	-	805,374
Trade and other receivables	4,778,578	88,264	4,866,842
Cash and cash equivalents	8,818,539	-	8,818,539
Total undiscounted financial assets	14,402,491	8,607,783	23,010,274
Financial liabilities			
Trade and other payable	7,445,388	25,492	7,470,880
Loans and borrowings	11,863,183	25,801,729	37,664,912
Total undiscounted financial liabilities	19,308,571	25,827,221	45,135,792
Total net undiscounted financial liabilities	(4,906,080)	(17,219,438)	(22,125,518)

(03) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will effect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(a) Commodity price risk

The Group's primary source of cash inflows are from the sale of palm based products. The Group prices its Crude Palm Oil ("CPO") and Palm Kernel ("PK") with reference to the international market prices. These commodities are subject to fluctuation in prices, due to varying market forces

On a limited basis, the Group manages the impact of such price volatility on its cash flows, by hedging its sales by entering into forward sale contracts. The Group has not adopted hedge accounting as at 31 March 2013.

As at 31 March 2013, had the prices of CPO and PK been 5% higher/lower with all other variables held constant, profit before tax would have increased/decreased by Rs.1,060 million or equivelant to US$8,358,000 (2012: Rs.1,256 million or equivelant to US$9,809,000).

CPO, PK and Crude Palm Kernel Oil ("CPKO") are also key raw materials in our edible oils and fats business segment. These are as stated above freely-traded market commodities and are subject to varying market forces that determine its prices.

Similar to the oil palm plantations business segment, on a limited basis, the Group manages the impact of such price volatility on its cash flows, by hedging its purchases either by entering into forward purchase contract or through a back-to-back sale arrangement for the respective purchase.

(Amounts expressed in Sri Lankan Rs.'000)

(38) Financial Instruments and Financial Risk Factors (Contd.)

(b) Equity price risk

The Group itself being an investment house, where the principle activity being to act as specialized investment vehicle to undertake, among others; listed and private equity investments, the Group is categorically exposed to equity price risk to a greater extent. Having a substantial portion of 7% (2012 - 7%) of its asset base designated as listed investments in the Colombo Stock Exchange and private equity investments, market volatilities bring in substantial variations to the Groups earnings and value of its asset base at the reporting date.

(c) Listed equity

Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on market indices, where decisions concerned with the timing of buy / sell decisions are well supported with structures in-house research recommendations. Transactions of a major magnitude within the portfolio are subject to review and approval by the Investment Committee.

(d) Private equity

Due evaluations are carried out before-hand, extending to both financial and operational feasibility of the private equity projects that the Group ventures in to, with a view to ascertain the Groups investment decision and the risks involved.

Continuous monitoring of the operations against the budgets and the industry standards ensure that the projects meet the desired outcome, and thereby the returns.

The total asset base which is exposed to equity price risk is tabulated below.

	Carring Amounts	
	As at 31st March 2013	**As at 31st March 2012**
Investment in equity securities - Available for sale	**8,064,325**	8,519,519
Investment in equity securities - Fair value through profit or loss	**965,538**	805,374
	9,029,863	9,324,893

(e) Foreign currency risk

The Group has currency exposures arising from loans and borrowings of Indonesian , Indian and Sri lanakan entities denominated in a currency other than the functional currency the Indonesian Rupiah (IDR) Indian Rupees (INR) and Sri Lanaka Rs. The foreign currency in which theses loans and borrowings are denominated is United States Dollars. (USD)

A significant portion of our raw material purchases in the edible oils and fats business segment (in Malaysia and India) is also denominated in USD, resulting in a currency exposure against the functional currencies of Malaysian Ringgit (MYR) and INR.

The Group currency exposures arising from sales and purchases as well as all other assets, liabilities and operational expenses is limited as these are primarily denominated in the respective functional currencies of Group entities,primarily IDR, Malaysain Ringgit (MYR) and Indian Rupees (INR)

The Group manages the impact of such exchange movements on its cash flows, by hedging its currency exposure through forward booking arrangements on a selective basis. The Group does not have any other foreign currency hedge arrangements as at balance sheet date.

The Group does not have any foreign currency hedge arrangements as at balance sheet date.

The Guardian Group is exposed to currency risk on its investments made that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Sri Lanka Rupee. Accordingly, the Group is exposed to currency risk primarily arising from its investment in 'The Sri Lanka Fund' - a country fund incorporated in Caymans Islands, to which the Group has infused promoters capital.

(Amounts expressed in Sri Lankan Rs.'000)

(38) Financial Instruments and Financial Risk Factors (Contd.)

The net exposure to currency risk, of investments in The Sri Lanaka Fund as at the reporting date is as follows.

	Currency	As at 31st March 2013	As at 31st March 2012
Investments in Unit Trusts	USD	**253,752**	227,374

(f) Interest rate risk

The Group's exposure to the risk of changes in the market interest rates relates to the Long term & short term debt. The Group had no substantial long-term interest-bearing assets as at 31st March, 2013. The investment in financial assets are mainly short-term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or occasionally, in short-term commercial papers/deposits which yield better returns than cash at bank.

The Group manages it's interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes. The Group will pursue derivative mechanisms such as interest swaps, where necessary, to manage its interest risk arising from the group's sources of finance. The Group does not actively pursue derivative mechanisms at the moment. As at present the Group has benefited from the reduction of LIBOR over the recent past, on all US Dollar borrowings which are pegged to the LIBOR

At the end of the reporting period the interest rate profile of the Group's interest-bearing financial instruments as reported to the Management of the Group was as follows

	As at 31st March 2013	As at 31st March 2012
Financial assets		
Short term deposits	**4,809,298**	3,106,405
	4,809,298	3,106,405
Financial liabilities		
Loans term borrowings	**31,872,181**	28,655,817
Short term borrowings	**15,850,748**	7,534,409
Bank overdraft	**4,511,447**	1,474,686
	52,234,376	37,664,912

(g) Capital management

Group consist of companies operating in different business sectors spanning across several geographical domains. Due to the different industry/market specific business sensitivities across industries, Group does not push down a "one size fits all" policy in capital management to its subsidiaries.

Individual companies, through their respective Boards of directors determine the capital structure best suited for their business needs subject to regulatory framework, cash-flow capacity potential, availability or otherwise of cheaper external funding, future expansion plans and share holder sentiments.

Whilst allowing the flexibility to determine the optimum capital structure for its subsidiaries, group monitors capital through the relevant ratios (i.e. gearing ratio, debt to equity ratio etc) which each sector has to present to their respective Boards and the Board of the parent company at each quarterly performance review. Further, each public quoted company of the group has to submit an internally verified solvency report to their respective Board on quarterly basis along with the submission of interim reports irrespective of whether a distribution is proposed or not.

(Amounts expressed in Sri Lankan Rs.'000)

(38) Financial Instruments and Financial Risk Factors (Contd.)

(h) Analysis of Group Changes in Net Debt

The group defines capital as the total equity of the group. The group's objective for managing capital is to deliver competitive. Secure and sustainable returns to maximize long term shareholder value.

Net debt is current and non current finance debt less cash equivalents. The net ratio is the ratio of net debt to total equity. The net debt ratio enables investors to see how significant net debt is relative to equity from shareholders.

The net debt ratio as at 31 March 2013 was 65.% (2012 –46.%)

	As at 31 st March 2013	**As at 31 st March 2012**	**As at 1st April 2011**
Gross Debt	52,234,376	37,664,912	23,437,678
Cash and Cash Equivalents	(7,933,522)	(8,818,539)	(11,060,240)
Net Debt	44,300,854	28,846,373	12,377,438
Equity	67,226,283	61,114,820	52,765,052
Net Debt Ratio	66%	47%	23%

(39) Companies within the Group which are not Audited by Messrs KPMG

Good Hope Asia Holdings Limited	Ernst & Young – Singapore
Agro Asia Pacific Limited	,,
Indo – Malay PLC	Ernst & Young – Sri Lanka
Selinsing PLC	,,
Good Hope PLC	,,
Shalimar (Malay) PLC	,,
Agro Harapan Lestari (Private) Limited	,,
AHL Business Solutions (Private) Limited	,,
Shalimar Developments Sdn. Bhd.	Ernst & Young – Malaysia
Agro Harapan Lestari Sdn. Bhd.	,,
Agro Harapan Lestari Sdn. Bhd.	,,
PT Agro Indomas	Ernst & Young – Indonesia
PT Agro Bukit	,,
PT Agro Harapan Lestari	,,
PT Agro Asia Pacific	,,
PT Karya Makmur Sejahtera	,,
PT Babire Baru	,,
PT Agrajaya Baktitama	,,
PT Rim Capital	,,
PT Agro Wana Lestari	,,
PT Batu Maas	,,
PT Sawit Makmur Sejahtera	,,
PT Sumber Hasil Prima	,,
PT Sinar Sawit Andalan	,,
Premium Nutrients Pte Ltd	Ernst & Young – Singapore
Premium Oils & Fats Sdn Bhd	Ernst & Young – Malaysia
Premium Vegitable Oils Sdn Bhd	,,
Premium Fats Sdn Bhd	,,
Arani Agro Oil Industries Ltd	Ernst & Young – India

(Amounts expressed in Sri Lankan Rs.'000)

(40) Commitments

(a) Capital commitments

Capital expenditure contracted for as at the reporting date but not recognised in the financial statements are as follows:

Group

	31st March 2013	31st March 2012	1st April 2011
Palm Oil & Fats			
Approved and contracted for	**4,532,651**	5,741,570	191,986
	4,532,651	5,741,570	191,986
Beverage			
Approved and contracted for	**1,230,813**	723,355	–
	1,230,813	723,355	–
Leisure			
Approved and contracted for	**7,077**	–	–
	7,077	–	–
Real Estate			
Approved and contracted for	**74,616**	–	–
	74,616	–	–
Total capital commitments	**5,845,157**	6,464,925	191,986

There were no material contracts for capital expenditure as at the Balance Sheet date other than the above.

(b) Commitments for purchase contracts

The Group has the following committed purchase and sales contracts entered into for the use of the Group. The contractual or underlying amounts of the committed contracts with fixed pricing terms outstanding as at period end are as follows:

		Group	
	31st March 2013	31st March 2012	1st April 2011
Committed contracts			
Purchases	**2,028,643**	4,661,943	2,546,155
Sales	**4,200,063**	4,729,068	–
	6,228,706	9,391,011	2,546,155

(c) Commitments for obligations under finance leases and hire purchases

The Group has commitments for obligations under finance leases and hire purchases as disclosed in Note 33

(d) Contingent liabilities

(i) The Indonisian plantation companies have provided a corporate guarantee to a bank for a Rs.217.87 mn loan taken under the Plasma programme.

The Goodhope Asia Holdings Ltd (GAHL) has provided the following guarantees at the end of the reporting period:

*It has provided corporate guarantees to two banks for the financing facilities obtained by its subsidiaries, amounting to Rs.35,996 mn or equitant $283,677,000.

GAHL It has undertaken to finance its subsidiary to enable it to meet its liabilities as and when those fall due.

(Amounts expressed in Sri Lankan Rs.'000)

(41) Contingencies

(a) Malaysian plantation properties of Indo-Malay PLC and Selinsing PLC were charged as security to Standard Chartered Bank Singapore to secure a financing facility under Goodhope Asia Holdings Ltd., in order to facilitate the Group expansion programme of the plantation asset base and to refinance the Group's existing debt obligations.

An internal arrangement was established to ensure equitability amongst the four Malaysian plantation companies (Indo-Malay PLC, Selinsing PLC, Good Hope PLC, and Shalimar Malay PLC), with each of the four Malaysian plantation companies counter guaranteeing the combined liability that would crystallize in the event of a successful claim on properties mortgaged by Indo-Malay PLC and Selinsing PLC. As such total loss incurred by above mention companies in the event of a successful claim is limited to 25% of the combined loss.

The above has been previously communicated via a Shareholder Circular dated 29th September 2009 and approved at the Extra Ordinary General Meeting held on 21st October 2009.

(b) In 2008 the Customs Department instituted a prosecution in the Fort Magistrate's Court (MC) in Case No. S/65898/07/B against the Company's subsidiary Ceylon Beverage Holdings PLC and its Directors for the recovery of Rs.48,121,634/29 comprising of Rs.23,062,080/43 being the amount of Excise (Special Provision) Duty (the 'duty')purportedly in arrears during the period 1998/IVq to 2001/IIIq and Rs.25,059,553/86 as its penalty. The Company and the Directors filed an application for Writ in the Court of Appeal (CA) to quash the Certificate of Excise Duty in Default issued by the Director General of Customs and Excise Duty and obtained a Stay Order in respect of the proceedings of the Fort MC Case. A sum of Rs.23,062,080/43 being the duty amount in dispute was paid to Sri Lanka Customs by the Company as required before submitting its appeal. Subsequently the CA Application was dismissed and the Company appealed against the order to the Supreme Court and was greanted Special Leave to Appeal by the Court. The Court also ordered the staying all further proceedings in the MC Case until final hearing and determination of the appeal. No provision has been made for the penalty of Rs.25,059,553/86 pending an outcome in the Supreme Court matter.

(c) Contingent liabilities of The Lion Brewery (Ceylon) PLC as at 31st March 2013 amounting to Rs.128,876,247/- (2012 - Rs.717,204,525/-)-, being bank guarantees given to government bodies for operational & shipping guarantees given for clearing imports pending original shipping documents.

(d) The Customs Department instituted a prosecution in the Magistrate's Court of Kaduwela in Case No. 11303/Customs against the Company's The Lion Brewery (Ceylon) PLC and its Directors to recover Excise Duty amounting to Rs.58,753,582/94 comprising of the disputed Excise Duty of Rs.29,376,791/47 and its penalty of Rs.29,376,791/47. The Company and the Directors have filed an application for Writ in the Court of Appeal to quash the Certificate Excise Duty in Default issued by the DG of Customs and Excise Duty to recover the said sum and obtained a Stay Order in respect of the proceedings of the MC Kaduwela Case. The Court of Appeal matter is currently pending.

(e) An employee of Pegasus Hotels of Ceylon PLC had filed action in the Labour Tribunal against on the termination of his services on disciplinary grounds and was awarded damages of Rs.392,000/- against the Company. The Company had appealed against the decision to the High Court of the Western Province (Gampaha) and the court held in favour of the Company, against which order the employee has preferred an appeal to the Supreme Court. This is to be taken up in the Supreme Court on 11th June 2012.

(f) A case has been filed against the company's subsidiary Pegasus Hotels of Ceylon PLC by an individual in the District Court of Negombo seeking a declaratory title from court stating that he is a co-owner of 127.5 perches of the Land belonging to Pegasus Hotels of Ceylon PLC. The outcome of the matter is still pending. However, the company is confident that it can establish title to the said land. In any case the claimed land extent falls within the 1,251 perches of land acquired by the Government for the fisheries harbour project.

(g) An order has been for the enforcement of an ex-parte judgment (in default of appearance) issued against the CCPLC by an overseas Court for a sum of Sterling Pounds 271,323.38 plus costs, in an action filed by a former consultant of the CCPLC. The CCPLC has appealed against the said order and has also challenged the enforceability of the overseas judgment in a separate action filed by the CCPLC in the District Court of Colombo.

(42) Events Occurring after the Reporting Period

(a) The Board of Lion Brewery (Ceylon) PLC on 6th March 2013 approved the issue of an initial issue of Two Million Five Hundred Thousand (2,500,000) Rated Unsecured Redeemable Debentures at the face value of LKR 1,000/- each to raise Sri Lanka Rupees Two Billion and Five Hundred Million (LKR 2,500,000,000/-) with an option to issue upto a further Five Hundred Thousand (500,000) of said Debentures to raise upto Sri Lanka Rupees Five Hundred Million (LKR 500,000,000/-), at the discretion of the Company in the event of an oversubscription of the initial issue. The Debenture Issue was rated AA- (lks) by Fitch Ratings Lanka Limited.

(Amounts expressed in Sri Lankan Rs.'000)

(42) Events Occurring after the Reporting Period (Contd.)

The Issue opened on 11th June 2013 and was oversubscribed which caused the Issue to close on 11th June 2013 itself having issued 3,000,000 Debentures in total.

(b) Other than those disclosed above, no circumstances have arisen subsequent to the reportingn period which require adjustments to or disclosures in the financial statements.

(43) Related Party Disclosures

The Bukit Darah PLC carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 "Related Party Disclosures",the details of which are given below.

For the year ended 31st March	Group		Company	
	As at 31st March 2013	**As at 31st March 2012**	**As at 31st March 2013**	**As at 31st March 2012**
Transaction with group entities				
Dividend Income	–	–	**378,899**	344,657
Secretariat Fee paid	–	–	**12,000**	–
Secretarial fees paid	–	–	**300**	300
Computer Fees paid	–	–	**240**	220
Transaction with Joint venture				
Investment made	15,000	20,000	–	–

Company's subsidiary Carson Cumberbatch PLC director Mr. R. Theagarajah (appointed w.e.f 12th September 2012) is also the CEO/director of Hatton National Bank with which the Company had the following transactions during the year based on prevailing market rates..

Facility available	utilized as at 31st March 2013	interest paid during the year
600 mn	146.1 mn	30.8mn

Transaction with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard 30 (Revised 2006) "Related Party Disclosures", Key Management Personnel are those having authority and responsbility for planning and controlling the activities of the entity. Accordingly, the Directors of the Company (including Executive and Non Executive Directors) and their immediate family members have been classified as KMP of the Company.

The compensation paid to Key Management Personnel and other short term employment benefits are disclosed in aggregate in Note 14 (d) to the Financial Statements. No other payments such as post employment benefits, termination benefits and share based payments have been paid to key management personnel during the year.

(44) Exchange rates

	Balance Sheet Closing rate			Income Statement Average Rate	
	2013 Rs.	**2012 Rs.**	**2011 Rs.**	**2013 Rs.**	**2012 Rs.**
Malaysian Ringgit	40.98	41.84	36.46	41.97	36.39
US Dollar	126.89	128.10	110.40	129.67	112.18
Indonesian Rupiah (Rp)	0.0131	0.01295	0.01268	0.0131	0.0127
Singapore Dollar	102.16	101.89	87.56	104.52	89.32
Indian Rupee (INR)	2.33	2.50	–	2.39	2.34

(Amounts expressed in Sri Lankan Rs.'000)

(45) Explanation of transition to LKAS / SLFRS

Group

As stated in Note 2(a) these are the Group first Financial Statements prepared in accordance with new Sri Lanka Accounting Standards prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by The Institute of Chartered Accountants of Sri Lanka (CASL).

The Accounting Policies set out in notes to the financial statements have been applied in preparing the Financial Statements for the year ended 31 March 2013, the comparative information presented in these Financial Statements for the year ended 31 March 2012 and in the preparation of an opening Statement of Financial Position as at 01 April 2011.

In preparing its opening new SLASs Statement of Financial Position, the Group has adjusted amounts reported previously in Financial Statements prepared in accordance with previous SLASs. An explanation of how the transition from previous SLASs has affected the financial performance is set out in the following tables and notes that accompany the tables.

Company

In preparing its comparative SLFRS/LKAS statement of financial position, statement of comprehensive income and the statement of cash flow no adjustments were made to the numbers reported previously under the previous version of the SLASs as no adjustments required due to adoption of the revised standards.

(a) Reconciliation of Statement of Comprehensive Income - Group

		31 March 2012			
			Effect of transition to LKAS / SLFRS		
	Note	As per SLAS	Reclassification	Remeasurements	As per LKAS/SLFRS
Revenue	(v,vi)	66,070,454	-	7,729	66,078,183
Direct operating expenses	(i,ii)	(41,828,629)	-	429,090	(41,399,539)
		24,241,825	-	436,819	24,678,644
Other items of income					
Gain on disposal of non current investments /shares re - purchase		2,331,554	-	-	2,331,554
Change in fair value of investment properties	(iii)	24,909	-	(6,032)	18,877
Change in fair value of Biological Assets	(i)	-	-	3,514,596	3,514,596
Gain / (Loss) on fair value through profit or loss financial assets		(125,073)	-	-	(125,073)
Other income		686,887	-	-	686,887
Other items of expenses		-	-	-	-
Distribution expenses	(ix)	(4,152,115)	-	(7,069)	(4,159,184)
Administrative expenses	(viii,ii)	(6,165,782)	-	3,396	(6,162,386)
Other operating expenses	(viii)	(190,295)	-	-	(190,295)
Impairment of available for sale financial assets		(574,323)	-	14,760	(559,563)
		16,077,587		**3,956,470**	**20,034,057**
Net finance Cost	(iv,vi,ix,x)	(2,350,313)	-	14,536	(2,335,777)
Share of net result of joint ventures		(2,389)	-	-	(2,389)
Profit before Income tax		**13,724,885**	**-**	**3,971,006**	**17,695,891**
Income tax expenses					
Current taxation		(3,392,103)	-		(3,392,103)
Deferred taxation	(i)	169,353	-	(1,086,045)	(916,692)
		(3,222,750)	-	(1,086,045)	(4,308,795)
Profit for the year		**10,502,135**	**-**	**2,884,961**	**13,387,096**

(Amounts expressed in Sri Lankan Rs.'000)

(45) Explanation of transition to LKAS / SLFRS (Contd.)

(b) Reconciliation of Statement of Financial Position - Group

For year Ended 31 March 2012	Note	As at 31 March 2012 As per SLAS (Adjusted)	Effect of transition to LKAS / SLFRS Reclassification	Remeasurement	As per LKAS / SLFRS
ASSETS					
Non - Current Assets					
Property, Plant & Equipments	(I,ii)	60,595,813	(18,682,837)	-	41,912,976
Biological Assets	(i)	-	20,203,652	13,495,065	33,698,717
Prepaid lease payment for Land	(ii)	3,422,400	-	-	3,422,400
Investment properties		1,861,733	45,129	-	1,906,862
Intangible assets		2,894,219	-	-	2,894,219
Investments in Joint ventures		17,611	-	-	17,611
Available-for-sale financial assets	(xi,iii)	8,356,247	7,972	155,300	8,519,519
Deferred tax assets		812,876	-	(24,131)	788,745
Trade and other receivables	(iv)	969,250	-	(101,199)	868,051
Total non - current assets		**78,930,149**	**1,573,914**	**13,525,035**	**94,029,100**
Current Assets					
Inventories	(i)	8,174,597	(1,565,942)	-	6,608,655
Trade and other receivables	(v)	6,712,572	-	12,074	6,724,646
Current tax recoverable		93,806	-	-	93,803
Fair value through profit or loss financial assets	(xi)	813,346	(7,972)	-	805,374
Cash and cash equivalents		8,818,539	-	-	8,818,539
Total current assets		**24,612,860**	**(1,573,914)**	**12,074**	**23,051,017**
Total assets		**103,543,009**	**-**	**13,537,109**	**117,080,117**
EQUITY AND LIABILITIES					
EQUITY					
Stated capital		412,635	-	-	412,635
Capital reserves		1,709,737	-	(165)	1,709,572
Revenue reserves		22,110,705	-	5,358,442	27,469,146
Equity attributable to owners of the company		**24,233,077**	**-**	**5,358,277**	**29,591,353**
Non -controlling interest		**26,952,931**	**-**	**4,570,536**	**31,523,467**
Investment through Subsidiary		(10,688)	-	-	(10,688)
Total equity		**51,175,320**	**-**	**9,928,812**	**61,104,132**
LIABILITIES					
Non - Current Liabilities					
Long - term borrowings		25,801,729	-	-	25,801,729
Trade and other payables	(vi)	30,770	-	(5,278)	25,492
Employee benefits		545,625	-	-	545,625
Deferred tax liabilities	(i)	2,867,971	-	3,604,999	6,472,970
Total non - current liabilities		**29,246,095**	**-**	**3,599,721**	**32,845,816**
Current Liabilities					
Trade and other payables	(vi,vii)	9,717,590	-	8,575	9,726,165
Current tax liabilities		1,540,821	-	-	1,540,821
Long - term borrowings falling due within one year		2,854,088	-	-	2,854,088
Short - term borrowings		7,534,409	-	-	7,534,409
Bank overdrafts		1,474,686	-	-	1,474,686
Total current liabilities		**23,121,594**	**-**	**8,575**	**23,130,169**
Total liabilities		**52,367,689**	**-**	**3,608,296**	**55,975,985**
Total equity and liabilities		**103,543,009**	**-**	**13,537,109**	**117,080,117**

	As at 01st april 2011		
	Effect of transition to LKAS / SLFRS		
As per SLAS (Adjusted)	Reclassification	Remeasurement	As per LKAS / SLFRS
39,197,706	(14,076,942)		25,120,764
–	14,624,304	8,291,750	22,916,054
1,630,333	–		1,630,333
1,356,244	34,876		1,391,120
606,302	–		606,302
–	–		–
13,542,274	7,972	670,728	14,220,974
396,863	–	1,083	397,946
520,726	–	(110,324)	410,402
57,250,448	**590,210**	**8,853,237**	**66,693,895**
3,983,088	(582,238)		3,400,850
3,472,286	–	7,869	3,480,155
104,037	–		104,038
1,202,224	(7,972)		1,194,252
11,060,240	–		11,060,240
19,821,875	**(590,210)**	**7,869**	**19,239,535**
77,072,324	**–**	**8,861,106**	**85,933,430**
412,635	–	–	412,635
862,086	–	–	862,086
18,913,708	–	3,274,649	22,188,357
20,188,429	**–**	**3,274,649**	**23,463,078**
25,950,317	**–**	**3,351,657**	**29,301,974**
(12,333)	–	–	(12,333)
46,126,413	**–**	**6,626,306**	**52,752,719**
18,924,550	–	–	18,924,550
28,880	–	(2,968)	25,912
334,095	–	–	334,095
1,640,285	–	2,231,532	3,871,817
20,927,810	**–**	**2,228,564**	**23,156,374**
4,525,443	–	6,236	4,531,679
979,530	–	–	979,530
2,223,984	–	–	2,223,984
552,000	–	–	552,000
1,737,144	–	–	1,737,144
10,018,101	**–**	**6,236**	**10,024,337**
30,945,911	**–**	**2,234,800**	**33,180,711**
77,072,324	**–**	**8,861,106**	**85,933,430**

(Amounts expressed in Sri Lankan Rs.'000)

(45) Explanation of transition to LKAS / SLFRS (Contd.)

(c) Explanation of Transaction to IFRS

(i) Fair Value of Biological Assets SLFRS / LKAS

Under Previous GAAP, the Group accounted it's mature and immature oil palm plantations under property, plant and equipment and measured at cost less amortization. Currently at the point transition to SLFRS (1st April 2011), the Group has designated such assets as Biological Assets. Accordingly LKAS 41-Agriculture requires biological Assets to be measured at fair value less cost to sell as explained in Accounting Policy 2.3.2 - Biological Assets.

The Fair values have been established by an Independent Valuer. The details of the valuation, basis of valuation, and the assumptions used are described in Note 10 to the Financial Statements. In fair valuing the biological assets, the related accumulated amortization has been reversed.

The accounting treatment reflecting such change in accounting policy is detailed below.

- The cumulative cost of Immature Plantations and Mature Plantations were transferred to biological assets.
- The carrying value of Nursery is shown under biological assets.
- The Cumulative Biological Gain recognized in the Income Statement in shown under Retained Earnings and Non controlling Interest in the Statement of Charges in Equity.
- The Exchange Gain attributable to biological assets was recognized in Exchange translation reserve. The presentation and classification of the following items in the financial statements are amended to ensure the compliance with new Accounting Policy.
- The cumulative amortization of the mature plantation was reversed to biological assets in line with current policy standards.
- Adjustments have been made to deferred tax liability due to change in Accounting Policy for Biological Asset.

The impact arising from the change is summarized as follows:

(i.a) Biological Assets

	Group 2012	Group 2011
Consolidated Statement of Financial Position		
LKAS/SLFRS Adjustments		
Transfer to Biological assets from cumulative cost of Immature & Mature Plantation	18,637,708	14,042,066
Transfer to Biological assets from Inventory Nursery Cost	1,565,942	582,238
Cumulative change in fair value of biological assets	9,673,542	6,158,906
Translation gain on biological assets	2,303,689	1,041,330
Depreciation Reversal from amortization cost on Immature & Mature Plantation	1,517,836	1,091,514
	33,698,717	**22,916,054**

	Group 2012
Consolidated Statement of Comprehensive Income	
LKAS/SLFRS Adjustments	
Recognition of biological gain	3,514,596
Reversal of immature and mature plantation amortization cost	426,321
Recognition of Deferred taxation expense	(1,086,045)
	2,854,872

(Amounts expressed in Sri Lankan Rs.'000)

(45) Explanation of transition to LKAS / SLFRS (Contd.)

(i.b) Property plant & equipments / Inventories

	Group 2012	Group 2011
Consolidated Statement of Financial Position		
LKAS/SLFRS Adjustments		
Property plant & equipments	(18,637,708)	(14,042,066)
Inventories - Nursery Cost	(1,565,942)	(582,238)
	(20,203,650)	**(14,624,304)**

(i.c) Deferred tax assets / Deferred tax liabilities

	Group 2012	Group 2011
Consolidated Statement of Financial Position		
LKAS/SLFRS Adjustments		
Deferred tax assets	24,131	1,083
Deferred tax liabilities	3,604,999	2,231,532
	3,629,130	**2,232,615**

(ii) Investment properties

The Group previously classified its land and building in to 'Investment properties' and all other items attached to the said land and buildings which are used in provisioning of services to its tenants in to different categories within 'Property, plant and equipment'.

With the transition to LKAS/SLFRS, the Group re-classified all such items, which are used in provisioning services to its tenants and which are not used in the administration of the business, in to Investment properties.

The impact arising from the change is summarized as follows:

	Group 2012	Group 2011
Consolidated Statement of Financial Position		
LKAS/SLFRS Adjustments		
Property, plant and equipment	(45,129)	(34,876)
Investment properties	45,129	34,876
	-	-

	Group 2012
Consolidated Statement of Comprehensive Income	
LKAS/SLFRS Adjustments	
Direct costs	2,769
Administrative expenses	3,263
Change in fair value of investment properties	(6,032)
	-

(iii) Designation of long-term investments (including unquoted investments) to 'Available for sale financial assets' category

Under previous GAAP, the Group accounted for its long-term investments in equity securities - Quoted at revalued amounts, which were primarily based on the published market prices at the Colombo Stock Exchange. However, the unquoted investments were carried at cost, on a more prudent basis.

Under LKAS/SLFRS, the Group have designated such investments into 'available-for-sale financial assets' category and have measured it's fair value. The resultant impact at the date of transition has been recognized under 'Revenue reserves'. Changes in fair value arising in the subsequent periods were recognized under other comprehensive income'.

(Amounts expressed in Sri Lankan Rs.'000)

(45) Explanation of transition to LKAS / SLFRS (Contd.)

The impact arising from the change is summarized as follows:

	Group 2012	2011
Consolidated Statement of Financial Position		
LKAS/SLFRS Adjustments		
Available for sale financial assets	155,300	670,728
	155,300	**670,728**

(iv) Recognition of Land compensation receivable at amortized cost

Under the previous GAAP Group recognised Land compensation receivable at cost subject to provision for impairment losses.

Under the revised standards Group designated this balance as loans and receivable financial assets which should be carried at their amortised cost, subject to impairment losses. Amortisation amount is recognized in finance income in the statement of income.

The impact arising from the change is summarized as follows:

	Group 2012	2011
Consolidated Statement of Financial Position		
LKAS/SLFRS Adjustments		
Land compensation receivable	(101,199)	(110,324)
	(101,199)	**(110,324)**

	Group 2012
Consolidated Statement of Comprehensive Income	
LKAS/SLFRS Adjustments	
Finance income	9,125
	9,125

(v) Trade and other receivables

In the course of the Group's operations - provision of office and warehouse premises on rental; it has entered in to contractual lease agreements with its tenants, which take the form of operating leases. Such lease agreements are embedded with progressive rate escalation clauses, resulting in increased rental yields across the term of the lease.

Under SLAS, the income arising from such contracts were recognized based on the contractual terms prevailing at the date of recognition. Further, incentives provided by the Group (in the capacity of the lesser) in negotiating / renewing an operating lease was absorbed to the income statement in the period in which it was incurred.

However, as per LKAS/SLFRS, lease income from operating leases shall be recognized on a straight line basis over the lease term, unless another systematic basis is more representative of the time pattern in which the use benefit derived from the leased asset is diminished. It further elaborates that the benefits offered in terms of incentive provided in negotiating / renewing an operating lease, including rent-free fit out periods and concessionary rental during the set up periods be amortized over the term of the lease.

(Amounts expressed in Sri Lankan Rs.'000)

(45) Explanation of transition to LKAS / SLFRS (Contd.)

The impact arising from the change is summarized as follows:

	Group 2012	Group 2011
Consolidated Statement of Financial Position		
LKAS/SLFRS Adjustments		
Trade & Other Receivable	12,074	7,869
	12,074	**7,869**

	Group 2012
Consolidated Statement of Comprehensive Income	
LKAS/SLFRS Adjustments	
Rental Income	5,968
	5,968

(vi) Rental & Security Deposits

With the application of LKAS 32 & 39, Rental and other refundable deposits, which were previously recognized at cost, were remeasured and recognized at their amortized cost, with the resulting credit being amortized to the income statement on a straight-line basis, along with the rental income.

The impact arising from the change is summarized as follows:

	Group 2012	Group 2011
Consolidated Statement of Financial Position		
LKAS/SLFRS Adjustments		
Other Payable - Deferred revenue	4,553	2,347
Refundable rental deposits	(5,278)	(2,968)
	(725)	**(621)**

	Group 2012
Consolidated Statement of Comprehensive Income	
LKAS/SLFRS Adjustments	
Rental Income	1,761
Finance expenses	(1,658)
	103

(vii) Trade & Other Payable

Equity Hotels Limited, the subsidiary, owns and manages the Giritale Hotel, Polonnaruwa, which is situated on a property on an operating lease, over which the Company has entered in to contractual lease agreement with the Sri Lanka Tourism Authority. Such lease agreement is embedded with progressive rate escalation due at each five (5) year intervals, resulting in increased rental costs across the term of the lease.

Under SLAS, the actual lease rental relating to the accounting period were recognized based on the contractual terms prevailing and applicable to the period of recognition.

However, as per LKAS/SLFRS, the total lease obligation shall be recognized on a straight line basis over the lease term, unless another systematic basis is more representative of the time pattern in which the use benefit derived from the leased asset is diminished.

(Amounts expressed in Sri Lankan Rs.'000)

(45) Explanation of transition to LKAS / SLFRS (Contd.)

The impact arising from the change is summarized as follows:

	Group 2012	Group 2011
Consolidated Statement of Financial Position		
LKAS/SLFRS Adjustments		
Trade and other payables	4,022	3,889
	4,022	**3,889**

	Group 2012
Consolidated Statement of Comprehensive Income	
LKAS/SLFRS Adjustments	
Direct costs	133
	133

(viii) Changes in basis of recognition of Impairment of available for sale financial assets

Under previous GAAP, the Group recognized an impairment loss on long-term investments in the income statement, being the fall in value of such investments below their cost of acquisition. Reversal of such impairment losses were accounted for in the statement of income in the period in which such circumstances changed and only to the extent that such reversal would offset a previously recognized unrealized loss on mark to market value adjustment.

Sri Lanka Accounting Standard (LKAS) 39 – "Financial Instruments; Recognition and measurement" requires impairment losses on available for sale financial assets be recognized in the statement of other comprehensive income, being the fall in value of such investments below their acquisition cost, only when such full in value amounts to be significant and prolonged. Group considers a decline of 20 percent below the cost of acquisition to be significant and a period of nine months to be prolonged.

The impact arising from the change is summarized as follows:

	Group 2012
Consolidated Statement of Comprehensive Income	
LKAS/SLFRS Adjustments	
Net change in fair value of available for sale financial assets	14,760
	14,760

(ix) Fair Value of Below – Market Rate Loans

Due to the application of LKAS 32 and 39, loans given to business partners bu Lion Brewery (Ceylon) PLC, which were previously recognised at cost were remeasured and recognised at amortization cost, with the resulting debit being amortised over the period of loan. A notional interset computed at market rates will be recognised as an income under finance income & loan will be debited by the same amount over the period of the loan.

The impact arising from the change is summarized as follows:

	Group 2,012
Consolidated Statement of Comprehensive Income	
LKAS/SLFRS Adjustments	
Distribution Expenses	(7,069)
Finance Cost	7,069
	–

(45) Explanation of transition to LKAS / SLFRS (Contd.)

(xi) Available for sale financial assets

The impact arising from the change is summarized as follows:

	Group 2012	Group 2011
Consolidated Statement of Financial Position		
LKAS/**SLFRS** Adjustments		
Available-for-sale financial assets	7,972	7,972
Fair value through profit or loss financial assets	(7,972)	(7,972)
	-	-

Equity Reconciliation - Group

	2012 Shareholder Funds	2012 Non Controlling Interest	2011 Shareholder Funds	2011 Non Controlling Interest
Balance as at 31st March - adjusted SLAS	**23,820,442**	**26,952,931**	**19,775,794**	**25,950,317**
Remeasurements				
Investments Sector- (Note iii)	49,764	105,508	190,140	480,588
Leisure Sector - (Note iv)	(44,580)	(60,641)	(47,479)	(62,845)
Plantation Sector - (Note iv)				
\Biological Gain	5,248,326	4,425,217	3,190,670	2,968,277
Depreciation Reversal	819,409	698,426	554,028	537,487
Exchange Translation impact - Bio gain	1,254,279	1,049,409	547,293	493,454
Deferred Tax	(1,423,458)	(1,201,048)	(790,785)	(747,677)
Exchange Translation impact - Deferred tax	(551,092)	(453,533)	(370,364)	(319,035)
Real estate Sector- (Note v, vi, vii)	5,629	7,198	1,146	1,408
	5,358,277	4,570,536	3,274,649	3,351,657
Balance as at 1st April' - As per LKAS / SLFRS	**29,178,718**	**31,523,467**	**23,050,443**	**29,301,974**

Group Real Estate Portfolio

The values of land & buildings owned and leased by companies within the Group and which have been revalued by qualified valuers are indicated below together with the last date of valuation:

As at 31st March 2013

Company	Location	Extent (in acres)	Land & Building Market Value Rs. '000	Land & Building Book Value Rs. '000	Date of last Valuation
Equity One PLC	Colombo 07	0.60	729,766	729,766	31-Mar-13
Equity One PLC	Colombo 02	1.36	493,000	493,000	31-Mar-13
Equity One PLC	Mt. Lavinia	6.00	470,000	470,000	31-Mar-13
Equity Two PLC	Colombo 01	0.54	724,318	724,318	31-Mar-13
Equity Three (Private) Limited	Colombo 13	0.51	277,188	277,188	31-Mar-13
		9.01	**2,694,272**	**2,694,272**	
PT Agro Indomas * ** ***	Indonesia	68,579	6,860,533	3,959,611	31-Mar-13
PT Agro bukit * ** ***	Indonesia	61,606	6,135,280	5,421,541	31-Mar-13
PT Karya Makmur Sejahtera * ** ***	Indonesia	25,111	1,175,289	1,005,052	31-Mar-13
PT Agro wana lastari * ** ***	Indonesia	36,950	2,831,583	2,781,982	31-Mar-13
PT Agro jaya Baktitama * ** ***	Indonesia	21,683	748,127	587,389	31-Mar-13
PT Rim * ** ***	Indonesia	9,719	651,762	529,548	31-Mar-13
PT Nabire baru * ** ***	Indonesia	33,606	1,046,232	948,091	31-Mar-13
PT Batu Mas Sejahtera * ** ***	Indonesia	25,541	711,584	340,299	31-Mar-13
PT Sawith Makmur Sejahtera * ** ***	Indonesia	27,337	587,292	247,260	31-Mar-13
PT Sumber Hasil Prima * ** ***	Indonesia	34,595	934,056	921,800	31-Mar-13
PT Sinar Sawit Andalan * ** ***	Indonesia	29,375	451,133	288,282	31-Mar-13
		374,102	**21,681,740**	**16,742,573**	
Good Hope PLC	Malaysia	786	1,440,784	1,429,666	31-Mar-13
Selinsing PLC	Malaysia	1,220	1,748,776	1,744,872	31-Mar-13
Shalimar (Malay) PLC	Malaysia	734	3,018,983	1,532,582	31-Mar-13
Indo-Malay PLC	Malaysia	714	1,484,726	1,483,840	31-Mar-13
		3,454	**7,693,270**	**6,190,960**	
Premium Vegetable Oil Sdn. Bhd.	Malaysia	11.95	1,032,443	1,018,653	31-Aug-11
Premium Fats Oils Sdn. Bhd.	Malaysia	0.059	34,356	40,424	31-Aug-11
Arani Agro Oil Industries Limited	India	2.30	389,696	376,165	24-Sep-11
		14	**1,456,495**	**1,435,243**	
Ceylon Beverage Holdings PLC	Nuwara Eliya	3.77	123,806	123,806	31-Mar-13
Lion Brewery (Ceylon) PLC	Biyagama	21.12	1,775,297	1,775,297	31-Mar-13
		24.89	**1,899,103**	**1,899,103**	
Pegasus Hotels of Ceylon PLC	Wattala	5.46	975,680	975,680	31-Mar-12
Equity Hotels Ltd **	Giritale	14.91	17,202	17,202	31-Mar-12
		20.37	**992,882**	**992,882**	
Total Value		**377,625**	**36,417,761**	**29,955,033**	

There has been no permanent reduction in the value of land & buildings which may require provision.
* These valuations have not been incorporated in the books of account.
** Leasehold property.
*** These values Includes the Valuation of Land & Buildings and Biological Assets.

US $ Financials

Preparation of US Dollar Financials
The Financial Statements of the Group are reported in Sri Lankan Rupees. The translation of the Sri Lankan Rupees amounts into US Dollars is included solely for the convenience of Shareholders, Investors, Bankers and other users of Financial Statements. US Dollar Financials do not form part of the Audited Financial Statements of the Company.

Statement of Income - US$

(All figures in Notes are in US Dollars unless otherwise stated)

	Group	
As at 31st March	2013	2012
Revenue	**587,340,273**	589,037,107
Direct operating expenses	**(411,113,812)**	(369,045,632)
	176,226,461	219,991,475
Other items of income		
Gain on disposal of non current investments / shares re - purchase	**-**	20,784,044
Change in fair value of investment properties	**481,291**	168,274
Change in fair value of Biological Assets	**37,642,469**	31,329,970
Gain / (Loss) on fair value through profit or loss financial assets	**711,745**	(1,114,931)
Other income	**988,008**	6,123,079
Other items of expenses		
Distribution expenses	**(40,531,210)**	(37,075,985)
Administrative expenses	**(51,245,145)**	(54,933,081)
Other operating expenses	**(1,729,251)**	(1,696,336)
Impairment of Business Assets	**(431,403)**	(4,988,082)
	122,112,965	178,588,426
Net Finance cost	**(17,516,750)**	(20,821,688)
Share of net result of Joint Venture Net of tax	**(60,399)**	(21,296)
Profit before Income tax	**104,535,816**	157,745,442
Income tax expenses		
Current taxation	**(19,129,668)**	(30,238,037)
Deferred taxation	**(11,445,192)**	(8,171,555)
	(30,574,859)	(38,409,592)
Profit for the year	**73,960,956**	119,335,850
Profit Attributable to:		
Owners of the Company	**32,768,946**	60,103,331
Non controlling interest	**41,192,010**	59,232,519
	73,960,956	119,335,850
Exchange Rate	**129.67**	112.18

Figures in brackets indicate deductions.

Statement of Financial Position - US$

(All figures in Notes are in US Dollars unless otherwise stated)

	Group	
As at 31st March	2013	2012
ASSETS		
Non - Current Assets		
Property, Plant & Equipments	**402,256,104**	327,189,508
Biological Assets	**337,199,401**	263,065,706
Prepaid lease payment for Land	**32,511,963**	26,716,628
Investment properties	**15,524,896**	14,885,730
Intangible assets	**23,558,783**	22,593,435
Investments in Joint ventures	**200,292**	137,479
Available-for-sale financial assets	**63,553,669**	66,506,784
Deferred tax assets	**9,961,392**	6,157,260
Trade and other receivables	**7,845,212**	6,776,354
Total non - current assets	**892,611,711**	734,028,884
Current Assets		
Inventories	**57,211,538**	51,589,813
Trade and other receivables	**61,574,285**	52,495,285
Current tax recoverable	**619,237**	732,264
Fair value through profit or loss financial assets	**7,609,252**	6,287,069
Cash and cash equivalents	**62,522,831**	68,841,054
Total current assets	**189,537,142**	179,945,484
Total assets	**1,082,148,853**	913,974,368
EQUITY AND LIABILITIES		
EQUITY		
Stated capital	**3,780,498**	3,780,498
Capital reserves	**17,096,138**	13,345,605
Revenue reserves	**233,104,065**	213,875,868
Equity attributable to owners of the company	**253,980,702**	231,001,971
Non -controlling interest	**275,818,993**	246,084,832
Total equity	**529,799,694**	477,086,803
Investment through Subsidiary	**(84,230)**	(83,435)
	529,715,464	477,003,369
LIABILITIES		
Non - Current Liabilities		
Long - term borrowings	**216,289,367**	201,418,649
Trade and other payables	**221,270**	199,001
Retirement benefit obligations	**6,075,593**	4,259,368
Deferred tax liabilities	**64,033,383**	50,530,601
Total non - current liabilities	**286,619,614**	256,407,619
Current Liabilities		
Trade and other payables	**70,452,297**	75,926,347
Current tax liabilities	**-**	12,028,267
Long - term borrowings falling due within one year	**34,890,244**	22,280,156
Short - term borrowings	**124,917,235**	58,816,620
Bank overdrafts	**35,554,000**	11,511,991
Total current liabilities	**265,813,776**	180,563,380
Total liabilities	**552,433,389**	436,970,999
Total equity and liabilities	**1,082,148,853**	913,974,368
Exchange Rate	**126.89**	128.10

This information does not constitute a full set of Financial Statements in compliance with SLAS.

Glossary of Financial Terminology

A. ACCOUNTING POLICIES

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements.

ACCRUAL BASIS

Recognising the effects of transactions and other events when they occur without waiting for receipt or payment of cash or cash equivalent.

AMORTISATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

ASSOCIATE

An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

C. CAPITAL RESERVES

Reserves identified for specific purposes and considered not available for distribution.

CASH EQUIVALENTS

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

CONTINGENT LIABILITIES

Conditions or situations at the balance sheet date, the financial effect of which are to be determined by the future events which may or may not occur.

CURRENT RATIO

Current Assets over Current Liabilities

CAPITAL EMPLOYED

Shareholders' Funds plus Debt

CURRENT SERVICE COST

is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

D. DEFERRED TAXATION

The tax effect of timing differences deferred to/from other periods, which would only qualify for inclusion on a tax return at a future date.

DEPRECIATION

The systematic allocation of the depreciable amount of an asset over its useful life.

DIVIDENDS

Distribution of profits to holders of equity investments.

DIVIDEND COVER

Profit after tax divided by gross dividends. This ratio measures the number of times dividend is covered by the current year's distributable profits.

DIVIDEND YIELD

Dividend earned per share as a percentage of its market value.

DEBT/EQUITY RATIO

Debt as a percentage of Shareholders Funds

DIVIDEND PAYOUT RATIO

Total Dividend interest and Tax as percentage of Capital Employed

E. EARNINGS PER SHARE (EPS)

Profit attributable to ordinary shareholders, divided by the number of ordinary shares in issue.

F. FAIR VALUE

Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

FINANCE LEASE

A contract whereby a lessor conveys to the lessee the right to use an asset for rent over an agreed period of time which is sufficient to amortise the capital outlay of the lessor. The lessor retains ownership of the asset but transfers substantially all the risks and rewards of ownership to the lessee.

G. GROSS DIVIDENDS

The portion of profit inclusive of tax withheld distributed to shareholders.

GROUP

A group is a parent and all its subsidiaries.

I. IMPAIRMENT

This occurs when recoverable amount of an asset is less than its carrying amount.

INTANGIBLE ASSET
An identifiable non-monetary asset without physical substance held for use in the production / supply of goods / services or for rental to others or for administrative purposes.

K. KEY MANAGEMENT PERSONNEL
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

L. LIQUID ASSETS
Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with other banks, bills of exchange and treasury bills.

M. MARKET CAPITALISATION
Number of Shares in issue at the end of the period multiplied by the Market price at end of period

N. NET ASSETS
Total assets minus Current Liabilities minus Long Term Liabilities minus Minority Interest

NET ASSET VALUE PER SHARE
Shareholders' funds divided by the number of ordinary shares in issue.

NET DEBT
Debt minus Cash plus Short Term Deposits

P. PARENT
A parent is an entity that has one or more subsidiaries.

PRICE EARNINGS RATIO (P/E RATIO)
Market price of an ordinary share divided by earnings per share (EPS).

R. RETURN ON AVERAGE ASSETS (ROA)
Net income expressed as a percentage of average total assets, used along with ROE, as a measure of profitability and as a basis of intra-industry performance comparison.

RETIREMENT BENEFITS
Present value of a defined benefit obligation Is the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

REVENUE RESERVE
Reserves set aside for future distribution and investment.

RETURN ON EQUITY
Profit after Tax as a percentage of Average Shareholder's Funds

RETURN ON CAPITAL EMPLOYED
Earning before interest and tax as percentage of Capital Employed

RELATED PARTIES
Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

S. SHAREHOLDERS' FUNDS
Shareholders' funds consist of stated capital plus capital and revenue reserves.

SUBSIDIARY
A subsidiary is an entity, including an unincorporated entity such as a partnership, that is controlled by another entity (known as the parent).

SEGMENTS
Constituent business units grouped in terms of similarity of operations and location.

T. TOTAL VALUE ADDED
The difference between revenue (including other income) and expenses, cost of materials and services purchased from external sources

TOTAL ASSETS
Fixed Assets plus Investments plus Non Current Assets plus Current Assets

V. VALUE ADDED
Value added is the wealth created by providing products and services less the cost of providing such services. The value added is allocated among the employees, the providers of capital, to government by way of taxes and retained for expansion and growth.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Ninety Seventh Annual General Meeting of Bukit Darah PLC will be held on Wednesday the 31st day of July 2013 at 11.00 a.m. at The Kingsbury Hotel, "The Balmoral" Ballroom, No. 48, Janadhipathi Mawatha, Colombo 1 for the following purposes:

1. To receive and adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2013, together with the Independent Auditors' Report thereon.

2. To re-elect Mr. D.C.R. Gunawardena who retires by rotation in terms of Articles 82 and 83 of the Articles of Association of the Company.

3. To re-appoint Mr. I. Paulraj as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution :

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not be applicable to Mr. I. Paulraj who is seventy six years of age and that he be re-appointed a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year".

4. To re-appoint Mr. L.R. De Lanerolle as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution :

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not be applicable to Mr. L.R. De Lanerolle who is seventy years of age and that he be re-appointed a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year".

5. To re-appoint Messrs. KPMG. Chartered Accountants as Auditors of the Company as set out in Section 154(1) of the Companies Act. No. 07 of 2007 and to authorize the Directors to determine their remuneration.

By Order of the Board

(Sgd).
K.D. De Silva (Mrs.)
Director
Carsons Management Services (Private) Limited
Secretaries
Colombo,
18th June 2013

Notes :

1. A member is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A Form of Proxy accompanies this notice.

2. The completed Form of Proxy must be deposited at the Registered Office, No.61, Janadhipathi Mawatha, Colombo 1, not later than 11.00 a.m. on 29th July 2013.

3. A person representing a Corporation is required to carry a certified copy of the resolution authorizing him/her to act as the representative of the Corporation. A representative need not be a member.

4. The transfer books of the Company will remain open.

5. Security Check - We shall be obliged if the shareholders/ proxies attending the Annual General Meeting, produce their National Identity Card (NIC) to the security personnel stationed at the entrance lobby.

Notes

Form of Proxy

*I/ We ....

of ....

being *a Member/Members of Bukit Darah PLC hereby appoint ....

....

of ....

bearing NIC No./Passport No .... or failing him/her

Hariharan Selvanathan	or failing him,
Manoharan Selvanathan	or failing him,
Israel Paulraj	or failing him,
Don Chandima Rajakaruna Gunawardena	or failing him,
Palehenalage Chandana Priyankara Tissera	or failing him,
Kurukulasuriya Calisanctus Nalake Fernando	or failing him,
Leslie Ralph De Lanerolle	

as *my/our proxy to attend at the 97th Annual General Meeting of the Company to be held on Wednesday 31st July 2013 at 11.00 a.m., at The Kingsbury Hotel, "The Balmoral" Ballroom, No. 48, Janadhipathi Mawatha, Colombo 1 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
(1)	To adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2013, together with the Independent Auditors' Report thereon.		
(2)	To re-elect Mr. D.C.R. Gunawardena who retires by rotation in terms of Articles 82 & 83 of the Articles of Association of the Company.		
(3)	To re-appoint Mr. I. Paulraj who is over seventy years of age as a Director of the Company.		
(4)	To re-appoint Mr. L.R. De Lanerolle who is over seventy years of age as a Director of the Company.		
(5)	To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act. No. 07 of 2007 and to authorize the Directors to determine their remuneration.		

Signed this .... day of .... Two Thousand and Thirteen.

....

Signature /s

Note:

(a) * Please delete the inappropriate words.

(b) A shareholder entitled to attend and vote at a General Meeting of the company, is entitled to appoint a proxy to attend and vote instead of him/her and the proxy need not be a shareholder of the company. A proxy so appointed shall have the right to vote on a show of hands or on a poll and to speak at the General Meeting of the shareholders.

(c) A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.

(d) Instructions are noted on the reverse hereof.

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy after filling in legibly your full name and address, by signing in the space provided. Please fill in the date of signature.

2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.

3. In terms of Article 67 of the Articles of Association of the Company:
   The instrument appointing a proxy shall be in writing and :
   (i) in the case of an individual shall be signed by the appointor or by his attorney; and
   (ii) in the case of a corporation shall be either under its common seal or signed by its attorney or by an officer on behalf of the corporation.
   The Company may, but shall not be bound to, require evidence of the authority of any such attorney or officer.
   A proxy need not be a member of the company.

4. In terms of Article 62 of the Articles of Association of the Company :
   In the case of joint-holders of a share, the senior who tenders a vote, whether in person or by proxy or by attorney or by representative, shall be accepted to the exclusion of the votes of the other joint-holders an for this purpose seniority shall be determined by the order in which the names stands in the register of members in respect of the joint holding.

5. To be valid the completed form of proxy should be deposited at the Registered Office of the Company situated at No. 61, Janadhipathi Mawatha, Colombo 1 not later than 11.00 a.m. on 29th July 2013.

Please fill in the following details

Name ....

Address ....

....

....

Jointly with

Share Folio No. ....

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