

Carson Cumberbatch PLC

Annual Report 2012 - 2013

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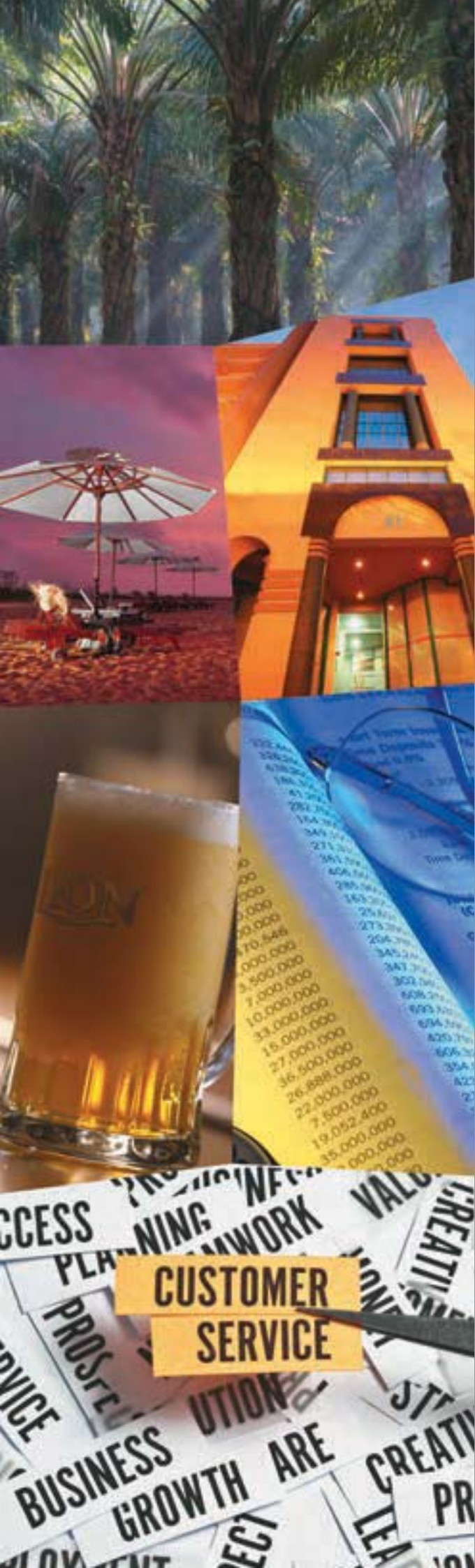
Our Vision

“

To be a result driven,
technology oriented,
regional holding
company.

We will focus on
satisfying customer
needs and maximizing
employee potential
thereby excelling in
profitability whilst
meeting our social
responsibilities

”



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. Year under review was a testing period and Group managed to consolidate its operations returning mixed results. However expansions of key sectors progressed unabated.



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

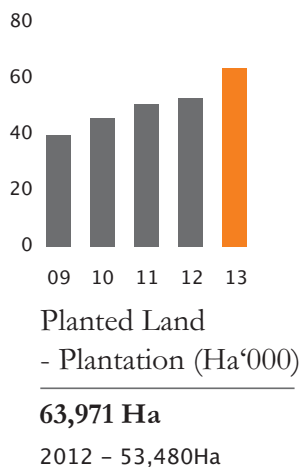
(All figures in Sri Lankan Rupees thousands unless otherwise stated)

For the year ended 31st March	2013	2012	% Change
Income Statement			
Group revenue	76,162,126	66,079,268	15
Profit from operations	15,852,373	19,121,693	(17)
Profit before taxation	13,564,903	16,937,125	(20)
Profit after taxation	9,601,202	12,629,330	(24)
EBITDA	13,698,783	18,099,780	(24)
Profit attributable to ordinary shareholders	4,567,316	7,002,228	(35)
Cash earning per share (Rs.)	69.75	92.16	(24)
Earnings per share (Rs.)	23.26	28.51	(18)
Dividend per share (Rs.)	2.00	2.00	-
Cash flow			
Operating cash flow	5,209,565	12,629,005	(59)
Capital Expenditure	14,232,956	8,984,079	58
Balance Sheet			
Shareholders' funds	34,651,222	31,742,183	9
Net assets	68,694,312	62,593,790	10
Net assets per ordinary share (Rs.)	176.44	161.63	9
Return on ordinary shareholders' funds (%)	13.18	22.06	(40)
Total assets	138,743,564	118,531,706	17
Net debt	44,369,967	28,896,154	54
Market / Shareholder Information			
Market value per share (Rs.)	440.00	465.00	(5)
Market capitalization (Company)	86,410	91,320	(5)
Revenue to Government	15,283,472	11,419,648	34
Group value addition	35,658,730	34,115,247	5
Group employment (Nos.)	15,097	14,453	4

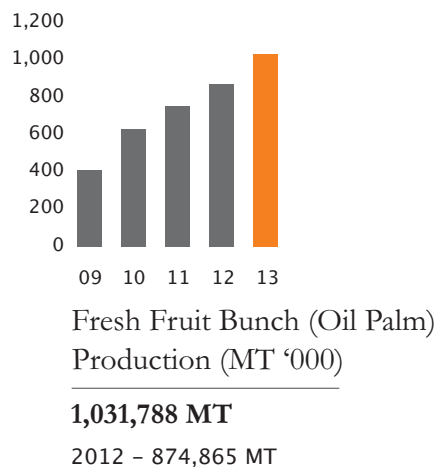
Our Performance

- Non Financial Graphical Review

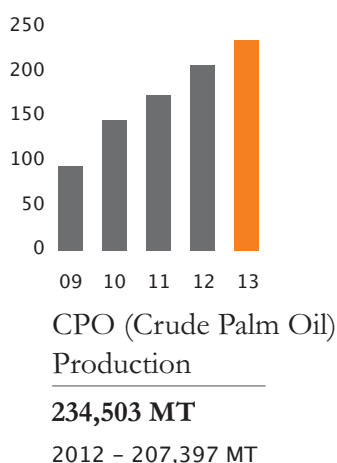
We track performance against key financial and non-financial indicators.



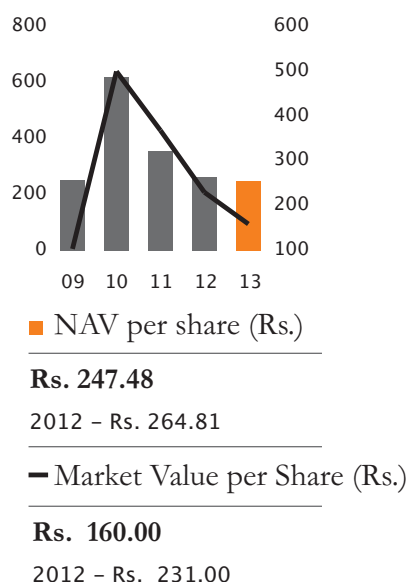
The Sector's growth and expansion over the years is seen here, through the aggregation of mature and immature plantations within a total land bank of 157,889 ha.



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.

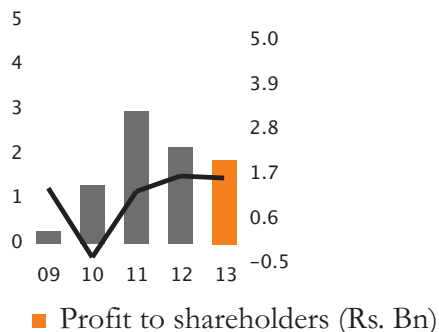


The Graph depicts the increase in CPO production, as a result of the increase in planted land coming into maturity, higher FFB yields through better agronomy practices and maintained extraction rates.



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 at market price.

Our Performance - Non Financial Graphical Review

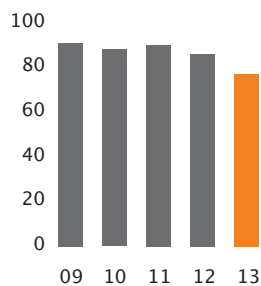


Rs. 1.88 Bn

2012 - Rs. 2.17 Bn

Rs. 1.63 Bn

2012 - Rs. 1.68 Bn

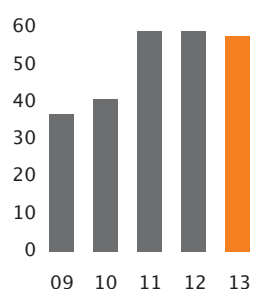


77%

2012 - 86%

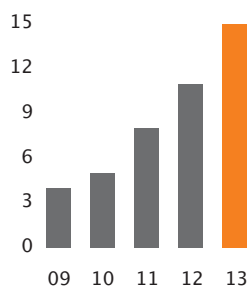
Ceylon Guardian Group Profit attributable to the shareholders of Carson Cumberbatch PLC has declined during the year under review. However cash flow from operating activities has remained flat in comparison to last years, strengthening the cash position of the investment sector in the year under review.

Occupancy 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.



58%

2012 - 59.19%

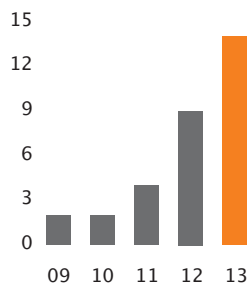


Rs. 14.7 Bn

2012 - Rs. 11.1 Bn

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.

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

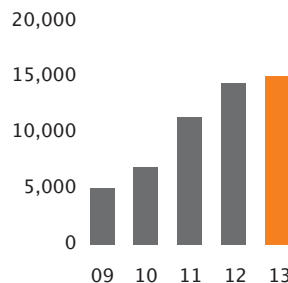


Capital Expenditure (Rs.Bn)

Rs. 14.2 Bn

2012 – Rs. 8.4 Bn

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

Group revenue reached Rs.76.2 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.12.6 billion recorded last year, a drop of 31%.

Dear Shareholder,

I am proud and privileged to welcome you to the centenary Annual General Meeting of the Company and present to you on behalf of the Board of Directors, the annual report and the consolidated audited accounts of the Group for the year ended 31st March 2013. Together we reach another milestone of a long and arduous journey started in 1860 by our forefather R. B. Carson from humble beginnings. Unfortunately, we are not in a position to record a peak year of performance for the Group on reaching this coveted milestone due to various internal and external factors. Shareholders were kept abreast of the lagging performance as against last year and the circumstances leading to this in interim reports' review of performances. I will elaborate once again on those factors as we move along.

Group revenue reached Rs.76.2 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.12.6 billion recorded last year, a drop of 31%. At Company level, revenue recorded Rs.677.1 million, a 12.5% increase from last year's Rs.601.4 million. Profit for the year was Rs.336.3 million compared to Rs. 1.7 billion achieved last year. The main factor for this difference is the book capital gain of Rs.1.4Bn which was recorded as a non-recurring exceptional event during the previous year resulting from a Group restructuring involving the Company, Bukit Darah PLC and the minority shareholders of the Malaysian palm oil companies of the Group.

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. There is no cause for concern as this is due to the adoption of new LKAS/SLFRS accounting standards as mandated and the comparative period's results have therefore been re-aligned as prescribed therein. The major item impacting the results of the Group due to this changeover is the recognition of Biological value of Group's 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 mimicked the global downturn with its GDP growth slowing down to 6.4% in 2012 following two consecutive years of 8+ GDP growth. The slowing down was not unexpected since the Government was compelled to introduce some tough fiscal measures in the form of a currency depreciation & a credit ceiling in the early part of 2012 to bring the country's balance of payments under control. The measures did take hold & imports declined in USD terms as expected and trade deficit curtailed to 3.1%. 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.

A high interest rate regime was prevalent 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. 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 navigated through the troubled waters without much effect using resilience brought about by years of expertise on contingency planning, cost rationalization and business sense.

Our 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 led to sharp increase in production costs. However, in the backdrop of short supply of circulation 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. Capacity constraints especially in the canning area prompted the importation of canned beer at prohibitive import taxes which again could not be fully passed on to the consumer for reasons mentioned thus eroding the margins. Adding to the woes, full impact of the 80% increase in furnace fuel prices was felt during the year. All these combined led to a 19% drop in the beverage 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 are on the cards for the current financial year.

Our investment sector, "Guardian group", now operates a full portfolio of investments within its 'Assets Under Management' (AUM), namely listed securities, private equity, fixed income securities and unit trust. Its fully owned investment management company, Guardian Fund Management Ltd not only manages the sector funds but manages other private funds too bringing more flavour and bulk to the AUM. Even under the volatile and subdued market conditions, our investment sector contributed Rs.1.5 billion to the group profits through timely divestment of some matured long term investments.

The leisure sector continued the positive trends which started 4 years back with year on year growth being demonstrated. The sector holding company, Pegasus Hotels of Ceylon PLC is strategically positioned as both MICE (meetings, incentives, conferences, exhibitions) and leisure destination ,for versatility. Its banqueting facility was upgraded to

accommodate 700+ pax at one sitting with all the frills and embellishments hitherto only available at five star properties in the Colombo city. Its other property, Giritale hotel too operated at a profit. The airline GSA business reached a half century of unbroken relationship with KLM Royal Dutch airlines this year. Leisure sector in totality contributed Rs.150.1 million to the group, a 21% increase from its performance of last year.

Real estate sector, currently confined to letting of office and warehouse space, has contributed Rs. 100 million to the group profitability, boosted by the appreciation of its investment property valuation. The development of the 2nd building at its Janadhipathi mawatha will add further 40,000 square feet to its property portfolio.

The Asian regional economies in which we operate , 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 shrank down to an 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 a all-time low.

Group's oil palm plantations and Oils & Fats segments operates from 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. Unlike the refining of palm oil up to edible oil stage, further refining would need extensive research

Chairman's Statement

and development backing for advanced product formulation and strict quality testing in addition to the complexities addressed under oil palm plantations. In spite of all such challenges 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. Action plans taken to address capacity constraints, customer relations and product mix optimization have since paid off with both the plants in Malaysia and India recording positive EBITDA over the last few months.

Overall, Group has gone through a year of consolidation which gives us the confidence that whatever the challenges that are thrown at us we are resilient to withstand them with minimum impact and show the courage, versatility and financial strength to expand our businesses at the same time.

Carsons group has always been an exemplary corporate citizen. We are passionate of our businesses, strict on compliance and governance and quiet on our CSR work to the society. We comply and complain on regulations that hurt our businesses unfairly and commend and accept any that foster business and society at large. We commend the relaxation on certain exchange control regulations made recently and appreciate the path taken by the Government on such areas which we feel will support the trade and the public. The infra-structure developments that are happening all around us are heartening for businesses to boom in the medium to long term.

I take this opportunity to express my gratitude to all our staff in Sri Lanka and overseas for their unstinted efforts for our success. You have tirelessly put your shoulder to the wheel during the trying times to win the day. Policy makers and regulatory authorities, I thank you for understanding our business sensitivities and the support and facilitation given thereon. All our associates in business, I thank you for your patronage of our business and I am sure our relationship had been mutually beneficial. Thank you to my colleagues on the Board and the members of the Audit, Remuneration and Nomination committees for your valuable contributions to the Company. Last and not least, our shareholders, a big appreciation of your confidence placed on this Board and the management and I hope you will continue your trust as we move in to a new century.

(Sgd.)
Tilak De Zoysa
Chairman

18th June 2013
Colombo

Group Structure

PLANTATIONS, OILS & FATS

<ul style="list-style-type: none"> ■ Goodhope Asia Holdings Ltd. • 2008* • 53.33% ■ 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% 	<ul style="list-style-type: none"> ■ 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% 	<ul style="list-style-type: none"> ■ 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% 	<ul style="list-style-type: none"> ■ 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%
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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%

INVESTMENT & ASSET MANAGEMENT

<ul style="list-style-type: none"> ■ Ceylon Guardian Investment Trust PLC • 1951* • 67.15% ■ Ceylon Investment PLC • 1919* • 64.36% ■ Guardian Capital Partners PLC • 1920* • 86.22% 	<ul style="list-style-type: none"> ■ Rubber Investment Trust Limited • 1906* • 100% ■ Weniwella Investments Limited (Under Voluntary Liquidation) • 1906* • 77.54% 	<ul style="list-style-type: none"> ■ Mylands Investments Limited (Under Voluntary Liquidation) • 1920* • 92.45% ■ Leechman & Company (Pvt) Ltd. • 1953* • 100% 	<ul style="list-style-type: none"> ■ Guardian Fund Management Limited • 2000* • 100% ■ Guardian Acuity Asset Management Limited • 2011* • 50%
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DIVERSIFIED HOLDING COMPANY

- Bukit Darah PLC +
• 1916* • 26.19%

% refers to group interest
+ refers to Associated Companies
* refers to year of incorporation

Country of Incorporation/Operation

■ Sri Lanka	■ Malaysia	■ India
■ Indonesia	■ Singapore	

Corporate Information

Name of the Company

Carson Cumberbatch PLC

Company Registration No.

PQ 41

Legal Form

A Public Quoted Company with limited liability.
Incorporated in Sri Lanka in 1913.

Board of Directors

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

Alternate Director

Mr. K. Selvanathan (for M. Selvanathan)
Mr. S. Selvanathan (for H. Selvanathan) – Appointed w.e.f
20th December 2012

Audit Committee

Mr. V.P. Malalasekera (Chairman)
Non-Executive/Independent Director
Mr. D.C.R. Gunawardena
Non-Executive Director
Mr. F. Mohideen
Non-Executive/Independent Director

Remuneration Committee

Mr. I. Paulraj (Chairman)
Non-Executive/Independent Director
Mr. M. Moonesinghe
Non-Executive/Independent Director
Mr. D.C.R. Gunawardena
Non-Executive Director

Nomination Committee

Mr. T. de Zoysa (Chairman)
Non-Executive/Independent Director
Mr. D.C.R. Gunawardena
Non-Executive Director
Mr. M. Moonesinghe
Non-Executive/Independent Director

Bankers

Standard Chartered Bank
Bank of Ceylon
Citibank NA
Commercial Bank of Ceylon PLC
HSBC
Sampath Bank PLC
Hatton National Bank PLC
Nations Trust Bank PLC
Deutsche Bank
Public Bank Berhad
Pan Asia Banking Corporation PLC

Auditors

Messrs KPMG
Chartered Accountants
No. 32A,
Sir Mohamed Macan Markar Mawatha,
Colombo 3
Sri Lanka

Secretaries

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

Registered Office

No. 61,
Janadhipathi Mawatha,
Colombo 1
Sri Lanka
Tel: 94-11-2039200
Fax: 94-11-2039300

Email

carsons@carcumb.com

Corporate Website

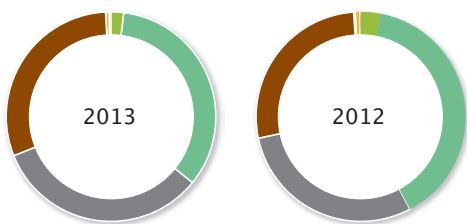
www.carsoncumberbatch.com

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	66,079,268	↑ +15.26%
2013	76,162,126	



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%

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.

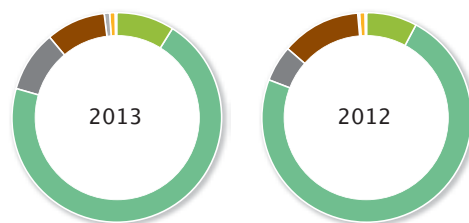
Oils and Fats sector registered a turnover of Rs. 25,059 mn in comparison to the Rs. 19,416 mn recorded in the previous year, an increase of 29%. However increase in turnover is mainly due to recording a full year's turnover in the current financial year as opposed to consolidating the

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	16,937,111	↓ -19.91%
2013	13,564,903	

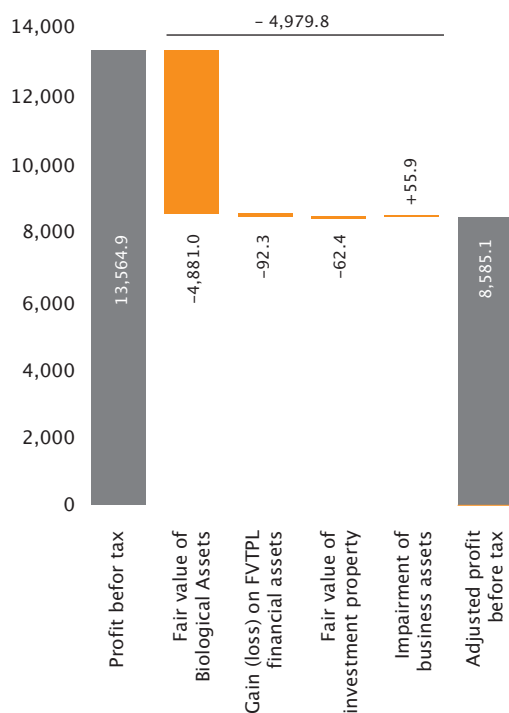


PBT Composition by Segments (%)

	2013	2012
Portfolio & Asset Management	11.15%	8.87%
Oil Palm Plantation	86.94%	82.36%
Oils & Fats	11.67%	6.19%
Beverage	11.45%	13.91%
Real Estate	0.84%	0.33%
Leisure	1.2%	0.89%
Management Services	0.09%	0.16%

Financial Review

Group recorded a profit before tax of Rs. 13,565 mn, declining by 19.9% compared to the profit before tax reported for the previous reporting year which amounted to Rs 16,937 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. 8,585 mn compared to Rs. 14,088 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 9,400 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 859 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 year. 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.

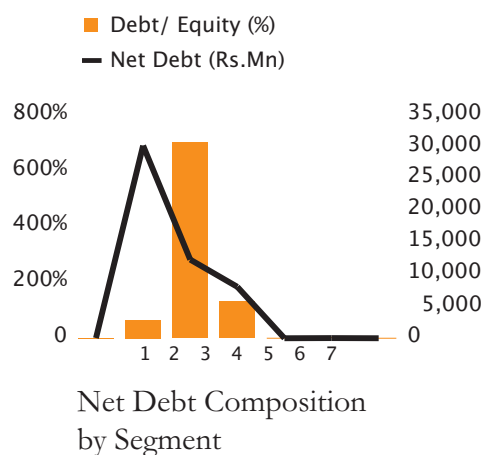
The Portfolio and Asset Management sector has been a net seller in the market during the last two financial years, capitalizing on the upward market movement. Accordingly, the sector recorded a pre-tax profit of Rs. 1,547 mn from investment activities during the year under review, in comparison to the Rs. 1,391 mn recorded in the corresponding period. This is an increase of 11.2% 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. 51.2mn 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. 44,370 mn compared to Rs. 28,896 mn registered in the previous year, an increase of 53.55%. 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	28,896,154	
2013	44,369,967	+53.55%

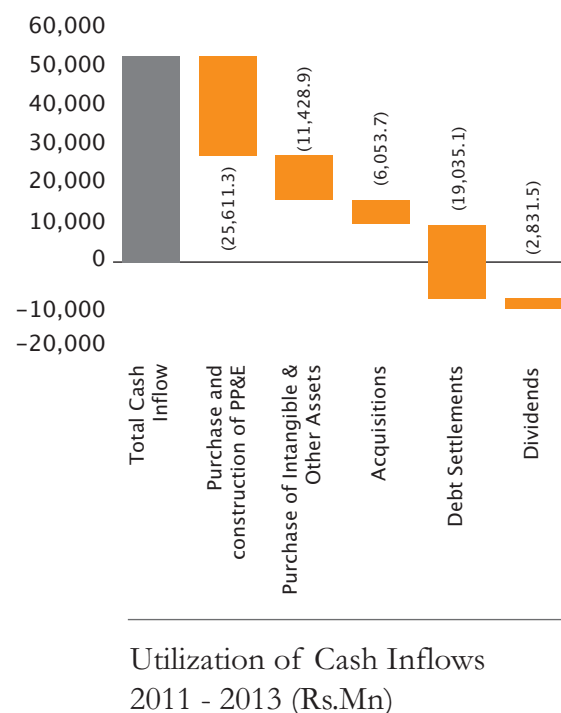
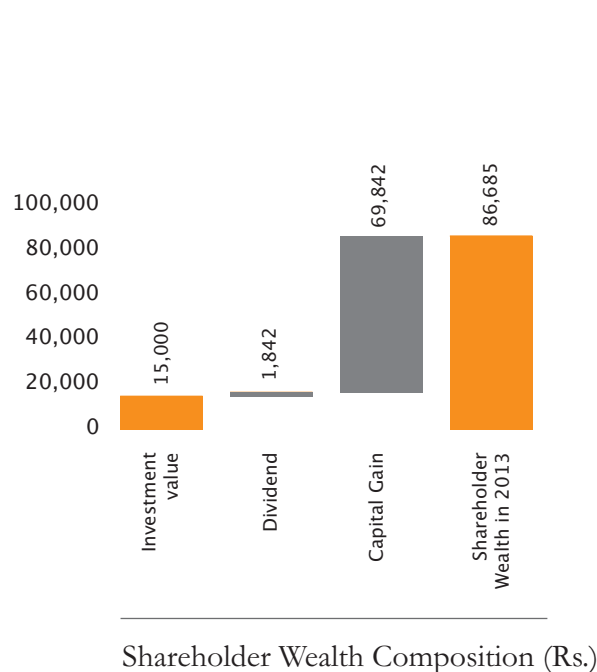


	Debt/Equity	Net Debt
1 Investment Holding/ Portfolio & Asset Management	0.22%	27
2 Oil Palm Plantation	65.60%	30,177
3 Oils & Fats	700.20%	12,320
4 Beverage	131.23%	8,052
5 Real Estate	-	-
6 Leisure	1.95%	25
7 Management Services	-	-

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 Carson Cumberbatch 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 21.52% whereas the ASPI return over the same period registered at 18.98%.

Financial Review



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 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

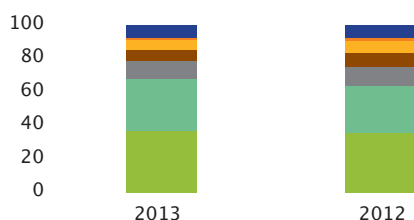
Rs '000	2013	2012	2013	Total
Cash Inflows				
Total Cash Inflows from operating, financing and investing activities	15,725,961	19,295,043	18,059,270	53,080,274
Cash Outflows				
Investing Activities				
Purchase and construction of property, plant & equipment	(12,712,303)	(8,828,099)	(4,070,941)	(25,611,343)
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	(413,840)	(5,065,718)	(574,201)	(6,053,759)
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)

The Beverage Sector has incurred Rs. 913 million to upgrade its brew-house. Further capital expenditure has been incurred towards upgrading & 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 broaden 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 & 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. 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.

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.

Asset Base



Composition of Group's Total Assets (%)

	2013	2012
PP&E	36.79%	35.36%
Biological Assets	30.84%	28.43%
Working Capital	10.86%	11.25%
AFS & FVPL Instruments	6.51%	7.87%
Cash	5.67%	7.40%
Investment Property	1.42%	1.61%
Other	7.91%	8.09%

Portfolio & Asset Management

We believe 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...

Portfolio and Asset Management

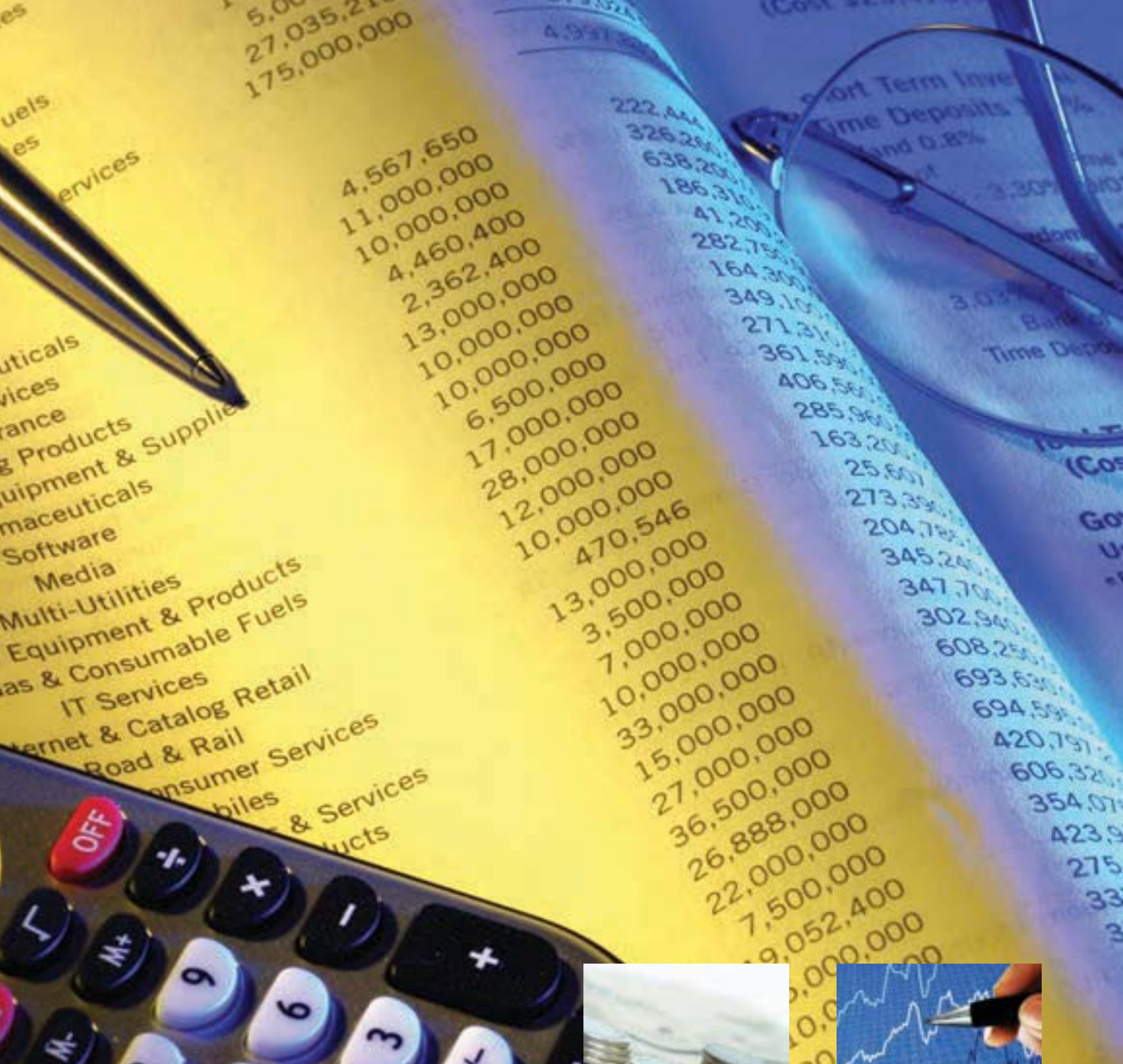
The year under review has been a challenging one with the Colombo stock market experiencing much volatility and recording marginal positive growth. Domestic issues clouded the sentiment of the Colombo Bourse and transactions have been subdued. Economic concerns added to the prevailing sentiment, driving 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.

Confident of Future Growth Prospects

Despite the effects of both local and overseas macro factors in the investment business, we still remain confident of the long term potential of Sri Lankan equities and the sustainability of the economic development plans set in place. We believe 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 we 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.

Strong Performance

The sector recorded a profit after tax of Rs. 1.5 bn 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. Our 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 & Pooers 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

Sector overview

Portfolio & Asset Management

Hence, we remain confident that our model would enable us to attract strategic global partners who would want to be part of the country's capital markets.

inherent philosophy of investing for value. We have not been weary of holding high cash positions and waiting out of equities, being patient during times of market uncertainties.

Guardian Fund Management

The initiative of managing and growing assets under management (AUM) has been entrusted to Guardian Fund Management Limited the asset management company, which is a fully owned subsidiary of Ceylon Guardian Investment Trust PLC. It manages a variety of diverse products, namely, customized portfolios for institutional clients, a country fund and mutual funds. The asset management company's capabilities in all aspects of investment decision making, company & economic research, private equity management, systems and compliance are now in place, replicating best practices in this discipline.

Guardian Fund Management Limited (GFM) is registered with the Securities and Exchange Commission of Sri Lanka. GFM over the years has built an experienced team whereby competencies in all aspects of fund management have been addressed within the company. Our model puts emphasis on fundamental style investing, driven by research. All company

portfolios are currently managed by GFM and competencies have been expanded by way of growth in AUM internally and externally by pitching for new client portfolios. In managing external client and mutual funds, GFM leverages the expertise it has built on managing its own proprietary funds, a unique advantage it has as opposed to fund managers who only manage outsourced portfolios.

Our initiative to channel group company assets in terms of risk appetite into listed and private equity has been done via the three listed investment companies of the Ceylon Guardian Group. Based on the above, the investment companies have been sub grouped to best represent these multiple asset classes. Ceylon Guardian Investment Trust PLC functions as the main holding entity, while subsidiary Ceylon Investment PLC concentrates on listed equity investing, both having a mix of listed trading and long term portfolios to add different flavor based on investment horizon and strategy. The focus on unlisted private equity comes via Guardian Capital Partners PLC, a riskier but lucrative asset class. Thus, our corporate structure has been formulated to different investor groups and asset classes. Hence, we remain confident that our model would enable us to attract strategic global partners who would want to be part of the country's capital markets.

Future Outlook

Taking a long term view of the development of capital markets in Sri Lanka, our strategy has extended our services to manage retail funds via our joint venture with Acuity Partners Private Limited (the investment banking arm of the HNB and DFCC Bank). We believe that in the long term this segment will grow, given the progression of the economy in the island and increase in national savings rate. Also our international fund “The Sri Lanka Fund” which caters to institutional investors – funds of fund investors and Sri Lankan diaspora has been slow to raise funds due to global challenges and would need new strategies. Currently the Group has built competencies in managing the fixed income asset class and believes that in the future it would become a core segment.

Public and private partnership in developing Sri Lanka has been skewed towards more public sector participation in development programs, playing the role of infrastructure developer. However, the government has shown its long term commitment in attracting foreign direct investments by offering many concessions to attract investors and engaging the private sector in the development of Sri Lanka. Thus, we should see entrepreneurial capital flowing into the growth of the stock market. Also, as the country progresses, state-owned enterprises which account for significant economic activity are likely to get listed and thus prop the depth of the capital markets in the country. We believe that bold steps such as this are required to make a significant change in the economic progress of the country. The sector is encouraged by the tax concessions granted for listed debt and other steps to widen the debt markets, and the results have been immediately forthcoming with an array of debt issues coming into the market shortly afterwards.

Hence, we are not clouded by the present volatility felt at the Colombo Bourse, nor are we overconfident of future expectations on the equity front. We remain practical and our investments would be guided based on pure fundamentals.

Plantations, Oils and Fats

The volatile conditions and instability of the CPO prices has affected the performance of large industry players during the period under review, resulting in direct impact to their bottom line.

PLANTATIONS

Industry overview and market conditions

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 favorable weather conditions.

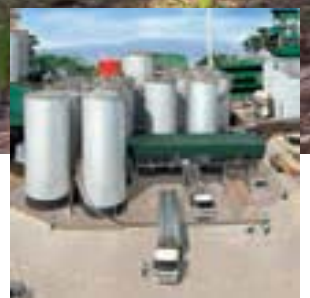
The volatile conditions and instability of the CPO prices has affected the performance of large industry players during the period under review, resulting in direct impact to their bottom line.

Overview of performance of the segment

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 we managed to develop over 10,000 hectares of new plantations 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 the segment since September 2012 was certified palm oil, thereby demonstrating our commitment to sustainable plantation development.



Preparing for the future

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, we will continue with expansion within this sector towards increasing the volumes and thereby being able to sustain our competitiveness as a cost effective and sustainable producer of palm oil.

Sector overview

Plantations, Oils and Fats

Our 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.

OILS AND FATS

Industry overview and market conditions

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 competes 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.

Overview of our operations

Our Oils and Fats segment 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. Our products cater to the global confectionery and bakery products industry, we manufacture palm based specialty fats and shortening for use in the manufacture of chocolates and confectioneries, ice cream, bakery products as well by-products as animal feed.

Our 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.

We have cleared and eliminated capacity related bottlenecks experienced hitherto in the Malaysian plant to ensure we optimize and align our 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. We have also streamlined and improved operating processes 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.

Overview of performance of the segment

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 favorable 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 we have managed to strengthen the relationships with key customers and improve overall margins 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 as a result.

Preparing for the future

We anticipate improved performance 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.

Sector overview

Beverage

Overall, from a policy perspective, taxation & availability must be linked to alcohol content. This will help keep per capita consumption of pure alcohol at moderate levels whilst - together with enforcement – eliminating the supply & use of illicit liquor.

Group's main operation in Sri Lanka, 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 – one on the day before the commencement of the financial year; 31st of March 2012 – and the other in October 2012, 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. Cost rationalization projects at every level of operation brought success that will be followed continuously.

The operating environment – the alcohol industry & governing regulations

The policy of “mathata thitha” remained in force during the year. If the practical application of this policy intends to reduce per capita consumption of pure alcohol & prevent alcohol related harm, then your Company extends its fullest & wholehearted support to it. Indeed in a country where

consumption of hard liquor – be it legal or illegal – is the norm, there is a pressing need to prevent alcohol related harm, both to the consumer & to those in his vicinity. There is sufficient evidence to suggest that soft alcohols such as beer are viable means by which alcohol consumption & related harm can be reduced in environments where hard liquor is heavily consumed. Indeed, recent trends do suggest a movement from spirits to beer and a consequent slowing down of the growth in the consumption of pure alcohol. Yet more can be done if the implementation of the “mathata thitha” policy is viewed from a practical rather than from an ideological perspective. For instance, mild beer remains 50% more expensive on a “kick per buck basis” than spirits, although in alcohol terms the latter has 7 times the former. In terms of availability, both soft & hard alcohols are treated as equal; hardly the case considering the vast disparity in their respective alcohol contents. Since affordability plays such a crucial role in a lower middle income country such as ours & since availability plays a crucial role everywhere, less expensive mild beer which is easier accessed will help reduce per capita consumption of pure alcohol in the country.

Overall, from a policy perspective, taxation & availability must be linked to alcohol content. This will help keep per capita consumption of pure alcohol at moderate levels whilst – together with enforcement – eliminating the supply & use



of illicit liquor. Results will not be evident overnight. Yet the quicker the start, the earlier the results will be seen.

Operating results

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 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

Sector overview

Beverage

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

customs duties. However, consumer pricing remained the same irrespective of origin of production & resulted in significant erosion in gross margins.

Brand portfolio strengthens its foothold both here and abroad

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 our 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, our 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 alcohol 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 Moët Hennessy portfolio of brands in Sri Lanka during the last quarter of the year. Moët Hennessy is a part of the French luxury goods business, LVMH. Their alcohol portfolio which is as iconic as Diageo includes Hennessy, Glenmorangie, Moët-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 needs. In addition the sector operates 4 retail outlets via another wholly owned subsidiary. In both these cases the management is outsourced.

Capacity expansion

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.

Taxation

Our beverage 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%

Future

The year ahead looks no different from the one we just passed. 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.

Sector overview

Leisure

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.

HOTELS

Global tourism outlook

Growth in world travel and tourism was robust through 2012 despite many economic challenges. Globally, travel was impacted by severe weather, political conflicts, the depressed global economy and soaring energy prices. The World Travel Monitor Forum expects 2013 to be broadly similar, in that, consumers will continue to focus on personal financial situations, holiday prices and value for money offers, while the image and stability of destinations will also have a strong impact.

Sri Lankan experience

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.

In spite of doing all the right things – launching of multiple star-class properties, development of supporting infrastructure and taking Sri Lanka to the world through trade fairs and promotions – the effect of dollars hitting the cash till of star-class hotels is not felt dramatically. This tends to give the impression that either the classification of “tourist” at arrival point is faulty or the tourist chooses other abodes instead of star-class properties. This will hurt the tourism since these star-class properties form the backbone of the industry and disheartenment could lead to less funds being put in property upgrading resulting in a vicious cycle of dilapidation of industry as a whole.

Our properties

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 continues to pamper both foreign visitors to cultural triangle and local weekend tourists from Colombo and suburbs, with its traditional charm. Its strategic location on a hub point to Trincomalee and Batticaloa 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.

Airlines

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 creations of the Air France KLM group they 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 endeavor to enhance its market presence in Sri Lanka.

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

With increase in competition and the “offline” products we market being completely reliant on the delivering carrier to our principle’s gateway’s, seat access continues to pose a huge problem in enhancing revenues. We endeavour to maximize opportunity by constantly liaising with our principles and keeping them advised on market changes.



Performance

The sector, especially the hotels, continued its steady and increasing contribution to the Group's 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.

Preparing for future

Pegasus hotel completely refurbished its banquet hall facility by expanding its capacity to 700+ pax with all modern amenities and embellishments in par with 5-star city hotels. Existing facilities were closed down for 3 months to accommodate this conversion and is available from June 2013 in all its splendour. With the ongoing renovation of the balance 30 rooms Pegasus will have all of its 140 rooms refurbished and ready for the next season.

Carsons airlines is actively canvassing for new GSA's which will complement its current carriers/routes.

Sector overview

Real Estate

Growth in the real estate sector undoubtedly will contribute to the growth of the other sectors of the economy. In conclusion, we're optimistic about growth in the medium to long term but less so on a short term horizon.

Our business

The group 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.

Performance

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 Dharmapala Mawatha and in Janadhipathi Mawatha. The total net gain on property valuation amounted to Rs. 103.4 million.

Sector's contribution to Group 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.

Challenges ahead

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. With the proposed tax, it could be expected that the total tax on lease rental for foreign nationals will increase to approximately 30% or more (inclusive of Value Added Tax (VAT), Nation Building Tax (NBT) and Stamp Duty).

Future outlook

The real estate market in Sri Lanka is showing signs of recovery with the expected economic growth as both share a high positive correlation. While applauding the determination and commitment displayed by the government to uplift standards of our country via sectorial development, a much longer term strategy needs to be deployed in this regard, emphasizing on value addition, synergy and focus in order to compete with our regional peers. In comparison to most of the countries that enjoy a thriving property market, Sri Lanka requires to act decisively to nurture a sustainable



recovery of the property market. Growth in the real estate sector undoubtedly will contribute to the growth of the other sectors of the economy. In conclusion, we're optimistic about growth in the medium to long term but less so on a short term horizon.

Preparing for the future

In view of the relaxation of security restrictions and the rapid development around the Janadhipathi mawatha area, Group subsidiary, Equity Two PLC commenced development of its second building in at a total cost of Rs. 175 Mn financed though long-term bank borrowings. Renovation will effectively add another 40,000 square feet to the total rentable area of the sector.

Sector overview

Investment Holdings Management Services

The management company operates on a management fee basis and the business objective is service oriented and not profit oriented.

INVESTMENT HOLDING

Starting from this annual report the Carson Cumberbatch PLC, the holding Company, performance will be separately segmented for better clarity and presentation. Previously, Company's performance was amalgamated with that of the investment sector of the Group and shown under one heading " Investment Holdings". Now the investment sector performance will be independently segmented under " Portfolio and asset management".

Company recorded a turnover of Rs. 677.1 million derived almost entirely from intra-group dividend and interest income. The corresponding number for previous year was Rs. 601.4 million. The profit after tax amounted to Rs. 336.2 million whereas the previous year profit after tax was Rs. 1.7 billion. The primary reason for this variance is that previous year Company booked a non-cash capital gain of Rs. 1.4 billion arising out of a group restructuring exercise where part of Company's holding in Bukit Darah shares were traded for the minority's shares of the 4 Malaysian plantation companies of the Group.

MANAGEMENT SERVICES

Group's businesses in Sri Lanka are being management by the management arm of Carson Cumberbatch PLC, Carsons management Services (private) limited, a wholly owned subsidiary. The management company is represented by the executive directors of the subsidiaries. A focused and lean team of professionals from disciplines of finance, tax, legal, IT, HR and secretarial make up the management structure of the company and they look into the affairs of the sectors coming under its purview on a macro basis and report to the Board of the parent company. Aptly drawn management agreements govern the relationship between the sectors and the management companies whilst Carson Cumberbatch has delegated the management authority to the management arm. A separate secretariat agreement governs the fiduciary and functional relationship between the management company and its holding company. Currently the management company's working scope is limited to group sectors only to ensure focus and availability resources at all times.

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



Book distribution to children in Biyagama area, Sri Lanka

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 experienced 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.

Sustainability Report



Tharunyata Hetak Programme held at Hambantota, Sri Lanka

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.



Dharma Salawa/Sunday School which is under construction in Giritale

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.



Scholarship Distribution for children, 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,

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

infrastructure development and community development initiatives.

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.



The facilities available at SMP Tunas in PTAI

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 advises 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 and training women in areas such as

Sustainability Report

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 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.



The CCC House in Maharagama Cancer Hospital, Sri Lanka

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 Indomas, 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.



A High Conservation Value (HCV) area, Indonesia

Sustainability Report

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.

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



Waste water treatment plant at Biyagama, Sri Lanka

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 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

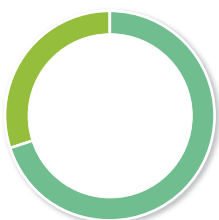
Company provides seamless learning opportunities to the staff. Some of the sector companies have their own staff learning academies and other regular training and development needs analysis and facilitation of learning including encashment of examination fees, study leave and sponsorship.

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.

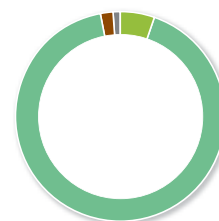


Art Exhibition of employees' children



Total Gender Diversity

- Male 70.06%
- Female 29.94%



Total Workforce by Country

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

Sustainability Report

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 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.



Employees receiving long service year award

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'.



Christmas Party held for all Group employees in Sri Lanka

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

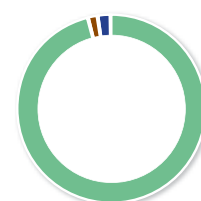
The challenges associated with the changing nature of the workplace, requires a skilled, knowledgeable workforce with employees who are adaptive, flexible and focused on the future. Our aim in investing in Learning and Development of our employees is to encourage continuous growth and career development. 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 Statement

(Amounts expressed in Sri Lankan Rs. '000)

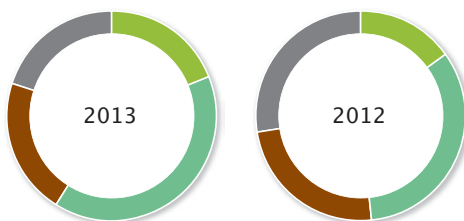
For the year ended 31st March	2013	2012	2011	2010	2009					
Revenue	76,162,126	66,079,268	34,628,986	21,327,821	16,795,047					
Other income	128,115	562,392	5,094	27,633	134,105					
	76,290,241	66,641,660	34,634,080	21,355,454	16,929,152					
Cost of materials and services purchased from outside	(40,631,511)	(32,526,413)	(11,814,708)	(9,802,147)	(6,905,936)					
Value Added	35,658,730	34,115,247	22,819,372	11,553,307	10,023,216					
	%	%	%	%	%					
Distributed as follows:										
To Employees as remuneration and other benefits	6,683,216	19	5,276,276	15	3,729,948	16	1,290,267	11	1,085,129	11
To Governments										
as taxation/excise – Sri Lanka	12,488,515	35	9,215,232	27	5,739,730	25	3,039,013	26	2,481,297	25
– Overseas	1,732,190	5	2,272,139	7	1,647,571	7	1,376,698	12	817,462	8
To Providers of capital										
as interest on loans	2,271,397	6	2,335,777	7	689,373	3	586,334	5	993,586	10
as non controlling interest	5,033,886	14	5,627,102	16	5,002,206	22	2,158,444	19	1,176,141	12
as dividend to shareholders (Company)	392,774	1	392,774	1	392,774	2	192,536	2	58,450	1
Retained in the business										
as depreciation	2,882,210	8	2,386,493	7	1,469,831	6	1,001,777	9	850,838	8
as retained profits	4,174,542	12	6,609,454	19	4,147,939	18	1,908,238	17	2,560,313	26
	35,658,730	100	34,115,247	100	22,819,372	100	11,553,307	100	10,023,216	100

Note

- 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.
- 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					
/Goods and Services Tax	2,794,957	2,204,416	1,988,353	1,624,842	1,263,922
Social Responsibility Levy					
/Nation Building Levy included under net sales above	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	747,413	1,118,964	639,404	75,071	57,771
Total Taxes paid to the Government of Sri Lanka	15,283,472	11,419,648	7,621,323	4,663,855	3,745,219

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.

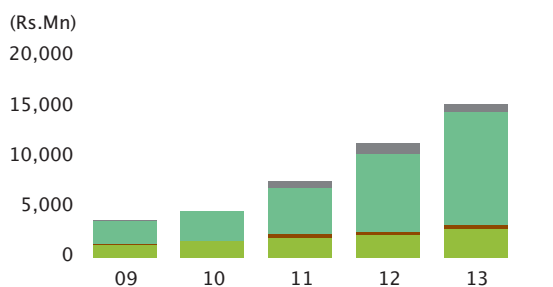


Profit After Tax by Business Segment

- To employees **19%** (2012 - 15%)
- To governments **40%** (2012 - 34%)
- To provide of capital **21%** (2012 - 24%)
- 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 27% in financial year 2012 to 35% 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 the Directors

TILAK DE ZOYSA

FCMI (UK), FPRI (SL)

Tilak de Zoysa Honorary Consul to Croatia was conferred the title “Deshabandu” by His Excellency The President of Sri Lanka in recognition of his services to the country and was the recipient of “ The Order of the Rising Sun, Gold Rays with Neck Ribbon” conferred by his Majesty “The Emperor of Japan.”

In addition to being the Chairman of the Supervisory Board & Advisor to Al-Futtaim Group of Companies, he chairs Carson Cumberbatch PLC, Amaya Hotels and Resorts USA, AMW Capital Leasing and Finance PLC, Jetwing Zinc Journeys Lanka (Pvt) Ltd and HelpAge Sri Lanka.

He is also the Vice Chairman of HelpAge International UK and serves on the Board of several Listed and Private Companies which include John Keells PLC, Taj Lanka Hotels PLC, TAL Hotels & Resorts Ltd, Lanka Walltiles PLC, Nawaloka Hospitals PLC, Dutch Lanka Trailer Manufacturers (Tata Group) Eastern Merchants PLC. Associated Electrical Corporation Ltd and Inoac Polymer Lanka Private Ltd.

Mr. de Zoysa is a Past Chairman of The Ceylon Chamber of Commerce, The National Chamber of Commerce of Sri Lanka and served as a Member of the Monetary Board of Sri Lanka (2003–2009).

HARI SELVANATHAN

Hari Selvanathan is Deputy Chairman of Carson Cumberbatch PLC and President Commissioner 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 Hony. General Secretary of the Central Council of Social Services, Hony. Treasurer of the Christian Conference in Asia, President of the Church of Ceylon Youth Movement and Hony. 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 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. He is also a Director of Bukit Darah PLC. 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 Corporate, Mercantile and State Institutions. He was appointed to the Carsons Group Directorate in 1990.

He has served on 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.

SURESH SHAH

Suresh Shah is a Director and Chief Executive Officer of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC. He is also a Director of the Sri Lanka Business Development Centre. Currently serves as the Chairman of The Ceylon Chamber of Commerce and is a member of the Business Advisory Council of UNESCAP (EBAC).

He also serves on the council of The Employers Federation of Ceylon and The Mercantile Services Provident Society. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.

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.

VIJAYA MALALASEKERA

Vijaya Malalasekera served as Director – Corporate and Legal Affairs at Ceylon Tobacco Company PLC and as a Non-Executive Director in the same company upto April 2012. Chairman of Bogala Graphite Lanka PLC, Axis Financial Services (Pvt) Limited, Fairway Skyhomes (Pvt) Limited, Boston Capital (Pvt) Limited and Paradise Resorts Passikudah (Pvt) Ltd. He is currently a member of the University Grants Commission.

He holds a M.A. (CANTAB), Barrister-at-Law (Inner Temple) and is an Attorney-at-Law of the Supreme Court of Sri Lanka.

MANGALA MOONESINGHE

Mangala Moonesinghe is Barrister – at Law, Middle Temple, London and legal practitioner for over 30 years. He was a Member of the Parliament of Sri Lanka (1965 –1977 and 1989 – 1994) and the High Commissioner of Sri Lanka to India (1995–2000 and 2002–2005) and to the United Kingdom (2000–2002). Past Chairman of the Parliamentary Select Committee to arrive at a national solution to the ethnic conflict and restore peace and a member of the Parliamentary Committee on Public Enterprises. Year 2006 – Chairman, Marga Institute (Centre for Development Studies). He is the Executive Director of One Text Initiatives. He has a vast amount of international experience and has served on several committees including the Steering Committee of the Asian Parliamentarians Training Programme for Conflict Resolution and the Commonwealth Parliamentary Association. He was awarded the Eisenhower Fellowship in 1975. Member of the Group of Eminent Persons appointed by the Heads of State of South Asian Nations to identify measures and mechanisms to enhance the effectiveness of SAARC to achieve its objectives.

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

Profiles of the Directors

FAIZ MOHIDEEN

Faiz Mohideen holds a B.Sc. Degree in Mathematics from the University of London and a M.Sc. Degree in Econometrics from the London School of Economics. Former Deputy Secretary to the Treasury and Director General, External Resources Department, Ministry of Finance & Planning.

RAJENDRA THEAGARAJAH

Rajendra Theagarajah is an Alumni of Price Waterhouse Coopers Sri Lanka. He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants, UK. Having obtained an MBA from the Cranfield School of Management, UK, he joined the Chase Manhattan Bank (now known as JP Morgan Chase) in London and obtained extensive experience in Internal control systems, Branch operations, Global custody and Treasury management within the bank's Europe, Middle East and Africa (EMEA) Region.

He returned to Sri Lanka in 1992 and joined the Colombo Branch of Banque Indosuez (now part of the CALYON Group) and served as its Deputy General Manager and continued as a member of Hatton National Banks (HNB) Corporate Management team after the takeover of Indosuez Colombo by HNB in 1997. Since December 2004, Mr. Theagarajah served as CEO of Hatton National Bank PLC. Mr. Theagarajah is a past President of the Association of Professional Bankers in Sri Lanka, past Chairman of the Sri Lanka Banks Association, a former Director of the Colombo Stock Exchange, Director of Lanka Clear (Private) Ltd and Director of Lanka Financial Services Bureau Ltd. During his tenure as CEO, HNB received the prestigious "Bracken" award naming Hatton National Bank as the Bank of the year 2006 and 2012 for Sri Lanka, Euromoney Bank of the year in 2009 & 2010 and was also recognised by the Asian Banker as the Retail Bank of the year in Sri Lanka 2007-2012. Earlier in 2010, Mr. Theagarajah was profiled as one of the twenty five Bank CEO's in the Wileys publication "Asia's Banking CEOs" - The future of finance in Asia (a collection of profiles of leaders who have guided some of the most successful Banks in the world's most dynamic region of Asia). A member of the Sri Lanka Accounting &

Auditing Standards Monitoring Board and Council member of the Sri Lanka Institute of Directors. Mr. Theagarajah also serves as the immediate past Chairman of the Board of Directors of the Asian Bankers Association and serves as a member of the Governing Board of the World University Service, Canada and as Deputy Chairman CIMA (UK) Sri Lanka Board.

KRISHNA SELVANATHAN

(Alternate to Mr.M.Selvanathan)

Krishna Selvanathan is a 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.

SATISH SELVANATHAN

(Alternate to Mr.H.Selvanathan)

Satish Selvanathan is a Director at Premium Oils & Fats Sdn. Bhd, the management Company of the edible oils and fats segment of Goodhope Asia Holdings Ltd. Previously, he was a Consultant at 'The Boston Consulting Group' (BCG) in New York, where he specialized in developing & implementing turnaround strategies for clients in the financial services, consumer & healthcare space. Prior to BCG, Satish worked at Barclays Capital in London, where he was an Associate Director on the Asset-Backed Securities trading desk.

He holds a MBA with Honors from Columbia Business School & an undergraduate degree in Engineering, Economics & Management from Oxford University. He sits on the Leadership Board of the Primary Care Development Corporation - a New York City based non-profit that provides funding for primary care facilities in underserved communities in New York State.

Group Directorate

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 (Alternate Director to Wong Gang) (ceased on 22/6/2012)
Ms. Sharada Selvanathan (Alternate Director to 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 (Alternate Director to M. Selvanathan) (revocation of appointment on 01/04/2013)
P.C.P. Tissera (Alternate Director to 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. de Silva (resigned w.e.f. 31/8/2012), 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)

PT AGRO BUKIT

Commissioners:
H. Selvanathan (President Commissioner),
M. Selvanathan,
Israel 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. De Silva, M.R. Jifferey,
S. Upasena,
C.S. Karunasena,
S. Mukthar
Ms. Sharada Selvanathan (appointed w.e.f. 01/04/2013)

Group Directorate

PLANTATIONS, OILS & FATS

AHL BUSINESS SOLUTIONS (PRIVATE) LIMITED

Directors:
H. Selvanathan,
P.C.P. Tissera, J. Mathavan,
Ms. J.M.S. Jayawickrama,
K. 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

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. 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. Jayawickrama,
K. de Silva, M.R. Jiffrey,
C.S. Karunasena,
M.S. Mukthar

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 (Alternate Director to
S.G. Lauridsen 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
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 appointed w.e.f.
2/8/2012), 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. Wijenaikie, 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. Wijenaikie, 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

Group Directorate

MANAGEMENT SERVICES

CARSONS MANAGEMENT SERVICES (PRIVATE) LIMITED

Directors:

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

Alternate Director:

P.C.P. Tissera (for H. Selvanathan)

INVESTMENT & ASSET MANAGEMENT

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. Jayatilake,
K. Selvanathan,
A.P. Weeratunge,

BUKIT DARAH PLC

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)

GUARDIAN ACUITY ASSET MANAGEMENT LIMITED

Directors:

D.C.R. Gunawardena (Chairman),
R. Theagarajah (Resigned w.e.f. 1st May
2013), T.W. de Silva, M.R. Abeywardena
K. Selvanathan, Ms. W.Y.R. Fernando

Alternate Directors:

Ms. B.D.N. Jayatilake (for D.C.R.
Gunawardena), I.A.S.P. Fernando (for
R. Theagarajah) (Ceased on 1st May
2013)

Audit Committee Report

As per the Audit Committee Charter, the main purpose of the Audit Committee is as follows :

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 laws and regulations, Company policies and procedures and the code of conduct.

To ensure that the internal audit activity is well managed, so that it adds value to the organization by being objective in providing relevant assurance, contributing to the effectiveness and efficiency of governance, risk management and control processes.

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

Audit Committee members	Executive/Non-Executive/Independent
Mr.V.P. Malalasekera (Chairman)	Non-Executive, Independent
Mr.D.C.R. Gunawardena	Non-Executive
Mr.F. Mohideen	Non-Executive, Independent

Mr.V.P. Malalasekera is a Non-Executive, Independent Director of the Company and a former Director of Ceylon Tobacco Company PLC.

Mr.D.C.R. 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.F. Mohideen, a Non-Executive, Independent Director of the Company was the former Deputy Secretary to Treasury and a former Director of Bank of Ceylon and Securities and Exchange Commission of Sri Lanka.

As allowed by the Listing Rules of the Colombo Stock Exchange, the Audit Committee of the Company being the Parent/ultimate Parent Company of the undermentioned listed companies, functions as the Audit Committee to these companies :

Investment Sector :

Ceylon Guardian Investment Trust PLC
Ceylon Investment PLC
Guardian Capital Partners PLC

Plantation Sector – Malaysia :

Selinsing PLC
Indo-Malay PLC
Good Hope PLC
Shalimar (Malay) PLC

Real Estate Sector :

Equity One PLC
Equity Two PLC

Beverage Sector :

Lion Brewery (Ceylon) PLC
Ceylon Beverage Holdings PLC

Leisure Sector :

Pegasus Hotels of Ceylon PLC

The Audit Committee of the Company convened Fourteen (14) Meetings during the financial year and the attendance of the Members was as follows:

Meetings attended (out of Fourteen)

Mr. V.P. Malalasekera (Chairman)	14
Mr. D.C.R. Gunawardena	13
Mr. F. Mohideen	14

Matters pertaining to the Company, as well as of the companies coming within the purview of Carson Cumberbatch PLC–Audit Committee were discussed at the Meetings. The Chief Executive Officer/Chief Financial Officer/Financial Controller of the respective companies, internal auditors and senior management staff members also attended the Audit Committee Meetings by invitation.

The Committee met the external auditors of the Company, as well as the external auditors handling the companies coming within the purview of the Audit Committee of Carson Cumberbatch PLC, twice during the year, i.e. to discuss the audit scope and to deliberate the draft Financial Report and Accounts of the Company/Sectors. The Audit Committee

Audit Committee Report

also met the external auditors of the Company, as well as the external auditors handling the companies coming within the purview of the Audit Committee of Carson Cumberbatch PLC and discussed the draft Financial Report and Accounts, without the management being present.

The Group Internal Audit (GIA) carried out detailed audits in respect of the Company and the Beverage Sector, Investment Sector, Real Estate Sector and the Leisure Sector companies and the audits were based on the audit plans formulated and approved by the Audit Committee for the financial year. The Plantation Sector Internal Audit Team also carried out internal audits in respect of the Plantation Sector based on the audit plan formulated and approved by the Audit Committee.

In accordance with the approved audit plans for 2012/2013, the following Sectors were audited :

Investment Sector	-	04 audits
Plantation Sector	-	01 audit
Real Estate Sector	-	01 audit
Beverage Sector	-	12 audits
Leisure Sector	-	06 audits

The findings and contents of the GIA reports have been discussed with the management and subsequently the audit reports were circulated to the Audit Committee and to the management, facilitating corrective and preventive measures to be taken in a timely manner.

The objectives of the GIA audits were 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 action where necessary.

The interim financial statements of both, the Company and of the companies coming within the purview of the Audit Committee of Carson Cumberbatch PLC have been reviewed at meetings of the Audit Committee.

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 for the year ended 31st March 2013 pertaining to the Company and of the companies coming within the purview of the Audit Committee of Carson Cumberbatch PLC were reviewed at meetings of the Audit Committee, together with the External Auditors, Messrs. KPMG and Ernst & Young (pertaining to Plantation Sector Companies), 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 the Managers/Chief Executive Officer/Chief Financial Officer and Head of Finance/Director-Finance of the respective companies 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 of the Company 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 of the Company for the financial year ending 31st March 2014, subject to the approval of the shareholders at the Annual General Meeting.

Audit Committee's Reporting Structure

Equity Seven Limited, Equity Hotels Limited, Rubber Investment Trust Limited, Guardian Fund Management Limited, Carsons Airline Services (Private) Limited, Carsons Management Services (Private) Limited, Equity Three (Private) Limited, Equity Lands (Private) Limited, Leechman & Company (Private) Limited, Riverside Resorts (Private) Limited, Pubs 'N Places (Private) Limited, Luxury Brands (Private) Limited, Retail Spaces (Private) Limited, The Sri Lanka Fund have not formed their own Audit Committees, but audit aspects were covered under the direct jurisdiction of Carson Cumberbatch PLC – Audit Committee.

(Sgd.)

V.P. Malalasekera

Chairman – Audit Committee

Carson Cumberbatch PLC

18th June 2013

Risk Management

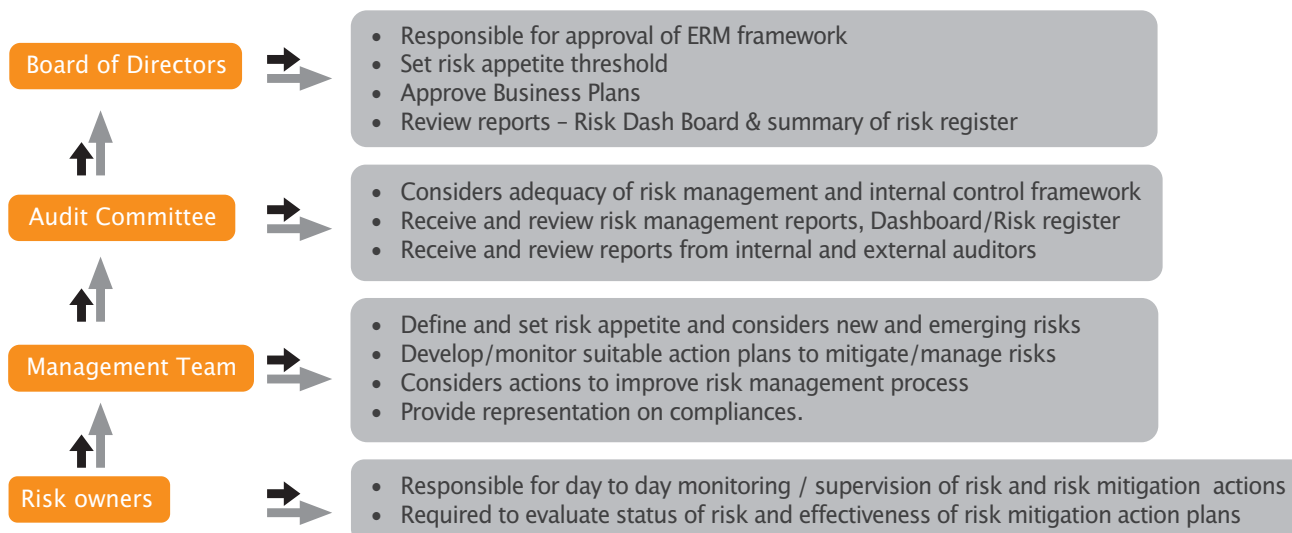
Carson Cumberbatch PLC is a diversified conglomerate. Carson Group with global operations is exposed to a great variety of risks which are either general in nature or industry/ country specific. As a result risk management has become an integral part of business and management. These practices provide 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

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.



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.

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.	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • Investment sector <ul style="list-style-type: none"> - 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.	<p>The following initiatives have been implemented by the Group.</p> <ul style="list-style-type: none"> - 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	<p>Foreign currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates.</p> <p>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.</p>	<p>Assets, liabilities and other operational expenses which arise from daily operations are primarily denominated in the functional currencies.</p> <p>Resort to forward booking as appropriate and seek to match the foreign currency inflows and outflows as an internal hedging mechanism.</p>
Business Environment Risks	<p>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.</p>	<p>Invest in agronomy and plantation management practices to minimise the impact by any sudden up-rise of diseases.</p> <p>Business Continuity Plan.</p> <p>Cover perils through adequate insurance.</p>
Liquidity Risk	<p>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.</p>	<p>Manage such an exposure through effective working capital management.</p> <p>Maintain sufficient credit facilities.</p> <p>Develop policies and procedures to plan liquidity based on medium term plans.</p> <ul style="list-style-type: none"> • Investment sector <ul style="list-style-type: none"> - 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.	<p>Individual companies exercise some of the following controls to mitigate this risk.</p> <ul style="list-style-type: none"> - 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.	<ul style="list-style-type: none"> - 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.	<ul style="list-style-type: none"> - 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.	<ul style="list-style-type: none"> - 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

Carson Cumberbatch 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)

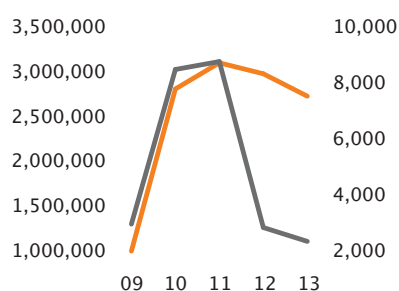
2 MARKET CAPITALISATION AND MARKETPRICE

Market Capitalization of the Company's share, which is the number of ordinary share in issues multiplied by the market value of a share, was Rs. 86,410 Mn as at 31st March 2013. (Rs. 91,320 Mn as at 31st March 2012)

The Information on Market prices are set out below :

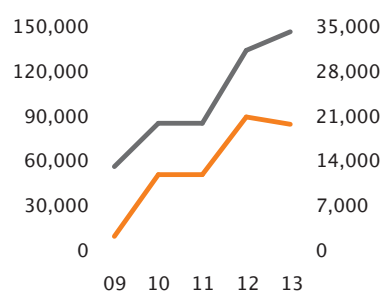
	2013	Q4	Q3	Q2	Q1	2012
Share Information						
Highest price (Rs.)	495	475	460	465	495	700
Lowest price (Rs.)	410	420	420	410	444	400
As at periods end (Rs.)	440	440	439	440	464	465

Trading Statistics						
No of transactions	2,416	417	487	667	845	2,912
No of shares traded	2,754,706	401,152	327,642	786,944	1,238,968	3,005,319
Value of all shares Traded (Rs. Mn)	1,264	180	145	359	580	1,833
Market Capitalization (Rs. Mn)	86,410	86,410	86,135	86,450	91,124	91,320
Enterprise Value (Rs. Mn)	164,823	164,823	164,862	158,489	154,294	151,068



Share Trading (Nos.)

— No of transactions
— No of shares traded



Shareholders fund & Market Capitalization (Rs.Mn.)

— Market Capitalization
— Shareholders Funds

3 SHAREHOLDER BASE

The total number of ordinary shareholders as at 31st March 2013 was 2,366 compared to the 2,582 as at 31st March 2012.

4 DISTRIBUTION AND COMPOSITION OF 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	1,848	297,512	0.15	22	8,055	0.01	1,870	305,567	0.15
1,001	- 10,000	296	910,687	0.46	24	121,650	0.06	320	1,032,337	0.53
10,001	- 100,000	125	3,394,573	1.73	18	653,034	0.33	143	4,047,607	2.06
100,001	- 1,000,000	18	4,200,220	2.14	5	2,243,716	1.14	23	6,443,936	3.28
above	1,000,000	6	152,240,271	77.52	4	32,317,196	16.46	10	184,557,467	93.98
Grand Total		2,293	161,043,263	82.00	73	35,343,651	18.00	2,366	196,386,914	100.00

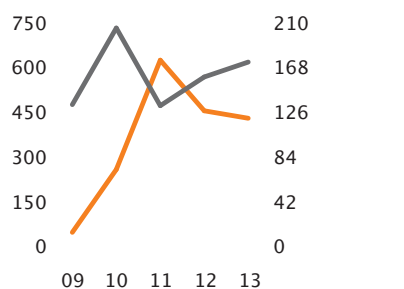
5 COMPOSITION OF SHAREHOLDERS

Ordinary Shares	31st March, 2013			31st March, 2012		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individuals	2,197	8,129,984	4.14	2,385	8,610,907	4.38
Institutions	169	188,256,930	95.86	197	187,776,007	95.62
Total	2,366	196,386,914	100.00	2,582	196,386,914	100.00
Residents	2,293	161,043,263	82.00	2,503	159,676,335	81.31
Non Residents	73	35,343,651	18.00	79	36,710,579	18.69
Total	2,366	196,386,914	100.00	2,582	196,386,914	100.00

Percentage of ordinary shares held by the public as at 31st March, 2013 was 23.76%.

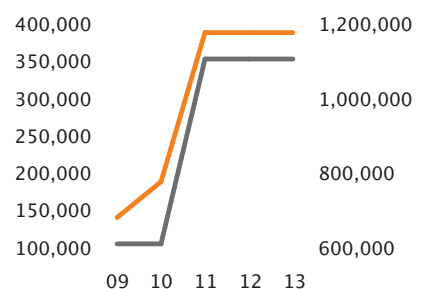
6 KEY RATIOS

	2013	2012
EPS (Rs.)	23.26	28.51
Dividend Payout Ratio (%)	116.80	106.35
Price to Book (times)	2.49	2.88
Price Earnings Ratio	18.92	16.31
Dividend Yield	0.45%	0.43%
Market Value Added (Mn.)	130,172	119,326



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

— Net assets per share
— Closing price per share (Dialuted)



Gross dividend and Ordinary share capital (Rs.)

— Ordinary share capital
— Gross dividend

7 INFORMATION ON DIVIDENDS

The details of the dividends paid are as follows:

For the year ended 31st March

Ordinary Shares

	2013		2012	
	Per share	Amount	Per share	Amount
Final dividend – for 2012	2.00	392,774	2.00	392,774
	2.00	392,774	2.00	392,774
The details of the proposed dividends are as follows:				
Ordinary Shares	2.00	392,774	2.00	392,774
	2.00	392,774	2.00	392,774

8 SHAREHOLDER INFORMATION

The issued ordinary shares of the Company are listed on the Colombo Stock Exchange. Stock Exchange ticker symbol for the Carson Cumberbatch PLC shares : CARS.N0000

Information to Shareholders & Investors

9 DIVIDENDS SINCE

Year ended 31st March	DPS (Rs.)	Dividends (Rs.'000)
2009	3.00	144,402
2010	1.50	192,536
2011	2.00	392,774
2012	2.00	392,774
2013	2.00	392,774

10 ORDINARY SHARES IN ISSUE

Year ended 31st March	Number of Shares
2008	6,112,260
2009	96,268,095
2010	96,268,095
2011	196,386,914
2012	196,386,914
2013	196,386,914

11 HISTORY OF SCRIP ISSUES

Year ended 31st March	Issue	Basis	Number of Shares	Ex-date
2006	Bonus	5:1	5,093,550	06-Jul-05
2009	Sub-division	15:1	85,571,640	31-Jul-08
	Capitalisation	1:20	4,584,195	31-Jul-08
2011	Capitalisation/Sub-division	2:1	96,268,095	21-Dec-10
	Capitalisation	1:50	3,850,724	24-Dec-10

12 INFORMATION ON MOVEMENT IN NO OF SHARE

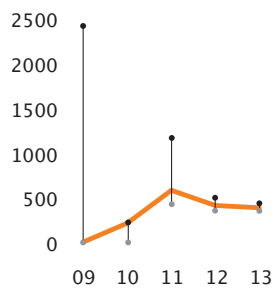
Financial Year	Issue	Basis	No of Shares issued	No. of Shares Cumulative Ordinary
2005/06	Bonus Issue	5 for 1	5,093,550	6,112,260
2008/09	Sub-division	15 for 1	85,571,640	91,683,900
	Capitalisation	1 for 20	4,584,195	96,268,095
2010/11	Sub-division	2 for 1	96,268,095	192,536,190
	Capitalisation	1 for 50	3,850,724	196,386,914

13 Share Price Trend Over Last Five Years

Year	2009	2010	2011	2012	2013
Hights Price (Rs.)	2,463	292	1,230	549	495
Lowest Price (Rs.)	49	57	470	400	410
Last Traded Price (Rs.)	57	268	635	465	440

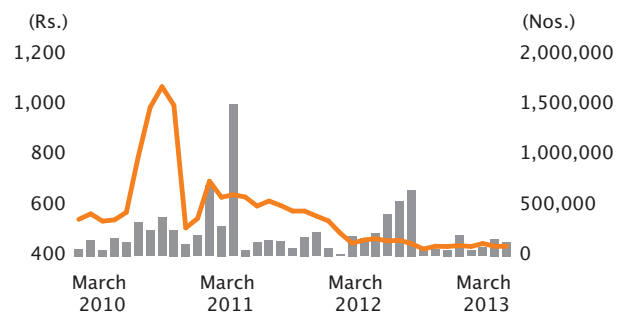
14 Information on Shareholders Funds and market capitalization

As at 31st March	2009	2010	2011	2012	2013
Shareholders' Funds (Rs. Mn.)	13,534	20,322	23,953	31,742	34,651
Market Capitalization (Rs. Mn.)	11,167	52,611	124,666	91,320	86,410
Market Capitalization as % of CSE Mkt. Captl. (%)	2.10%	4.34%	5.14%	4.54%	3.92%



Share Price Trend
Over Last Five Years (Rs.)
(Dialuted)

- Last trend price
- Highest price
- Lowest Price



Price Volume Chart

- Closing price
- Share volume

Information to Shareholders & Investors

10 Year Summary - Group

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

For the year ended 31st March	2013	2012	2011
OPERATING RESULTS			
Revenue	76,162,126	66,079,268	34,628,986
Profit from operations	15,852,373	19,121,693	12,275,043
Finance expenses	2,271,397	2,335,777	689,373
Profit before taxation	13,564,903	16,937,125	12,088,562
Income tax expenses	3,963,701	4,307,795	2,545,643
Profit for the year	9,601,202	12,629,330	9,542,919
Profit attributable to the Non controlling interest'	5,033,886	5,627,102	5,002,206
Profit attributable to the Owners of the company	4,567,316	7,002,228	4,540,713
CAPITAL EMPLOYED			
Stated capital	1,114,652	1,114,652	1,614,652
Reserves	33,536,570	30,627,531	22,338,727
	34,651,222	31,742,183	23,953,379
Non -controlling interest	34,043,090	30,851,607	24,702,515
Short - term and long - term borrowings	52,234,376	37,664,912	23,340,260
	120,928,688	100,258,702	71,996,154
ASSETS EMPLOYED			
Non - current assets	114,765,424	95,532,196	59,290,601
Current assets	23,978,140	22,999,510	20,196,905
	138,743,564	118,531,706	79,487,506
Current liabilities - excluding borrowings	(8,890,671)	(11,228,917)	(4,740,251)
Non - current liabilities	(28,077)	(25,492)	(773,052)
Deferred liabilities	(8,896,128)	(7,018,595)	(1,978,049)
	120,928,688	100,258,702	71,996,154
CASH FLOW STATEMENTS			
Net cash inflows from operating activities	5,209,565	12,629,005	4,295,879
Net cash used in investing activities	(19,798,891)	(17,586,408)	(4,784,405)
Net cash generated from/(used in) financing activities	2,331,877	(3,981,001)	9,803,861
Net (decrease)/increase in cash & cash equivalents	(12,257,449)	(8,938,404)	9,315,335
OPERATIONAL RATIOS			
Return on ordinary shareholders' funds (%)	13.18	22.06	19.00
Equity to total assets (%)	49.51	52.81	61.00
Revenue growth (%)	15.26	90.82	62.37
Asset growth (%)	17.05	49.12	98.68
Revenue to capital employed (times)	0.63	0.66	0.48
No. of employees	15,097	14,453	11,672
Revenue per employee (Rs. '000)	5,045	4,572	2,967
Value added per employee (Rs. '000)	2,379	2,382	1,985
DEBT & GEARING RATIOS			
Interest cover (times)	6.98	8.19	17.81
Total debts	52,234,376	37,664,912	23,505,260
Net debts	44,369,967	28,893,154	12,450,514
Debt equity ratio (%)	76.04	60.17	48.47
Gearing ratio (%)	43.19	37.57	32.65
Debt/total assets (%)	37.65	31.78	30
Current ratio (times)	0.71	1.00	2.18
INVESTOR RATIOS			
Dividend cover (times)	11.63	14.25	11.51
Dividends per share (Rs.)	2.00	2.00	2.00
Market value per share (Rs.)	440.00	465.00	634.80
Market capitalization (Rs.' mn)	86,410	91,320	12,666
Earnings per share (Rs.)	23.26	28.51	23.01
Price earnings ratio (times)	18.92	16.31	27.58
Net assets per ordinary share (Rs.)	176.44	161.63	121.13

2010	2009	2008	2007	2006	2005	2004
21,327,821	16,795,047	15,243,172	9,321,234	7,995,793	6,148,827	5,957,216
7,237,000	5,013,934	5,052,989	2,421,154	1,842,054	2,043,699	1,636,855
530,376	993,586	835,747	539,058	357,906	703,260	398,740
6,879,407	3,767,804	4,273,921	1,705,940	1,662,247	1,346,298	1,241,320
1,434,052	809,317	1,204,072	477,768	437,607	36,660	60,624
5,445,355	2,958,487	3,069,849	1,228,172	1,224,640	1,309,638	1,180,696
2,158,444	1,176,141	1,348,181	525,352	598,552	485,905	454,909
3,286,911	1,782,346	1,721,668	702,820	626,089	823,733	725,787
1,118,255	1,118,255	286,123	286,123	286,123	235,187	235,187
19,204,116	12,415,858	12,584,693	9,646,490	8,190,159	6,000,929	4,905,339
20,322,371	13,534,113	12,870,816	9,932,613	8,476,282	6,236,116	5,140,526
9,429,378	5,781,881	7,055,721	5,054,539	4,543,248	3,366,037	2,995,671
4,989,581	6,741,913	6,179,030	6,170,039	3,662,970	3,178,648	3,569,094
34,741,330	26,057,907	26,105,567	21,157,191	16,682,499	12,780,801	11,705,291
30,441,199	21,524,200	24,043,466	21,791,487	18,188,041	14,231,108	11,983,825
9,567,352	8,976,347	6,752,769	4,190,620	2,783,066	1,654,837	1,763,783
40,008,550	30,500,547	30,796,235	25,982,107	20,971,107	15,885,945	13,747,608
(3,321,967)	(2,731,081)	(3,085,224)	(1,869,907)	(1,688,399)	(1,339,315)	(831,775)
(651,168)	(628,255)	(460,503)	(1,300,176)	(1,315,153)	(853,439)	(816,570)
(1,294,085)	(1,083,304)	(1,144,941)	(1,654,833)	(1,285,056)	(912,390)	(393,972)
34,741,330	26,057,907	26,105,567	21,157,191	16,682,499	12,780,801	11,705,291
2,604,948	1,723,854	3,195,910	515,377	952,122	2,023,709	1,182,382
(2,299,836)	(908,660)	(1,100,761)	(2,185,966)	(1,461,901)	(872,509)	(349,399)
(1,268,542)	535,727	(1,719,207)	904,709	(246,590)	(796,995)	(722,260)
(963,430)	1,350,921	375,942	(765,880)	(756,369)	354,205	110,723
16.12	13.16	13.37	6.96	7.26	13.25	14.15
73.67	62.59	63.97	56.82	61.01	59.03	57.55
26.99	10.18	63.53	16.58	30.04	3.22	48.10
31.17	(0.96)	18.53	23.89	32.01	15.55	3.04
0.61	0.64	0.58	0.44	0.48	0.48	0.51
6,943	5,083	4,109	4,014	3,468	3,489	3,130
3,072	3,304	3,710	2,322	2,306	1,762	1,903
1,697	2,048	2,270	1,501	1,520	1,331	1,179
13.65	5.05	6.05	4.49	5.15	2.91	4.11
5,265,831	6,966,913	6,404,030	6,395,039	3,887,970	3,403,648	3,794,094
4,114,949	4,014,765	4,423,959	5,519,758	3,323,494	3,059,677	3,585,448
17.87	36.49	32.51	43.32	30.39	36.30	47.96
15.16	27.58	24.53	30.23	23.31	26.63	32.41
13	23	21	25	19	21	28
1.61	1.34	0.93	0.85	0.73	0.64	0.89
8.23	5.91	3.44	1.38	1.22	0.41	0.71
2.00	1.50	2.50	2.50	2.50	10.00	5.00
547	116	3,800	4,270	2,300	14,500	8,000
52,611	11,167	23,227	26,100	14,058	14,771	8,150
16.45	8.87	8.61	3.44	3.05	4.06	3.54
33.22	13.08	441.54	1,240.82	753.96	3,574.11	2,258.28
102.07	67.77	64.39	49.43	42.02	30.61	25.03

Financial Statements

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
100th 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. 7 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 Carson Cumberbatch PLC, a public limited liability company incorporated in Sri Lanka in 1913.

THE PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activities of the Company consist of investing in Oil Palm Plantation, Oils & Fats, Beverage, Portfolio and Asset Management, Real Estate and Leisure and sectors.

The principal activities of the subsidiaries and associates are set out in the Business Review sections of this Annual Report.

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 10 and Business Sector Reviews on pages 18 to 35 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 106 to 111.

Financial Results

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

For the year ended 31st March	Group		Company	
	2013 Rs.'000	2012 Rs.'000	2013 Rs.000	2012 Rs.'000
Profit available for appropriation	24,900,523	20,889,740	8,116,072	8,166,357
From which the following appropriations/ distributions have been made:				
Ordinary dividend paid				
Dividend paid	(392,774)	(392,774)	(392,774)	(392,774)
Leaving a balance to be carried forward	24,507,749	20,496,966	7,723,298	7,773,583

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. 7 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 677 mn (2012 - Rs. 601 mn), whilst group revenue amounted to Rs. 76,162 mn (2012 - Rs. 66,079 mn). Contribution to group revenue from the different business segments is provided in Note 6 to the financial statements.

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.

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

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 notes 45 to 48 to the 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 Asset Management		
Property, plant & equipment	1,449	1,239
Intangible assets	-	4,471
Overseas Plantations		
Property, plant & equipment	7,449,189	5,648,375
Intangible assets	968,512	569,770
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
Oils & Fats		
Property, plant & equipment	1,887,479	1,283,431
Intangible assets	2,863	10,519
Management Services		
Property, plant & equipment	35,353	4,381
Intangible assets	386	161
	14,232,956	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 9,029 million (2012 - Rs. 9,324 million).

Reserves

A summary of the Group's reserves is given below

As at	Group		Company	
	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000	2012 Rs. '000
Capital Reserve	5,285,903	4,831,454	287,552	287,552
Revenue Reserve	28,250,667	25,796,077	7,723,298	7,773,583
Total	33,536,570	30,627,531	8,010,850	8,061,135

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

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. 1,906 million).

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 81 to 186 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 79 forms an integral part of this Report.

INDEPENDENT AUDITOR'S REPORT

The independent Auditor's Report on the Financial Statements is given on page 80 of this Annual Report.

INTERESTS REGISTER

The Company maintains an Interests Register conforming to the provisions of the Companies Act, No. 7 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. 7 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.

	No of Ordinary Shares	
	31.03.2013	01.04.2012
Mr. T. de Zoysa (Chairman)	-	-
Mr. H. Selvanathan (Deputy Chairman)	42,318	42,318
Mr. M. Selvanathan	32,962	32,962
Mr. I. Paulraj	129	129
Mr. D.C.R. Gunawardena	-	-
Mr. S. K. Shah	-	-
Mr. P.C.P. Tissera	12	12
Mr. V.P. Malalasekera	-	-
Mr. M. Moonesinghe	-	-
Mr. F. Mohideen	-	-
Mr. R. Theagarajah (Appointed w.e.f. 12th September 2012)	-	-
Messrs. H. Selvanathan & M. Selvanathan	449,820	449,820
Mr. K.Selvanathan (Alternate to M. Selvanathan)	-	-
Mr. S.Selvanathan (Alternate to H. Selvanathan appointed w.e.f. 20th December 2012)	-	-

(ii) Directors shareholdings in group quoted companies.

SUBSIDIARIES

	No. of Ordinary Shares	
	31.03.2013	01.04.2012
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. S.K. Shah	2,632	2,632
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. S.K. Shah	6,016	6,016
Mr. I. Paulraj	1,675	1,675

	No. of Ordinary Shares	
	31.03.2013	01.04.2012
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. S.K. Shah	9,300	9,300
Guardian Capital Partners PLC		
Mr. H. Selvanathan	25	25
Mr. I. Paulraj	200	200
Mr. D.C.R. Gunawardena	25	25
Bukit Darah PLC		
Mr. H. Selvanathan	153,111	153,111
Mr. M. Selvanathan	44,179	44,179
Mr. I. Paulraj	1,127	1,127

RELATED PARTY TRANSACTIONS

The Directors have also disclosed the transactions if any, that could be classified as related party transactions in terms of LKAS "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 (d) 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 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 (d) to the Financial Statements on page 115.

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

DIRECTORS

The names of the Directors, who served during the year are given under Corporate Information on page 12.

Appointments

Mr. R. Theagarajah was appointed to the Board as a Non-Executive/Independent Director on 12th September 2012.

Mr. Satish Selvanathan was appointed as an alternate Director to Mr. H. Selvanathan on 20th December 2012.

Mr. V. P. Malalasekera was appointed as an alternate Director to Mr. F. Mohideen for the period 29th August 2012 to 23rd October 2012.

Resignations

Mr. V. P. Malalasekera, who was appointed as an alternate Director to Mr. F. Mohideen, ceased to be an alternate on 23rd October 2012.

DIRECTORS TO RETIRE BY ROTATION

In terms of Articles 72, 73 and 74 of the Articles of Association of the Company, Messrs. D.C.R. Gunawardena and V. P. Malalasekera retire by rotation and being eligible offer themselves for re-election.

Retirement at the first Annual General Meeting following Appointment as Director

In terms of Article 68 of the Articles of Association of the Company, Mr. R. Theagarajah retires from the Board 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 M. Moonesinghe 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.7 of 2007 shall not be applicable.

AUDITORS

Company

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

A sum of Rs. 632,500/- was paid to them by the Company as audit fees for the year ended 31st March 2013 (2012- Rs 550,000/-) In addition, they were paid Rs. 468,000/- by the Company as fees for non-audit related services.

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 Auditor, its effectiveness and its relationship with the group, including the scope of audit and non-audit fees paid to the Auditor.

Group

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

Further details on the work of the Auditor 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 Distributorship

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 on.

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 (Pvt) Ltd 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.

THE BOARD OF DIRECTORS

The following Directors held office as at the balance sheet date and their brief profiles are given on pages 48 to 50 of the Annual Report.

Name of the Director	Executive	Non-Executive	Independent
Mr. T. de Zoysa (Chairman) *	-	√	√
Mr. H. Selvanathan (Deputy Chairman)	√	-	-
Mr. M. Selvanathan	√	-	-
Mr. I. Paulraj **	-	√	√
Mr. D.C.R. Gunawardena	-	√	-
Mr. S.K. Shah	√	-	-
Mr. P.C.P. Tissera	√	-	-
Mr. V.P. Malalasekera	-	√	√
Mr. M. Moonesinghe	-	√	√
Mr. F. Mohideen	-	√	√
Mr. R. Theagarajah (Appointed w.e.f 12th September 2012)	-	√	√

Alternate Directors

Mr. K.Selvanathan (Alternate to M. Selvanathan)
Mr. S.Selvanathan (Alternate to H. Selvanathan appointed w.e.f 20th December 2012)

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.

Accordingly, the Board has determined Mr. V. P. Malalasekera, Mr.M. Moonesinghe, Mr. F. Mohideen and Mr. R. Theagarajah as Independent Directors on the Board.

* The Board has also determined that Mr. T. de Zoysa is an Independent Non - Executive Director in spite of being on the Board for more than 9 years, since he is not directly involved in the management of the Company.

** The Board has determined that Mr. I. Paulraj is an Independent Non- Executive Director in spite of being a Director of Bukit Darah PLC that has a significant shareholding in the Company and being on the Board for more than 9 years, 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 functions as the Remuneration Committee for some of its subsidiaries listed on 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. M. Moonesinghe	-	√	√

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

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

Aggregated remuneration paid to the Non-Executive Directors of the Company is disclosed under Note 14 (d) on page 115 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. V.P. Malalasekera (Chairman)	-	√	√
Mr. D.C.R. Gunawardena	-	√	-
Mr. F. Mohideen	-	√	√

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

DIRECTORS' MEETING ATTENDANCE

15 Board Meetings were convened during the financial year and the attendance of the Directors were as follows:

Director	Meetings attended (out of 15)
Mr. T. de Zoysa (Chairman)	13
Mr. H. Selvanathan (Deputy Chairman)	15
Mr. M. Selvanathan	15
Mr. I. Paulraj	13
Mr. D.C.R. Gunawardena	15
Mr. S.K. Shah	10
Mr. P.C.P. Tissera	13
Mr. V.P. Malalasekera	15
Mr. M. Moonesinghe	14
Mr. F. Mohideen	14
Mr. R. Theagarajah (Appointed w.e.f 12th September 2012)	07

NOMINATION COMMITTEE

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

Nomination Committee Members	Executive	Non-Executive	Independent
Mr. T. de Zoysa (Chairman)	-	√	√
Mr. D.C.R. Gunawardena	-	√	-
Mr. M. Moonesinghe	-	√	√

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.

Dividend

Subject to the approval of the shareholders at the Annual General Meeting, the Board of Directors recommended a First & Final dividend of Rs. 2/- per share for the year ended 31st March, 2013 (2012 - Rs. 2/- per share). However, the proposed First & Final dividend has not been recognized as a liability as at 31st March 2013.

The details of the dividends paid during the year are set out in Note 17 to the financial statements.

Solvency Test

Taking into account the said distribution, the Directors are satisfied that the Company would meet the solvency test requirement under Section 56 (2) of the Companies Act, No. 7 of 2007 immediately after the distribution.

Stated Capital

The Stated Capital of the Company as at 31st March 2013 was Rs. 1,114,651,929/- consisting of 196,386,914 Ordinary shares.

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

SHARE INFORMATION

Information relating to earnings, dividends, net assets and market price per share is given on page 65 of the Annual Report. Information on share trading is given on page 64 of the Annual Report.

MAJOR SHAREHOLDERS

Twenty Major Shareholders - Ordinary Shares (Voting)

No. of Shares as at 31st March	2013	%	2012	%
Bukit Darah PLC A/C No 2	89,706,431	45.68	89,706,431	45.68
Tower Investments (Pvt) Ltd	20,927,425	10.66	20,927,425	10.66
Fulcrum (Private) Limited	19,231,059	9.79	19,220,447	9.79
Lake View Investments (Private) Limited	17,267,137	8.79	17,267,137	8.79
Portelet Limited	14,747,670	7.51	14,747,670	7.51
Newgreens Limited	14,747,670	7.51	14,747,670	7.51
Employees Provident Fund	3,501,980	1.78	1,413,193	0.72
Ceylon Finance And Securities (Private) Ltd	1,606,239	0.82	1,606,239	0.82
GF Capital Global Limited	1,432,355	0.73	1,432,355	0.73
Thurston Investments Limited	1,389,501	0.71	2,702,188	1.38
Mrs. M.N.C. Pellizzari	939,801	0.48	939,801	0.48
Pershing LIC S/A Averbach Grauson & Co.	656,740	0.33	656,740	0.33
Mr. M. Selvanathan & Mr. H. Selvanathan	449,820	0.23	449,820	0.23
Mr. K.C. Vignarajah	422,388	0.22	420,773	0.21
Acme Trusts Limited	350,616	0.18	481,950	0.25
Mr. A.W.D. Senanayake (Deceased)	311,338	0.16	311,338	0.16
Sisira Investors Limited.	298,809	0.15	298,809	0.15
Mrs. M.L. De Silva	298,809	0.15	298,809	0.15
Miss R.E.W. Jayasuriya	275,139	0.14	104,408	0.05
Mrs. K.J.M. De Silva	250,650	0.13	250,650	0.13
	188,811,577	96.15	187,983,853	95.72

Preference Shares

Class "B" Redeemable Cumulative Preference Share (Non Voting)

No. of Shares as at 31st March	2013	%	2012	%
DFCC	5,500,000	100	11,000,000	100

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

by providing opportunity to take timely preventive action in case of potential deterioration of status quo.

The detailed description of the Risk management strategies of the Company is given on pages 60 to 62.

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 171 of the Annual Report

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, tables a report on the compliance at the quarterly meetings of the Audit Committee 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

EVENTS OCCURRING 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.

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. 47 mn.). Company - Rs. 5 mn. (2012- Rs.3.5 mn.)

ANNUAL REPORT

The Board of Directors on 18th June 2013, approved the Company's Financial Statements and the consolidated financial statements together with the reviews which form 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 100th Annual General Meeting of the Company will be held on Wednesday, 31st day of July 2013 at 9.30 a.m. at The Kingsbury Hotel, 'The Balmoral' Ballroom, 48, Janadhipathi Mawatha, Colombo 1, Sri Lanka.

The Notice of the Annual General Meeting is on page 192 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 (Pvt) Ltd
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 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.

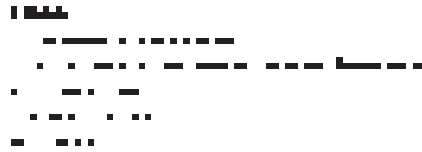
By order of the Board

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

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

18th June 2013

Independent Auditors' Report



TO THE SHAREHOLDERS OF CARSON CUMBERBATCH PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Carson Cumberbatch 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 81 to 186 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.



CHARTERED ACCOUNTANTS

Colombo.
18th June 2013



Statement of Income

(Amounts expressed in Sri Lankan Rs. '000)

For the year ended 31st March	Note	Group			Company		
		2013	2012	Change %	2013	2012	Change %
Revenue	6	76,162,126	66,079,268	15	677,142	601,403	13
Direct operating expenses	7	(53,309,128)	(41,399,539)	29	-	-	-
		22,852,998	24,679,729	(7)	677,142	601,403	13
Other items of income							
Gain on disposal of non current investments /shares re-purchase	8	-	1,403,788	(100)	-	1,403,788	(100)
Change in fair value of investment properties	21	62,409	18,876	231	-	-	-
Change in fair value of biological assets		4,881,099	3,514,596	39	-	-	-
Gain / (loss) on fair value through profit or loss financial assets		92,292	(125,073)	(174)	842	(7,315)	(112)
Other income	9	128,115	682,893	(81)	(9,189)	4,263	(316)
Other items of expenses							
Distribution expenses		(5,255,682)	(4,159,184)	26	-	-	-
Administrative expenses		(6,628,686)	(6,144,074)	8	(99,798)	(63,529)	57
Other operating expenses	11	(224,232)	(190,295)	18	-	-	-
Impairment of business assets	10	(55,940)	(559,563)	(90)	(15,407)	(3,448)	347
		15,852,373	19,121,693	(17)	553,590	1,935,162	(71)
Net Finance cost	12	(2,271,397)	(2,335,777)	(3)	(217,323)	(154,010)	41
Share of net result of Associates/ Joint venture	13	(16,073)	151,209	(111)	-	-	-
Profit before income tax expenses	14	13,564,903	16,937,125	(20)	336,267	1,781,152	(81)
Income tax expenses							
Current taxation	15	(2,479,603)	(3,391,103)	(27)	-	(8,034)	(100)
Deferred taxation	15	(1,484,098)	(916,692)	62	-	-	-
		(3,963,701)	(4,307,795)	(8)	-	(8,034)	-
Profit for the year		9,601,202	12,629,330	(24)	336,267	1,773,118	(81)
Profit attributable to:							
Owners of the Company		4,567,316	7,002,228	(35)	336,267	1,773,118	(81)
Non controlling interest		5,033,886	5,627,102	(11)	-	-	-
		9,601,202	12,629,330	(24)	336,267	1,773,118	(81)
Earnings per ordinary share (Rs.)	16	23.26	28.51	(18)	1.71	1.88	(9)
Dividend per ordinary share* (Rs.)	17	2.00	2.00	-	2.00	2.00	-

The Notes from pages 87 to 186 form an integral part of these financial statements.

Figures in brackets indicate deductions.

*Based on proposed dividend.

Statement of Comprehensive Income

(Amounts expressed in Sri Lankan Rs.'000)

For the year ended 31st March	Group		Company	
	2013	2012	2013	2012
Profit for the year	9,601,202	12,629,330	336,267	1,773,118
Other Comprehensive Income				
Unrealised gain/(loss) on available-for-sale financial assets	904,364	(1,100,399)	6,222	5,380
Realised 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	(3,118,391)	2,570,554	-	-
Other comprehensive income/(expense) for the year, net of tax	(2,459,545)	(119,909)	6,222	5,380
Total Comprehensive Income for the year	7,141,657	12,509,420	342,489	1,778,498
Attributable to:				
Owners of the Company	3,353,311	6,577,597	342,489	1,778,498
Non controlling interest	3,788,346	5,931,823	-	-
	7,141,657	12,509,420	342,489	1,778,498

The Notes from pages 87 to 186 form an integral part of these financial statements.

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			Company		
		2013	2012	As at 01st April 2011	2013	2012	As at 01st April 2011
ASSETS							
Non - Current Assets							
Property, plant & equipments	18	51,042,277	41,912,976	25,120,765	-	-	-
Biological assets	19	42,787,232	33,698,717	22,916,054	-	-	-
Prepaid lease payment for land	20	4,125,442	3,422,399	1,632,870	-	-	-
Investment properties	21	1,969,954	1,906,862	1,391,120	-	-	-
Intangible assets	22	3,935,382	3,840,710	1,774,561	-	-	-
Investments in subsidiaries	23	-	-	-	10,169,488	10,025,819	8,336,630
Investments in associates							
/ Joint ventures	24	581,332	574,217	427,810	8,761	8,761	10,406
Available-for-sale financial assets	25	8,064,325	8,519,519	14,220,974	57,765	54,042	48,662
Deferred tax assets	15	1,264,001	788,745	397,946	-	-	-
Trade and other receivables	27	995,479	868,051	410,402	528,659	552,957	498,864
Total non - current assets		114,765,424	95,532,196	68,292,502	10,764,673	10,641,579	8,894,562
Current Assets							
Inventories	26	7,259,572	6,608,655	3,400,850	-	-	-
Trade and other receivables	27	7,810,814	6,723,662	3,529,335	102,334	113,014	50,920
Current tax recoverable		77,807	93,061	103,049	13,399	9,352	16,594
Fair value through profit or loss financial assets	28	965,538	805,374	1,194,252	17,942	22,953	30,263
Cash and cash equivalents	29	7,864,409	8,768,758	10,987,211	7,926	794,015	90,900
Total current assets		23,978,140	22,999,510	19,214,697	141,601	939,334	188,677
Total assets		138,743,564	118,531,706	87,507,199	10,906,274	11,580,913	9,083,239
EQUITY AND LIABILITIES							
EQUITY							
Stated capital	30	1,114,652	1,114,652	1,114,652	1,114,652	1,114,652	1,114,652
Capital reserves	31	5,285,903	4,831,454	4,015,281	287,552	287,552	287,552
Revenue reserves	32	28,250,667	25,796,077	21,353,268	7,723,298	7,773,583	6,387,859
Equity attributable to owners of the company		34,651,222	31,742,183	26,483,201	9,125,502	9,175,787	7,790,063
Non -controlling interest		34,043,090	30,851,607	27,870,495	-	-	-
Total equity		68,694,312	62,593,790	54,353,696	9,125,502	9,175,787	7,790,063
LIABILITIES							
Non - Current Liabilities							
Long - term borrowings	33	27,444,958	25,801,729	18,924,550	-	55,000	239,600
Trade and other payables	34	28,077	25,492	25,912	709	1,288	2,038
Employee benefits	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	709	56,288	241,638
Current Liabilities							
Trade and other payables	34	8,890,671	9,688,096	4,504,471	147,853	164,916	156,445
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	67,712	332,550	183,000
Short - term borrowings	29	15,850,748	7,534,409	552,000	1,000,000	825,000	-
Bank overdrafts	29	4,511,447	1,474,686	1,737,144	564,498	1,026,372	712,093
Total current liabilities		33,680,089	23,092,100	9,997,129	1,780,063	2,348,838	1,051,538
Total liabilities		70,049,252	55,937,916	33,153,503	1,780,772	2,405,126	1,293,176
Total equity and liabilities		138,743,564	118,531,706	87,507,199	10,906,274	11,580,913	9,083,239
Net assets per ordinary share (Rs.)		176.44	161.63	134.85	46.47	46.72	39.67

The Notes from pages 87 to 186 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.)

M. Selvanathan

Director
Colombo.

(Sgd.)

H. Selvanathan

Director

Statement of Changes in Equity

(Amounts expressed in Sri Lankan Rs.'000)

	Stated Capital	Capital Reserves		
		Capital Accretion Reserve	Revaluation Reserve	Other Capital Reserve
Group				
Balance as at 01st April 2011	1,114,652	287,552	2,544,487	1,183,242
Profits for the year	-	-	-	-
Other Comprehensive Income/(expense) for the year	-	-	499,016	-
Total Comprehensive Income/(expense) for the year	-	-	499,016	-
Transactions with Owners of the company, recognized directly in equity				
Share issue by Subsidiaries	-	-	-	-
Acquisition of Subsidiaries	-	-	-	-
Adjustments on returnable containers	-	-	-	(5,784)
Goodwill on Changes in Shareholdings	-	-	-	-
Transfer to Capital Reserve	-	-	-	322,942
Ordinary Dividend Paid	-	-	-	-
Movement due to changes in equity	-	-	-	-
Total transactions with owners of the Company	-	-	-	317,158
Balance as at 31st March' 2012	1,114,652	287,552	3,043,503	1,500,400
Profits for the year	-	-	-	-
Other Comprehensive Income/(expense) for the year	-	-	426,697	-
Total Comprehensive Income/(expense) for the year	-	-	426,697	-
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	-	-	-	25,519
Transfer to Capital Reserve	-	-	-	2,232
Ordinary Dividend Paid	-	-	-	-
Movement due to changes in equity	-	-	-	-
Total transactions with owners of the Company	-	-	-	27,751
Balance as at 31st March' 2013	1,114,652	287,552	3,470,200	1,528,151
Company				
Balance as at 01st April 2011	1,114,652	287,552	-	-
Profit for the year	-	-	-	-
Other comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
Transaction with owners of the company				
Dividend paid	-	-	-	-
Balance as at 31st March 2012	1,114,652	287,552	-	-
Profit for the year	-	-	-	-
Other comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
Transaction with owners of the company				
Dividend paid	-	-	-	-
Balance as at 31st March 2013	1,114,652	287,552	-	-

The Notes from pages 87 to 186 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Revenue Reserves					
Currency Translation Reserves	Available for Sale Financial Assets Reserve	Retained Earnings	Attributable to Owners of the company	Non - Controlling Interest	Total Equity
1,226,853	5,051,392	15,075,023	26,483,201	27,870,495	54,353,696
-	-	7,002,228	7,002,228	5,627,102	12,629,330
1,186,905	(2,166,041)	55,488	(424,631)	304,723	(119,909)
1,186,905	(2,166,041)	7,057,716	6,577,597	5,931,825	12,509,421
-	-	-	-	13,791	13,791
-	-	-	-	(1,454,523)	(1,454,523)
-	-	(22,397)	(28,181)	(33,728)	(61,909)
-	-	(897,660)	(897,660)	47,400	(850,260)
-	-	(322,942)	-	-	-
-	-	(392,774)	(392,774)	(531,791)	(924,565)
-	-	-	-	(991,860)	(991,860)
-	-	(1,635,773)	(1,318,614)	(2,950,711)	(4,269,326)
2,413,758	2,885,351	20,496,966	31,742,183	30,851,607	62,593,790
-	-	4,567,316	4,567,316	5,033,886	9,601,202
(1,511,331)	(44,861)	(84,510)	(1,214,005)	(1,245,540)	(2,459,545)
(1,511,331)	(44,861)	4,482,806	3,353,311	3,788,346	7,141,657
-	-	-	-	7,913	7,913
-	-	-	-	13,258	13,258
-	-	(11,431)	(11,431)	(13,683)	(25,114)
-	-	(65,586)	(40,056)	58,908	18,852
-	-	(2,232)	-	-	-
-	-	(392,774)	(392,774)	(627,497)	(1,020,277)
-	-	-	-	(35,766)	(35,766)
-	-	(472,023)	(444,272)	(596,863)	(1,041,135)
902,428	2,840,490	24,507,749	34,651,222	34,043,090	68,694,312
-	-	6,387,859	7,790,063	-	7,790,063
-	-	1,773,118	1,773,118	-	1,773,118
-	-	5,380	5,380	-	5,380
-	-	8,166,357	9,568,561	-	9,568,561
-	-	(392,774)	(392,774)	-	(392,774)
-	-	7,773,583	9,175,787	-	9,175,787
-	-	336,267	336,267	-	336,267
-	-	6,222	6,222	-	6,222
-	-	8,116,072	9,518,276	-	9,518,276
-	-	(392,774)	(392,774)	-	(392,774)
-	-	7,723,298	9,125,502	-	9,125,502

Statements of Cash Flow

Amounts expressed in Sri Lankan Rs. '000)

For the year ended 31st March	Group			Company
	2013	2012	2013	2012
Cash Flows from Operating Activities				
Profit before income for expenses	13,564,903	16,937,125	336,267	1,781,152
Adjustments for:				
Foreign exchange loss	826,513	750,680	11,601	42,189
Change in fair value of Biological Assets	(4,881,099)	(3,514,596)	-	-
Gain from changes in fair value of investment properties	(62,409)	(18,876)	-	-
Gain on disposal of shares (re - purchase)	-	(1,403,788)	-	(1,403,788)
Bargain purchase on acquisition of subsidiaries	-	(120,501)	-	-
Mark to market value adjustments - Unrealized	(92,292)	125,073	(842)	7,315
Impairment of Business Assets	55,940	559,563	15,407	3,448
Share of net result of associates	16,073	(151,209)	-	-
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 expenses	1,730,737	1,363,623	214,911	111,821
Profit on disposal of property, plant & equipment	(14,058)	(31,474)	-	-
Dividend received from Associate Companies	80,895	67,411	-	-
	818,324	187,611	241,077	(1,239,015)
Operating profit before working capital changes	14,383,227	17,124,736	577,344	542,137
Increase in inventories	(624,455)	(1,333,589)	-	-
(Increase)/decrease in trade and other receivables	(1,018,113)	975,165	1,681	(2,507)
Increase in amounts due from related companies	-	-	(26,394)	(66,493)
Increase/(decrease) in trade and other payables	(969,262)	(1,701,103)	18,984	8,225
	11,771,397	15,065,209	571,615	481,362
Net cash movement in investment	181,285	1,837,803	5,853	-
Cash generated from operations	11,952,682	16,903,012	577,468	481,362
Interest paid	(2,722,812)	(1,438,896)	(214,911)	(111,821)
Income tax paid	(4,005,170)	(2,819,824)	(4,047)	(788)
Gratuity paid	(15,135)	(15,287)	-	-
Net cash generated from operating activities	5,209,565	12,629,005	358,510	368,753
Cash Flows from Investing Activities				
Purchase and construction of property, plant & equipment	(12,712,303)	(8,828,099)	-	-
Addition to biological assets	(6,044,447)	(2,804,556)	-	-
Purchase of Intangible assets/prepaid lease payment	(972,245)	(606,282)	-	-
Acquisition of Non -controlling interest	(86,712)	(630,998)	-	(1,689,194)
Investment in Subsidiary Companies	(312,128)	(4,414,720)	(121,643)	-
Proceeds from disposal of long - term investments in subsidiary on re - purchase	-	-	-	1,405,428
Trade debtors movements	-	-	(24,298)	(54,093)
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	(19,798,891)	(17,586,408)	(145,941)	(337,859)
Cash Flows from Financing Activities				
Proceeds from long - term loans	10,055,201	6,499,267	-	165,210
Repayment of borrowings	(6,570,768)	(9,260,108)	(266,906)	(187,451)
Repayment of finance lease creditors	(84,616)	(91,648)	-	-
Redemption of preference shares	(55,000)	(55,000)	(55,000)	(55,000)
Net decrease in non controlling interest	(623,063)	(683,695)	-	-
Dividend paid (including preference dividend)	(389,878)	(389,817)	(389,878)	(389,817)
Net cash generated used in financing activities	2,331,877	(3,981,001)	(711,784)	(467,058)
Net decrease in cash & cash equivalents	(12,257,449)	(8,938,404)	(499,215)	(436,164)
Cash & cash equivalents at the beginning of the year	(240,337)	8,698,067	(1,057,357)	(621,193)
Cash & cash equivalents at the end of the year (Note 29b)	(12,497,786)	(240,337)	(1,556,572)	(1,057,357)

The Notes from pages 87 to 186 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Notes to the Financial Statements

1. REPORTING ENTITY

Carson Cumberbatch 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 31 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 12 listed subsidiaries, listed on the Colombo Stock Exchange, out of the 49 subsidiaries, 1 associate companies and 1 jointly controlled entity set out in Note 23 on pages 135 and 136 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 April, 2012.

These are the Group's first consolidated financial statements prepared in accordance with LKAS/SLFRS and SLFRS1. 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 46.

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 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 actuarial 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.

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

Notes to the Financial Statements

(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 (Note 24) or as an available-for-sale financial asset (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 at the exchange rate as at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency 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 (FVTPL) 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 FVTPL 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.

Notes to the Financial Statements

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	20-40
Buildings - Freehold	20-40
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 balance sheet 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:

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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 25.

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.

Notes to the Financial Statements

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) Social Responsibility Levy (SRL)

As per the provisions of Finance Act No. 5 of 2005, and amendments thereto, the SRL was introduced with effect from January 1, 2005. SRL is payable at the rate of 1.5% on all taxes and levies chargeable as specified in the First Schedule of the Act.

Notes to the Financial Statements

(vi) 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 Position.

(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 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”Consolidated 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

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

6 REVENUE

(i) Revenue Analysis

	Group		Company	
	31st March 2013	31st March 2012	31st March 2013	31st March 2012
Gross Revenue	78,957,083	68,283,684	677,142	601,403
Taxes to the Government of Sri Lanka	(2,794,957)	(2,204,416)	-	-
Net Revenue	76,162,126	66,079,268	677,142	601,403
Goods and Services analysis				
Sale of Goods	76,443,147	66,387,110	-	-
Services				
Investment income	4,564,911	4,481,253	677,142	601,403
Property rental income	126,040	132,698	-	-
Commission, management services & royalty fees	3,784,790	2,425,798	-	-
Hospitality services	498,987	425,975	-	-
	8,974,728	7,465,724	677,142	601,403
Net revenue before intra - group transactions	85,417,875	73,852,834	677,142	601,403
Less: Intra - group transactions	(9,255,749)	(7,773,566)	-	-
Net Revenue	76,162,126	66,079,268	677,142	601,403

A detailed analysis of Group Revenue highlighting the contribution from different segments is given under 'Segmental Information' in

Note 6 (iii) & (iv) (page 108 to 111) 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 Asset 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 Strategic Investment
Portfolio 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 kernel and 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, 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 and 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.
Indonesia	- Management Service, production and sale of palm oil palm kernel to the local and international market
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 Asset 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 and shown under the segment - Investment Holdings. The comparative segmental information too have been re-classified accordingly.

Notes to the Financial Statements

(ii) Segmental Information - The Primary Segments (Business Segments)

(Amounts expressed in Sri Lankan Rs. '000)

(a) Segment results are as follows:

For the year ended 31st March	Investment Holding		Portfolio & Asset Management		Oil Palm Plantations	
	2013	2012	2013	2012	2013	2012
Total revenue	677,142	601,403	1,924,703	2,315,958	32,012,855	31,450,534
Intra segment revenue	-	-	(263,507)	(234,854)	(6,215,530)	(5,574,376)
Segment revenue	677,142	601,403	1,661,196	2,081,104	25,797,325	25,876,158
Inter segment revenue	(622,449)	(582,271)	-	-	-	-
Revenue	14,693	19,132	1,661,196	2,081,104	25,797,325	25,876,158
Segment results	(95,952)	1,355,518	1,579,234	1,298,141	13,236,411	14,208,618
Net finance cost	(216,797)	(153,191)	(19,668)	(5,066)	(1,167,912)	(1,293,666)
Share of net result of associate/ joint ventures	(3,883)	53,537	(12,190)	97,672	-	-
Profit/ (loss) before taxation	(316,632)	1,255,864	1,547,376	1,390,747	12,068,499	12,914,952
Income tax expenses						
Current taxation	2,804	(9,562)	(34,775)	(25,624)	(2,040,100)	(2,455,431)
Deferred taxation	-	(7)	11,196	1,103	(1,368,984)	(987,288)
Profit/ (loss) for the year	(313,828)	1,246,295	1,523,797	1,366,226	8,659,415	9,472,233
Attributable to:						
Owners of the Company	(313,828)	1,246,295	861,069	875,725	4,165,995	4,591,644
Non controlling interest	-	-	662,728	490,501	4,493,420	4,880,589
	(313,828)	1,246,295	1,523,797	1,366,226	8,659,415	9,472,233

(b) Segments Assets/liabilities are as follows:

Non - Current Assets						
Property, plant & equipment/ Investment properties	-	-	3,202	4,667	35,587,951	30,325,914
Biological Assets	-	-	-	-	42,787,232	33,698,717
Intangible assets	182,740	182,740	4,571	7,278	1,679,736	1,529,819
Available-for-sale financial assets	255,195	250,862	8,390,462	8,842,874	-	-
Deferred tax assets	-	-	10,404	-	1,253,597	788,745
Trade and other receivables	-	-	-	-	897,038	779,787
Total non - current asset	437,935	433,602	8,408,639	8,854,819	82,205,554	67,122,982
Current Assets						
Inventories	-	-	-	-	1,981,573	1,826,293
Trade and other receivables	1,696	3,377	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	7,926	794,015	2,750,445	1,290,285	1,022,476	3,396,680
Total current assets	27,564	820,345	3,866,709	2,160,958	5,584,317	7,775,263
Total segmental assets	465,499	1,253,947	12,275,348	11,015,777	87,789,871	74,898,245
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	106,754	84,874	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	1,738,964	2,268,796	77,979	63,690	14,505,369	8,688,678
Total segmental liabilities	1,738,964	2,323,796	83,404	68,046	41,791,478	34,889,376

(c) OTHER INFORMATION

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	-	-	5,595	5,491	1,867,795	1,508,184
Salaries and wages	11,932	10,319	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		Group	
2013	2012	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	85,417,875	73,852,842
(1,168,561)	(682,944)	(292,063)	(386,279)	-	-	-	-	-	-	(7,939,661)	(6,878,453)
25,436,231	19,484,699	23,002,214	18,133,546	126,040	132,696	498,988	431,571	279,078	233,212	77,478,214	66,974,389
(376,938)	(68,378)	-	-	(12,770)	(14,895)	-	-	(263,931)	(229,577)	(1,316,088)	(895,121)
25,059,293	19,416,321	23,002,214	18,133,546	113,270	117,801	498,988	431,571	15,147	3,635	76,162,126	66,079,268
(752,462)	(303,289)	1,603,988	2,399,491	118,047	58,778	150,932	129,823	12,175	(25,387)	15,852,373	19,121,693
(867,612)	(667,693)	(13,884)	(218,798)	(1,178)	(7,515)	15,664	10,226	(10)	(74)	(2,271,397)	(2,335,777)
-	-	-	-	-	-	-	-	-	-	(16,073)	151,209
(1,620,074)	(970,982)	1,590,104	2,180,693	116,869	51,263	166,596	140,049	12,165	(25,461)	13,564,903	16,937,125
(13,519)	(63,503)	(358,556)	(823,971)	(15,153)	(2,425)	(9,599)	(9,404)	(10,705)	(1,183)	(2,479,603)	(3,391,103)
95,502	175,081	(214,102)	(97,211)	(877)	(1,770)	(6,833)	(6,600)	-	-	(1,484,098)	(916,692)
(1,538,091)	(859,404)	1,017,446	1,259,511	100,839	47,068	150,164	124,045	1,460	(26,644)	9,601,202	12,629,330
(839,977)	(429,154)	454,788	584,407	97,481	44,663	140,328	115,291	1,460	(26,644)	4,567,316	7,002,228
(698,114)	(430,250)	562,658	675,104	3,358	2,405	9,836	8,754	-	-	5,033,886	5,627,102
(1,538,091)	(859,404)	1,017,446	1,259,511	100,839	47,068	150,164	124,045	1,460	(26,644)	9,601,202	12,629,330
9,358,345	8,227,057	8,322,403	5,122,328	2,680,073	2,470,549	1,147,687	1,079,660	38,012	12,062	57,137,673	47,242,237
-	-	-	-	-	-	-	-	-	-	42,787,232	33,698,717
1,745,454	1,801,679	294,797	291,368	27,584	27,584	-	-	500	242	3,935,382	3,840,710
-	-	-	-	-	-	-	-	-	-	8,645,657	9,093,736
-	-	-	-	-	-	-	-	-	-	1,264,001	788,745
-	-	-	-	-	-	98,441	88,264	-	-	995,479	868,051
11,103,799	10,028,736	8,617,200	5,413,696	2,707,657	2,498,133	1,246,128	1,167,924	38,512	12,304	114,765,424	95,532,196
2,850,499	3,416,324	2,406,715	1,341,576	5,714	10,914	14,981	13,479	90	69	7,259,572	6,608,655
1,922,180	2,923,330	3,136,534	1,146,563	9,062	20,213	59,507	63,116	10,706	19,582	7,888,621	6,816,723
-	-	-	-	-	-	-	-	-	-	965,538	805,374
177,982	309,848	3,781,820	2,852,816	8,500	16,448	76,820	74,815	38,440	33,851	7,864,409	8,768,758
4,950,661	6,649,502	9,325,069	5,340,955	23,276	47,575	151,308	151,410	49,236	53,502	23,978,140	22,999,510
16,054,460	16,678,238	17,942,269	10,754,651	2,730,933	2,545,708	1,397,436	1,319,334	87,748	65,806	138,743,564	118,531,706
4,655,975	3,897,576	2,738,906	1,148,802	-	-	16,447	25,011	-	-	27,444,958	25,801,729
-	-	-	-	28,077	25,492	-	-	-	-	28,077	25,492
583,710	675,907	789,579	575,476	111,245	112,538	24,318	17,681	-	-	8,125,196	6,472,970
5,995	6,103	79,697	66,261	5,560	4,739	11,922	9,505	26,198	20,671	770,932	545,625
5,245,680	4,579,586	3,608,182	1,790,539	144,882	142,769	52,687	52,197	26,198	20,671	36,369,163	32,845,816
1,385,133	2,899,058	2,883,722	2,731,160	13,095	16,175	51,944	65,650	37,325	36,495	8,890,671	11,228,917
1,329,921	79,280	944,076	358,470	-	-	8,568	8,568	-	-	4,427,223	2,854,088
6,334,206	5,428,409	4,369,787	447,671	-	-	-	-	-	-	20,362,195	9,009,095
9,049,260	8,406,747	8,197,585	3,537,301	13,095	16,175	60,512	74,218	37,325	36,495	33,680,089	23,092,100
14,294,940	12,986,333	11,805,767	5,327,840	157,977	158,944	113,199	126,415	63,523	57,166	70,049,252	55,937,916
1,887,479	1,283,431	3,677,236	1,357,065	112,253	3,873	97,752	79,433	35,353	4,381	13,260,711	8,377,797
2,863	10,519	484	21,361	-	-	-	-	386	161	972,245	606,282
422,385	371,045	544,098	461,184	6,358	3,719	26,625	16,706	9,354	20,164	2,882,210	2,386,493
764,214	417,868	445,682	393,560	29,783	25,825	91,538	74,446	152,590	151,092	6,407,402	5,101,052
305	5,712	15,280	15,134	820	736	6,263	2,489	5,527	16,466	275,814	175,224

Notes to the Financial Statements

(ii) Segmental Information - The Secondary Segments (Geographical Segments)

(Amounts expressed in Sri Lankan Rs. '000)

(a) Segment results are as follows:

For the year ended 31st March	Sri Lanka		Malaysia	
	2013	2012	2013	2012
Revenue	25,331,270	20,793,449	21,984,540	15,097,481
Segment results	3,343,075	5,522,520	481,118	1,027,515
Net Finance Cost	(233,897)	(372,743)	(620,080)	(371,799)
Share of net result of associate/joint ventures	(16,073)	151,209	-	-
Profit/(loss) before taxation	3,093,105	5,300,986	(138,962)	655,716
Income tax expenses				
Current taxation	(429,385)	(872,389)	(212,503)	(213,230)
Deferred taxation	(210,617)	(104,479)	72,424	126,939
Profit/(loss) for the year	2,453,103	4,324,118	(279,041)	569,425

(b) Segments Assets & liabilities are as follows:

Segment Assets				
Non - Current Assets				
Property, plant & equipment/Investment properties	12,393,627	8,791,676	13,778,403	11,786,134
Biological Assets	-	-	967,608	901,398
Intangible assets	632,351	602,015	1,530,256	1,521,203
Available-for-sale financial assets	8,645,657	9,093,736	-	-
Deferred tax assets	10,405	-	2,329	2,329
Trade and other receivables	98,441	88,264	-	-
Total non - current asset	21,780,481	18,575,691	16,278,596	14,211,064
Current Assets				
Inventories	2,430,370	1,366,610	1,983,258	2,301,879
Trade and other receivables	3,498,108	1,467,446	1,649,664	2,527,142
Short - term investments	965,538	805,374	-	-
Cash and cash equivalents	6,966,860	5,412,721	35,816	858,013
Total current assets	13,860,876	9,052,151	3,668,738	5,687,034
Total segmental assets	35,641,357	27,627,842	19,947,334	19,898,098
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	3,292,645	3,042,546	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	10,274,416	6,041,788	6,738,486	5,147,880
Total segmental liabilities	14,123,230	8,111,443	12,270,684	9,960,844
Other Information				
Total cost incurred during the period to acquire:				
Property Plant & Equipments	4,023,548	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	1,062,589	952,412	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	76,162,126	66,079,268
13,018,273	13,166,565	(462,502)	(26,152)	(527,591)	(568,755)	15,852,373	19,121,693
(832,997)	(1,056,176)	(351,372)	(243,829)	(233,051)	(291,230)	(2,271,397)	(2,335,777)
-	-	-	-	-	-	(16,073)	151,209
12,185,276	12,110,389	(813,874)	(269,981)	(760,642)	(859,985)	13,564,903	16,937,125
(1,719,258)	(2,137,192)	(115,541)	(113,967)	(2,916)	(54,325)	(2,479,603)	(3,391,103)
(1,388,013)	(931,938)	35,913	-	6,195	(7,214)	(1,484,098)	(916,692)
9,078,005	9,041,259	(893,502)	(383,948)	(757,363)	(921,524)	9,601,202	12,629,330
29,103,539	24,609,407	43,804	-	1,818,300	2,055,020	57,137,673	47,242,237
41,819,624	32,797,319	-	-	-	-	42,787,232	33,698,717
1,510,399	1,435,065	-	-	262,376	282,427	3,935,382	3,840,710
-	-	-	-	-	-	8,645,657	9,093,736
1,215,345	786,416	35,922	-	-	-	1,264,001	788,745
897,038	779,787	-	-	-	-	995,479	868,051
74,545,945	60,407,994	79,726	-	2,080,676	2,337,447	114,765,424	95,532,196
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	7,888,621	6,816,723
-	-	-	-	-	-	965,538	805,374
560,221	1,539,425	19,543	690,571	281,969	268,028	7,864,409	8,768,758
4,443,827	5,606,227	530,920	812,785	1,473,779	1,841,313	23,978,140	22,999,510
78,989,772	66,014,221	610,646	812,785	3,554,455	4,178,760	138,743,564	118,531,706
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	8,890,671	11,228,917
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	33,680,089	23,092,100
26,886,085	26,835,270	14,438,721	7,755,000	2,330,532	3,275,359	70,049,252	55,937,916
7,271,794	5,457,181	48,886	-	33,336	45,996	13,260,711	8,377,797
863,956	486,683	-	-	-	-	972,245	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	6,407,402	5,101,052
236,572	129,978	-	-	305	5,712	275,814	175,224

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(7) DIRECT OPERATING EXPENSES

For the year ended 31st March	Group	
	2013	2012
Cost of inventories recognised as expense – physical deliveries	18,016,965	12,451,970
Depreciation and overheads	3,336,417	3,108,588
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	20,921,087	17,329,118
	53,309,128	41,399,539

(8) GAIN ON DISPOSAL OF NON CURRENT INVESTMENTS/SHARE RE-PURCHASE

Prior Year 2012

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 Carson's 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.

(9) OTHER INCOME

For the year ended 31st March	Group		Company	
	31st March 2013	31st March 2012	31st March 2013	31st March 2012
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 & Asset Management	(25)	-	-	-
Management Services Sector	3,996	-	-	-
	14,058	31,474	-	-
Foreign exchange gain/(loss) - from operations	(285,853)	221,474	(9,189)	4,263
Bargain purchase on acquisition of subsidiaries	-	120,501	-	-
Derivative gain	40,352	-	-	-
Sales of sludge Oil	15,360	141,202	-	-
Sundry income	344,198	168,242	-	-
	128,115	682,893	(9,189)	4,263

(Amounts expressed in Sri Lankan Rs. '000)

(10) IMPAIRMENT OF BUSINESS ASSETS

For the year ended 31st March	Group		Company	
	31st March 2013	31st March 2012	31st March 2013	31st March 2012
Investment in Subsidiary Companies (Note a)				
Carsons Management Services (Private) Limited	-	-	1,889	3,016
Carsons Airline Services (Private) Limited	-	-	9,706	432
Equity Seven Limited	-	-	1,312	-
	-	-	12,907	3,448
Impairment of available for sale financial assets (Note b)	55,940	559,563	2,500	-
	55,940	559,563	15,407	3,448

(a) Company made provisions against the investment in the above subsidiary companies to bring the investment value in line with the net assets value of the respective subsidiary companies on prudence. The total amount provided for amounted to Rs. 12.9 mn (2012 - 3.4)

(b) The impairment loss of (Group) Rs. 55.94 mn (2012 – Rs. 559.6 mn) recognised in the profit or loss 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”. Company - Rs. 2.5 mn (2012 - Nil).

(11) OTHER OPERATING EXPENSES

Other operating expenses mainly consists of power and energy costs, maintenance expenditure of the Beverage sector.

(12) NET FINANCE COST

For the year ended 31st March	Group		Company	
	31st March 2013	31st March 2012	31st March 2013	31st March 2012
Interest expenses				
Bank borrowings	3,296,454	1,727,362	206,185	100,523
Dividend on redeemable preference shares	8,726	11,298	8,726	11,298
Finance Lease liabilities	3,649	6,070	-	-
Net foreign exchange loss on financing activities (Note i)	540,660	972,154	2,412	42,189
	3,849,489	2,716,884	217,323	154,010
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	217,323	154,010
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	217,323	154,010

(i) Net foreign exchange loss on financing activities

(a) Company

As at 31st March 2013, the Company recorded a foreign exchange loss of Rs. 2.41 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 subsidiaries, PT Agro Indomas, PT Agro Bukit, & PT Karaya Makmur Sejahtera recorded 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).

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(13) SHARE OF NET RESULTS OF ASSOCIATE/JOINT VENTURE

For the year ended	Revenue		Associate Companies' Profit/(Loss) After Tax		Group's Share of Profit/(Loss) After Tax	
	31st March 2013	31st March 2012	31st March 2013	31st March 2012	31st March 2013	31st March 2012
Associate Company						
* Bukit Darah PLC	1,902	145	(63,129)	1,215,182	(11,086)	152,864
Joint Venture Company						
Guardian Acuity Assets Management Ltd	976	-	(14,391)	(4,778)	(4,987)	(1,655)
	2,878	145	(77,520)	1,210,404	(16,073)	151,209

• Represents Company financial results as Bukit Darah PLC and Carson Cumberbatch PLC have subsidiaries which are common to both companies.

(14) PROFIT BEFORE INCOME TAX

For the year ended	Group		Company	
	31st March 2013	31st March 2012	31st March 2013	31st March 2012
Profit before tax has been arrived at after charging				
Depreciation and amortization (Note a)	2,882,210	2,386,493	-	-
Auditors' remuneration and other professional services (Note b)	126,644	62,533	1,101	741
Professional services (Note c)	316,195	285,945	39,920	3,627
Personnel costs (Note d)	6,683,216	5,276,276	11,932	10,319
Audit Committee fees	900	1,150	900	750
Remuneration Committee Fees	150	100	150	100
Nomination Committee Fees	300	150	150	150
Donations	93,995	47,696	5,000	3,510
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 Carson Cumberbatch PLC	633	550	633	550
Fees payable to KPMG for the audit of subsidiaries of Carson Cumberbatch PLC	3,678	3,405	-	-
Fees payable to other auditors for the audit of subsidiaries of Carson Cumberbatch PLC	91,288	48,686	-	-
Total statutory audit fees	95,599	52,641	633	550
Tax Services				
Advisory/compliance services - (Other Auditors)	2,982	-	-	-
Advisory service - (KPMG Sri Lanka)	-	191	-	191
	2,982	191	-	191
Other Services (Audit related/Non audit services)				
KPMG	1,481	390	468	-
Other Auditors	26,582	9,311	-	-
	28,063	9,701	468	-
	126,644	62,533	1,101	741

(Amounts expressed in Sri Lankan Rs. '000)

(14) PROFIT BEFORE INCOME TAX (CONTD.)

For the year ended 31st March	Group		Company	
	31st March 2013	31st March 2012	31st March 2013	31st March 2012
(c) Professional Services				
Legal services	68,452	77,201	39,920	3,627
Valuation services	21,621	16,709	-	-
Consultation fees	757	420	-	-
Plantation consultant services	136,756	121,645	-	-
Other services	88,609	69,970	-	-
	316,195	285,945	39,920	3,627
(d) Personnel Cost				
Salaries, fees, wages and other related expenses	6,225,587	4,956,644	11,932	10,319
Defined contribution plan expenses - EPF & ETF	181,815	144,409	-	-
Defined benefit plan expenses - Gratuity	275,814	175,224	-	-
	6,683,216	5,276,276	11,932	10,319
The above include:				
Directors fees	662,087	436,912	11,932	10,319
Directors' emoluments	198,828	189,367	-	-
	860,915	626,279	11,932	10,319

(e) The details of employees during the year were:

	Group			
	2013		2012	
	Year end	Average	Year end	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 Carson Cumberbatch PLC during the year (2012 - Nil).

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(15) INCOME TAX EXPENSES

For the year ended	Group		Company	
	31st March 2013	31st March 2012	31st March 2013	31st March 2012
(a) Income Statement				
(i) Current tax				
Charge for the year	2,344,027	3,185,998	-	-
Economic service charge/ write - off	-	8,034	-	8,034
Under/ (over) provision for previous years	(47,327)	45,168	-	-
Dividend tax	182,903	151,903	-	-
	2,479,603	3,391,103	-	8,034
(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 profits	3,963,701	4,307,795	-	8,034
Income tax expenses may be analyzed as follows:				
Current Tax				
Sri Lanka	747,413	1,118,964	-	8,034
Overseas	1,732,190	2,272,139	-	-
	2,479,603	3,391,103	-	8,034
Deferred Tax				
Sri Lanka	210,617	104,479	-	-
Overseas	1,273,481	812,213	-	-
	1,484,098	916,692	-	-
Total				
Sri Lanka	958,030	1,223,443	-	8,034
Overseas	3,005,671	3,084,352	-	-
	3,963,701	4,307,795	-	8,034

(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	31st March 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
(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	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 assets/(liabilities)	(925,142)	(706,487)	(830,776)	(905,756)	(6,369,278)	(4,860,727)	-	(8,125,196)	(6,472,970)	
Deferred liabilities (net)	(914,737)	(706,487)	(828,447)	(903,427)	(5,153,933)	(4,074,311)	35,922	(6,861,195)	(5,684,225)	

(e) **The Net Movement of the Deferred Tax Liability 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.

(15) INCOME TAX EXPENSES (CONTD.)

(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.

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.

Company

The Company has carried forward tax losses of Rs 1,538mn (2012: Rs. 1,449 mn) as at the reporting date. The deferred tax asset of Rs. 430 mn arising from the said tax losses has not been recognized due to uncertainty of future taxable profits against which the deferred tax assets would be utilized, given that the Company's only source of income being dividend income which is tax exempt.

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.

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%)

Amounts expressed in Sri Lankan Rs. '000)

(15) **INCOME TAX EXPENSES (CONTD.)**

For the year ended	Group		Company	
	31st March 2013	31st March 2012	31st March 2013	31st March 2012
(g) Reconciliation of the Accounting				
Profit with the Taxable Profit/(Loss)				
Profit before taxation	13,564,903	16,937,125	336,267	1,781,152
Aggregate tax disallowed expenses	4,248,842	2,953,646	120,125	21,374
Aggregate of deductions claims	(6,734,626)	(4,113,632)	(1,174)	-
Dividend Income	(3,045,482)	(1,085,307)	(558,345)	(496,534)
Exempt profits	(1,283,887)	(3,491,562)	(777)	(1,403,788)
Adjustments of Change in Fair Value	(5,675,506)	(3,816,494)	(842)	7,315
Impairment of Business assets	55,940	559,563	15,407	3,448
Operating losses incurred during the year	4,868,642	2,071,941	-	-
Tax adjusted profits/(loss)	5,998,826	10,015,280	(89,339)	(87,033)
Adjustments				
Adjustments due to the consolidation/joint ventures	3,022,200	2,225,436	-	-
Share of net results of associate companies	16,073	(151,209)	-	-
Tax losses utilized during the year	(87,712)	(253,696)	-	-
Taxable income of the Group/Company	8,949,387	11,835,811	-	-
Taxation on Profits				
Taxation at 10%	-	5,631	-	-
Taxation at 12% (Note 15 j (iii) & (iv))	86,345	10,982	-	-
Taxation at 28% (Note 15 i (i))	226,609	92,597	-	-
Taxation at 40% (Note 15 j (v))	218,106	732,709	-	-
10% WHT on Intercompany Dividend	182,903	151,903	-	-
Off - Shore profits at varying rates (Note 15 i (ii))	1,732,190	2,272,139	-	-
Effect of different tax rates in other countries (Note 15 j (iii))	80,777	71,940	-	-
Economic Service Charge - write off / credit (Note 15 k)	-	8,034	-	8,034
Under / (over) provision for previous years	(47,327)	45,168	-	-
	2,479,603	3,391,103	-	8,034

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.

	Group		Company	
	2013	2012	2013	2012
(h) Analysis of Tax Losses				
Tax losses brought forward	5,062,982	1,108,665	1,449,714	1,366,647
Adjustment on losses brought forward	1,146,287	2,121,509	(93)	(3,966)
Tax losses incurred during the year	3,619,667	2,086,504	89,339	87,033
Utilization of tax losses during the year	(87,712)	(253,696)	-	-
Tax losses carried forward	9,741,224	5,062,982	1,538,960	1,449,714

Utilization of tax losses in the current year has resulted in a tax saving of Rs.16mn (2012 - Rs. 57mn) for the Group.

In Sri Lanka the utilization of brought forward 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 statutes in those countries.

Notes to the Financial Statements

(15) INCOME TAX EXPENSES (CONTD.)

(i) 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 (j) 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%

(j) 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 chargeable to income tax at the rate of 40%. Accordingly Lion Brewery Ceylon PLC operational profits are chargeable 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.

(k) 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 statement of income.

(l) Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends proposed by the Company as dividends are declared using dividend income received by the company. Dividend proposed has not been recognized as a liability as at the date as disclosed in note 46 to the Financial Statements.

(Amounts expressed in Sri Lankan Rs. '000)

(16) EARNINGS PER ORDINARY SHARE

The Group's earnings per ordinary share of Rs. 23.26 (2012 - Rs. 28.51) and Company's earnings per ordinary share of Rs.1.71 (2012 - Rs. 1.88), are calculated by dividing the profit attributable to the ordinary shareholders of Carson Cumberbatch 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:

For the year ended	Group		Company	
	31st March 2013	31st March 2012	31st March 2013	31st March 2012
Amount used as the Numerator				
Profit for the year	9,601,202	12,629,330	336,267	1,773,118
Gain on disposal of non current investments /shares re-purchase	-	(1,403,788)	-	(1,403,788)
Non controlling interest	(5,033,886)	(5,627,102)	-	-
Net Profit attributable to Ordinary Shareholders	4,567,316	5,598,440	336,267	369,330
Number of Ordinary Shares used as the Denominator				
Ordinary shares in issue (No's)	196,386,914	196,386,914	196,386,914	196,386,914
Earnings per Ordinary Share Rs.	23.26	28.51	1.71	1.88

(17) DIVIDEND PER SHARE

	Total dividend		Dividend per ordinary share	
	2013	2012	2013	2012
On ordinary shares				
Dividend paid	392,774	392,774	2.00	2.00
	392,774	392,774	2.00	2.00
(a) Proposed Ordinary Dividend				
Proposed			2.00	2.00
			2.00	2.00

Board of Directors has recommended the payment of a first & final dividend of Rs 2/- per share for the year ended 31st March 2013 (2012 - Rs 2.00 per share) which is to be approved at the Annual General Meeting to be held on 31st July 2013. In accordance with LKAS 10 "Events After the Balance Sheet Date", this proposed final dividend has not been recognized as a liability as at 31st March 2013.

(b) Compliance with Sections 56 and 57 of the Companies Act, No. 7 of 2007

As required by Section 56 of the Companies Act, No. 7 of 2007, the Board of Directors of the Company has determined that the Company satisfies the solvency test in accordance with the Section 57, prior to recommending the first and final dividend. A statement of solvency completed and duly signed by the Directors on 18th June 2013 has been audited by Messrs KPMG.

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(18) PROPERTY, PLANT & EQUIPMENT - GROUP

	Freehold Land & Buildings	Leasehold Land & Buildings	Plant & Machinery	Motor Vehicles	Office Equipment, Furniture & Fittings	Computers	Returnable Containers	Capital Work - In Progress	Total as at 31st March 2013
(a) Year ended 31st March 2013									
Cost/Valuation									
As at 1st April 2012	10,137,162	14,154,292	16,536,749	2,123,377	1,168,069	667,151	1,656,992	4,136,006	50,579,798
Reclassification	-	-	(50)	-	-	-	(97,296)	-	(97,346)
As at 1st April 2012	10,137,162	14,154,292	16,536,699	2,123,377	1,168,069	667,151	1,559,696	4,136,006	50,482,452
On Consolidation	-	38,177	4,868	-	555	13	-	-	43,613
Revaluation	828,165	-	-	-	-	-	-	-	828,165
Additions	137,882	3,478,021	638,391	371,624	259,043	158,401	604,691	7,612,658	13,260,711
Transfers / Adjustments	180,892	2,661,742	2,553,663	(35,815)	72,439	7,436	-	(5,518,082)	(77,725)
Disposals/written - off	(2,288)	(10,854)	(421,892)	(496,474)	(70,262)	(24,907)	(42,457)	-	(1,069,134)
Exchange translation difference	(227,651)	(1,109,186)	(739,048)	(108,439)	(57,339)	(24,739)	-	(96,447)	(2,362,849)
As at 31st March 2013	11,054,162	19,212,192	18,572,681	1,854,273	1,372,505	783,355	2,121,930	6,134,135	61,105,233
Depreciation/Amortization									
As at 1st April 2012	113,460	1,377,936	4,063,553	1,276,229	535,902	444,518	855,224	-	8,666,822
Reclassification	-	-	-	-	-	-	(72,184)	-	(72,184)
As at 1st April 2012	113,460	1,377,936	4,063,553	1,276,229	535,902	444,518	783,040	-	8,594,638
On Consolidation	-	14	89	-	25	-	-	-	128
Charge for the year	77,718	545,949	1,067,385	312,360	181,127	134,037	293,782	-	2,612,358
Revaluation	4,859	-	50,207	-	-	-	-	-	55,066
Transfers / Adjustments	-	-	(17,471)	17,449	51	-	-	-	29
On disposals/written - off	-	(2,714)	(257,774)	(444,968)	(19,159)	(22,426)	(473)	-	(747,514)
Exchange translation difference	(7,681)	(110,166)	(222,951)	(64,996)	(27,804)	(18,151)	-	-	(451,749)
As at 31st March 2013	188,356	1,811,019	4,683,038	1,096,074	670,142	537,978	1,076,349	-	10,062,956
Net Book Value									
As at 31st March 2013	10,865,806	17,401,173	13,889,643	758,199	702,363	245,377	1,045,581	6,134,135	51,042,277

(Amounts expressed in Sri Lankan Rs. '000)

(18) PROPERTY, PLANT & EQUIPMENT - GROUP (CONTD.)

	Freehold Land & Buildings	Leasehold Land & Buildings	Plant & Machinery	Motor Vehicles	Office Equipment, Furniture & Fittings	Computers	Returnable Containers	Capital Work - In Progress	Total as at 31st March 2012	Total as at 01st April 2011
(b) Year ended 31st March 2012										
Cost/Valuation										
As at 1st April 2011	7,904,873	9,885,781	7,467,859	1,424,172	702,585	387,688	-	2,031,346	29,804,304	18,206,547
Reclassification	-	-	-	-	-	-	1,137,433	-	1,137,433	900,368
As at 1st April 2011	7,904,873	9,885,781	7,467,859	1,424,172	702,585	387,688	1,137,433	2,031,344	30,941,737	19,106,915
On Consolidation	949,185	655,234	5,201,183	294,152	139,805	89,982	-	7,653	7,337,194	7,808,684
Revaluation	116,461	-	32,729	-	-	-	-	-	149,190	808,224
Additions	184,736	1,899,527	1,383,583	277,721	272,327	167,021	519,559	3,673,323	8,377,797	3,279,594
Adjustment	118,574	436,392	1,307,209	22,623	8,623	10,204	-	(1,909,369)	(5,744)	(10,079)
Disposals/written - off	-	(1,346)	(70,262)	(56,009)	(39,836)	(26,873)	-	(2,997)	(197,323)	(535,219)
Exchange translation difference	863,333	1,278,704	1,214,448	160,718	84,565	39,129	-	336,050	3,976,947	483,618
As at 31st March 2012	10,137,162	14,154,292	16,536,749	2,123,377	1,168,069	667,151	1,656,992	4,136,006	50,579,798	30,941,737
Depreciation/Amortization										
As at 1st April 2011	77,371	869,760	2,832,751	870,519	296,824	274,152	599,597	-	5,820,974	3,781,831
Reclassification	-	-	-	-	-	-	-	-	-	394,878
As at 1st April 2011	77,371	869,760	2,832,751	870,519	296,824	274,152	599,597	-	5,820,974	4,176,709
On Consolidation	-	35	960	48,509	85,074	71,011	-	-	205,589	434,860
Charge for the year	56,123	383,591	1,022,351	302,340	123,541	87,075	255,627	-	2,230,648	1,366,761
Revaluation	(29,769)	-	-	-	-	-	-	-	(29,769)	(66,377)
Transfers /Adjustments	2,935	-	(37)	-	(8,818)	-	-	-	(5,920)	(763)
On disposals/written - off	-	-	(45,424)	(47,243)	(4,330)	(17,245)	-	-	(114,242)	(143,372)
Exchange translation difference	6,800	124,550	252,952	102,104	43,611	29,525	-	-	559,542	53,154
As at 31st March 2012	113,460	1,377,936	4,063,553	1,276,229	535,902	444,518	855,224	-	8,666,822	5,820,972
Net Book Value										
As at 31st March 2012	10,023,702	12,776,356	12,473,196	847,148	632,167	222,633	801,768	4,136,006	41,912,976	25,120,765

Notes to the Financial Statements

(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

(Amounts expressed in Sri Lankan Rs. '000)

(18) PROPERTY, PLANT & EQUIPMENT - GROUP (CONTD.)

(d) Carrying Value of Property, Plant & Equipment

	2013	2012	2011
At cost	40,103,764	31,889,274	17,225,843
At valuation	10,865,806	10,023,702	7,809,946
On finance lease	72,707	-	84,976
	51,042,277	41,912,976	25,120,765

(e) Capital work - in - progress consists of

	2013	2012	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 use

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.

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(18) **PROPERTY, PLANT & EQUIPMENT - GROUP (CONTD.)**

(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 harbour, out of which 353.89 perches of land was subject to Supreme Court order as explained below. 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 statement of financial position. 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.

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 pursuant 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 of US\$ 422,000 and it is now in legal proceedings.

(Amounts expressed in Sri Lankan Rs. '000)

(19) BIOLOGICAL ASSETS

	Group		
	Total as at 31st March 2013	Total as at 31st March 2012	Total as at 01st 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. 21,251 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:

Area	Indonesian Plantation			Malaysia Plantation			Total as at	Total as at	Total as at
	2013	2012	2011	2013	2012	2011	2013	2012	2011
	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

Value	Indonesian Plantation			Malaysia Plantation			Total as at	Total as at	Total as at
	31st March 2013	31st March 2012	31st March 2011	31st March 2013	31st March 2012	31st March 2011	31st March 2013	31st March 2012	31st March 2011
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	6,727,424	3,909,348	4,597	3,718	2,787	8,111,697	6,731,142	3,912,135
	41,819,623	32,791,110	22,193,112	967,609	907,606	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).

(19) BIOLOGICAL ASSETS (CONTD.)

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/ SPT”) which are based on the International Valuation Standards using the following assumptions:

- (a) Projected economic production life of palm oil plants is 22 years after maturity (2012: 22 years).
- (b) Discount rate per annum of 11.92% in 2013 (2012: 12.41%).
- (c) 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 623.02 mn or equivalent to US\$4,910,000 (2012 Rs 85.96 mn or equivalent to US\$671000)

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:

- (a) Projected economic production life of palm oil plants is 22 years after maturity (2012: 22 years).
- (b) Discount rate per annum of 8.25% in 2013 (2012: 8.33%).
- (c) 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.

The Group is exposed to the following risks relating to its Plam Oil planation.

(a) 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.

(b) 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 analyses for projected harvested volumes and pricing.

(c) Climate and Other risks

The Group Plam Oil plantations aer 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 31st March	2013	Group 2012	1st April 2011
Cost/Valuation			
Balance as at the beginning of the year	3,669,908	1,744,247	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)	301,019	31,572
Balance as at end of the year	4,497,277	3,669,908	1,744,247
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	4,125,442	3,422,399	1,632,870

(a) Details of leasehold property

The Company's 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).

(e) Analysis of prepaid lease rights

	2013	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	3,369,304	2,814,180	1,362,611
	4,125,442	3,422,399	1,632,870

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(Amounts expressed in Sri Lankan Rs. '000)

(21) INVESTMENT PROPERTY

	Freehold Land		Freehold Building		Other Equipments		As at 31st March 2013		Group As at 31st March 2012		As at 01st 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					
	Freehold Land		Freehold Building		Other equipments		Capital work in progress		Total	Total	Total
	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012	As at 31st March 2013	As at 31st March 2012	As at 01st 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)	(4,389)	-	-	43,573	8,018	22,779
Equity Three (Private) Limited	20,000	12,527	500	(27)	(1,664)	(1,641)	-	-	18,836	10,859	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. Sivakantha, F.I.V. (Sri Lanka) of Perera Sivakantha & Company, Incorporated valuers, as at 31st March 2013 for the financial years 2012 and 2011, Mr. K. Arthur Perera, A.M.I.V. (Sri Lanka), an independent professional valuer) the details of which are as given in Note (f).

(e) Properties pledged as security

There were no restrictions on title of investment properties as at the reporting date.

(Amounts expressed in Sri Lankan Rs. '000)

(21) INVESTMENT PROPERTY (CONTD.)

(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 01 st April 2011
Equity One PLC	Dharmapala Mw, Colombo 07.	Office Space	Market approach	44,647	0.238	136,693	729,766	716,624	682,005
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	258,260	247,137
							1,969,954	1,906,862	1,391,120

- (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 clasified as 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

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(22) **INTANGIBLE ASSETS - GROUP**

Cost/Valuation	Goodwill			Computer Software			Excise License			Patent / Trademark			Customer relationship			Total as at 31st March 2013	Total as at 31st March 2012	Total as at 01st April 2011
	31st March 2013	31st March 2012	31st March 2011	31st March 2013	31st March 2012	31st March 2011	31st March 2013	31st March 2012	31st March 2011	31st March 2013	31st March 2012	31st March 2011	31st March 2013	31st March 2012	31st March 2011	31st March 2012	31st March 2011	01st April 2011
Balance as at the beginning of the year	2,677,006	1,444,121		46,080	25,961	43,954	-	565,882	-	4,055,564	1,902,794	896,442						
On Consolidation Additions / (Reversals)	3,960	1,232,885		-	-	38,014	-	565,882	-	3,960	1,837,079	1,013,358						
Written-off-Software	-	-		-	20,119	733	52	-	-	167,964	324,029	128,792						
Development Cost	-	-		-	-	-	-	-	-	(3,950)	-	(78,241)						
Transfer / Adjustment	-	-		9,874	-	-	-	-	-	89,584	(58,951)	(60,766)						
Exchange translation difference	-	-		-	-	(921)	5,888	-	-	(39,857)	50,613	3,274						
Balance as at end of the year	2,680,966	2,677,006		55,954	46,080	43,766	43,954	565,882	565,882	4,273,265	4,055,564	1,902,794						
Accumulated Amortization																		
Balance as at the beginning of the year	-	-		9,833	5,732	-	-	43,420	-	214,854	128,233	109,975						
On Consolidation	-	-		-	-	-	-	-	-	-	9	16,480						
Amortization	-	-		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)	4,719	465						
Balance as at end of the year	-	-		15,263	9,833	-	-	101,314	43,420	337,883	214,854	128,233						
Net Balance as at the end of the year	2,680,966	2,677,006		40,691	36,247	43,766	43,954	464,568	522,462	3,935,382	3,840,710	1,774,561						

(Amounts expressed in Sri Lankan Rs. '000)

(22) INTANGIBLE ASSETS - GROUP (CONTD.)

(a) 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;

	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011
Portfolio and asset management sector	182,740	182,740	182,740
Beverage sector	244,827	244,827	244,827
Real Estate sector	27,584	27,584	27,584
Oil palm plantation sector	1,001,330	997,370	988,970
Oil & Fats sector	1,224,485	1,224,485	-
	2,680,966	2,677,006	1,444,121

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	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:

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.

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.

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.

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(Amounts expressed in Sri Lankan Rs. '000)

(22) INTANGIBLE ASSETS - GROUP (CONTD.)

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:

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.

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

(b) 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 million (2012: Rs 19.18 Mn) have been expensed and are recognized in the profit or loss.

(c) 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. The average remaining amortization period as at 31 March 2013 is 8 years (2012: 9 years).

(Amounts expressed in Sri Lankan Rs. '000)

(23) INVESTMENT IN SUBSIDIARIES

	Group				Company			
	No. of	Cost	Cost	Cost	No. of	Cost	Cost	Cost
	Shares	as at	as at	as at	Shares	as at	as at	as at
	31st March	31st March	31st March	01st April	31st March	31st March	31st March	01st April
	2013	2013	2012	2011	2013	2013	2012	2011
(i) Quoted Investments								
Investments in Ordinary Shares								
Equity One PLC	38,818,252	1,019,862	1,019,861	1,019,861	38,818,252	1,026,274	1,026,274	1,026,274
Equity Two PLC	27,533,370	389,166	389,166	389,166	435	6	6	6
Pegasus Hotels of Ceylon PLC	28,290,959	422,983	316,339	316,339	28,290,959	428,783	322,140	322,140
Selinsing PLC	6,664,867	705,301	677,256	39,800	75	-	-	-
Good Hope PLC	6,475,117	473,866	472,195	85,102	600	-	-	-
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	450	-	-	-
Ceylon Guardian								
Investment Trust PLC	55,131,341	594,989	594,989	594,989	55,131,341	591,113	591,113	591,113
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	582,225	10,121	10,121	10,121
Ceylon Brewery Holdings PLC	15,726,922	649,439	649,439	649,439	15,726,922	1,097,344	1,097,344	1,097,344
Lion Brewery (Ceylon) PLC	46,890,700	1,830,945	1,830,945	1,431,499	5,091,700	795,194	795,194	597,139
Total investment in								
Subsidiaries - quoted		8,596,579	8,403,223	5,476,207		3,948,835	3,842,192	3,644,137
(ii) Unquoted Investment								
Leechman and Company								
(Private) Limited	5,160,000	849	849	849	5,159,999	849	849	849
Rubber Investment Trust Limited	9,298,888	612	612	612	820	-	-	-
Mylands Investments Limited	115,268	5,340	5,340	5,340	115,268	5,340	5,340	5,340
Weniwella Investments Limited	93,352	4,501	4,501	4,501	93,352	4,501	4,501	4,501
Guardian Fund Management Limited	1,045,015	55,682	55,682	55,682	-	-	-	-
Goodhope Asia Holdings Ltd	840,913,766	5,587,014	5,587,014	5,587,014	840,913,766	5,587,014	5,587,014	4,156,672
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	-	-	-	-	-

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(23) INVESTMENT IN SUBSIDIARIES (CONTD.)

(ii) Unquoted Investment (Contd.)

	Group				Company			
	No. of Shares 31st March 2013	Cost as at 31st March 2013	Cost as at 31st March 2012	Cost as at 01st April 2011	No. of Shares 31st March 2013	Cost as at 31st March 2013	Cost as at 31st March 2012	Cost as at 01st April 2011
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 Vegetable 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	32,334,138	-	-	-
Carsons Airline Services (Private) Limited	1,899,999	19,000	4,000	4,000	1,899,999	-	-	-
Pubs 'N Places (Private) Ltd	1,200,000	12,000	12,000	12,000	-	-	-	-
Equity Hotels Limited	685,469	7,296	7,297	7,296	-	-	-	-
Equity Three (Private) Limited	5,400,000	54,000	54,000	54,000	2	-	-	-
Equity Seven Limited	3,271,882	43,148	43,148	43,148	3,271,882	41,835	43,148	43,148
Retail Spaces (Private) Limited	1,000	0.01	-	-	-	-	-	-
Luxury Brands (Private) Limited	1,000	0.01	-	-	-	-	-	-
		34,871,262	25,228,301	18,655,106		5,639,539	5,640,852	4,210,510
(iii) Investments in Unquoted Deferred Shares								
Ceylon Guardian Investment Trust PLC	5,739,770	115,384	115,384	115,384	5,739,770	115,384	115,384	115,384
Total Investment in Subsidiaries - Unquoted	-	34,986,646	25,343,685	18,770,490	-	5,754,923	5,756,236	4,325,894
(iv) Deemed Investments								
Equity One PLC	-	-	-	-	-	422,040	422,040	361,248
Pegasus Hotels of Ceylon PLC	-	-	-	-	-	5,352	5,351	5,351
Carsons Management Services (Pvt) Limited	-	-	-	-	-	38,338	-	-
						465,730	427,391	366,599
Total Investment in Subsidiaries		43,583,225	33,746,908	24,246,697		10,169,488	10,025,819	8,336,630

(v) As revised by LKAS 39 "Financial Instruments; recognition and measurement" Interest free lending transferred to Equity One PLC and Pegasus Hotels of Ceylon PLC were recognised at amortised cost and difference between funds lent and its amortised cost is recorded as a component of the overall investment.

(Amounts expressed in Sri Lankan Rs. '000)

(23) INVESTMENT IN SUBSIDIARIES (CONTD.)

2013

(a) Acquisition and formation of subsidiaries

Formation of Luxury Brands (Private) Limited (LBL)

During the year company subsidiary Ceylon Beverage Holding PLC (CBHPLC) formed Luxury Brands (Private) Limited 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)

In FY 2013 Ceylon Beverage Holding PLC formed Retail Spaces (Private) Limited a company incorporated in Sri Lanka for managing retail outlets. The Group 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 325.7 mn (US\$2,520,000). The Group has acquired PTSSA as part of its plantation business expansion plan.

Goodwill of Rs 3.9 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
Total Liabilities	171,837
Net identifiable assets	334,894
Less: Non-controlling interest	(165,203)
Identifiable net assets acquired	169,691
Add: Positive goodwill arising from acquisition	3,960
Consideration for the acquisition of non -controlling interest	152,053
Total consideration for the acquisition	325,704
(b) The effects of acquisition on cash flow is as follows:	
Consideration settled in cash	325,704
Less: Cash and cash equivalents of subsidiaries acquired	(13,576)
Acquisition of subsidiaries net of cash	312,128

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(23) INVESTMENT IN SUBSIDIARIES (CONTD.)

(c) 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
Goodhope Asia Holdings Ltd	Selinsing PLC	0.36	96.03	28,045
Goodhope Asia Holdings Ltd	Good Hope PLC	0.02	94.23	1,671
Goodhope Asia Holdings Ltd	Indo - Malay PLC	0.54	90.41	53,179
Goodhope Asia Holdings Ltd	Shalimar (Malay) PLC	0.06	96.56	3,817

2012

(a) 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	(1,021,875)
Identifiable net assets acquired	1,167,157
Add: Positive goodwill arising from acquisition	1,232,885
Customer relationship	565,882
Less: Bargain purchase (negative goodwill)	(120,501)
Consideration for acquisition of Non - Controlling interest	2,467,877
Total consideration for the acquisition	5,313,300

(b) The effects of acquisition on the statement of cash flow is as follows:

Consideration settled in cash	5,313,300
Less: Cash and cash equivalents of subsidiaries acquired	(898,580)
Net cash outflow on acquisition	4,414,720

(c) 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.

(d) 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	Lion Brewery } (Ceylon) PLC }	3.47	58.61	399,446
Goodhope Asia Holdings Ltd	Selinsing PLC	8.40	95.67	637,456
Goodhope Asia Holdings Ltd	Good Hope PLC	4.81	94.21	387,093
Goodhope Asia Holdings Ltd	Indo - Malay PLC	12.62	89.87	1,244,826
Goodhope Asia Holdings Ltd	Shalimar (Malay) PLC	4.21	96.50	258,195

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(24) INVESTMENT IN ASSOCIATE COMPANIES

(a) Movements in Investments in Associate / Joint venture Companies

	Group			Company		
	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011
Balance as at the beginning of the year	574,217	427,810	657,209	8,761	10,406	10,406
Investments in Joint venture	10,384	13,846	-	-	-	-
Transfers/Disposal during the year	-	(1,645)	(183,397)	-	(1,645)	-
Appreciation of equity accounted investees reserves	93,699	50,408	(7,241)	-	-	-
Share of net results of equity accounted investees	(16,073)	151,209	(13,270)	-	-	-
Dividend received during the year	(80,895)	(67,411)	(25,491)	-	-	-
Balance as at the end of the year	581,332	574,217	427,810	8,761	8,761	10,406

(b) Measurement of Associate / Joint venture Companies - Group

	No. of Shares as at 31st March 2013	Carrying Value As at 31st March 2013	Market Value/ Valuation As at 31st March 2013	Carrying Value As at 31st March 2012	Market Value/ Valuation As at 31st March 2012	Carrying Value As at 01st April 2011
(i) Associate Company						
On Quoted Shares						
Bukit Darah PLC	17,910,364	9,859	12,644,717	9,859	10,849,167	11,504
		9,859	12,644,717	9,859	10,849,167	11,504
Group Share of Associate Company's Net Assets						
Bukit Darah PLC		553,860	-	552,117	-	416,306
		553,860	-	552,117	-	416,306
Investments in Associate Company (Equity Basis)		563,719	12,644,717	561,976	10,849,167	427,810
(ii) Joint venture Company						
On Unquoted Shares						
Guardian Acuity Asset Management Limited						
	2,000,000	24,230	-	13,846	-	-
		24,230	-	13,846	-	-
Group Share of Joint venture Company's Net Assets						
Guardian Acuity Asset Management Limited						
		(6,617)	-	(1,605)	-	-
Investments in Joint Venture Company (Equity Basis)		17,613	-	12,241	-	-
Total		581,332	12,644,717	574,217	10,849,167	427,810

(Amounts expressed in Sri Lankan Rs. '000)

(24) INVESTMENT IN ASSOCIATE COMPANIES (CONTD.)

(c) The summarized financial information of the equity accounted investee, adjusted for the proportion of ownership interest held by the Group is as follows:

	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011
Revenue	2,878		145
Profit before taxation	(16,073)		151,209
Taxation	-		-
Profit of the year	(16,073)		151,209
	As at 31st March 2013	As at 31st March 2012	As at 31st March 2011
Non - Current assets	1,260,958	1,246,649	1,161,813
Current assets	16,508	21,285	15,111
Total assets	1,277,466	1,267,934	1,176,924
Current liabilities	9,260	6,843	14,833
Total liabilities	9,260	6,843	14,833
Net assets	1,268,206	1,261,091	1,162,091
Unrealized profit on transaction with associates	(686,874)	(686,874)	(734,281)
	581,332	574,217	427,810
Group investment in associate			
Group share of net assets (as above)	581,332	574,217	427,810
Loans made by group companies to associate company	-	-	50,050
	581,332	574,217	477,860

(d) Investments in Associate Company - Company

	No. of Shares 31st March 2013	Cost As at 31st March 2013	Market Value As at 31st March 2013	No. of Shares 31st March 2012	Cost As at 31st March 2012	Market Value 31st March 2012	Cost As at 31st March 2011
On Ordinary Shares							
Bukit Darah PLC	6,271,801	8,761	4,427,892	6,271,801	8,761	5,379,951	10,406
Total Investments in Associate Company		8,761	4,427,892		8,761	5,379,951	10,406

The Market value of Bukit Darah plc is based on the closing traded price published by the Colombo stock exchange as at the reporting date.

(25) AVAILABLE-FOR-SALE FINANCIAL ASSETS

(a) Summary of Available-for-Sale Financial Assets - Group

	As at 31st March 2013	Group As at 31st March 2012	As at 01st 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

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(25) AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTD.)

(c) 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 01st April 2011
(ii.a) 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	301,990	479,421	462,577
		1,869,631	2,271,244		1,762,836	1,800,870	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	-	-
		200,280	157,600		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.)**

(c) Measurement of available for sale financial assets - Group (Contd.)

	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 01st April 2011
(ii.b) 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	-	-	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 Hsenid Business Solutions (Pvt) Ltd.	-	-	-	-	-	-	252,102	582,224
Sofilogic Holdings (Private) Ltd.	163,419	40,005	40,005	163,419	40,005	40,005	-	-
Textured Jersey Lanka (Private) Limited	-	-	-	-	-	-	199,944	499,860
Vallibel One Limited	-	-	-	-	-	-	35,325	35,325
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 Guardian Acquity Fixed Income Fund	360,001	3,600	33,362	360,001	3,600	27,139	3,600	19,257
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		4,577,134	8,519,519	6,151,364	14,220,974

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(25) AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTD.)

(d) Movement in Available for Sale Financial Assets - Company

	As at 31st March 2013	Company As at 31st March 2012	As at 01st April 2011
Balance as at the beginning of the year	54,042	48,662	7,971
Provision for Impairment	(2,499)	-	-
Fair value gains recorded in the Comprehensive Income	6,222	5,380	40,691
Balance as at the end of the year	57,765	54,042	48,662

(e) Measurement of Available for sale financial Assets - Company

	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 2012	Market Value/ Valuation 01st April 2011
Unquoted Investments								
Asia Pacific Golf Course Limited	10	-	-	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
Ceybank Asset Management Ltd	360,001	3,600	33,362	360,001	3,600	27,139	3,600	19,257
Total available for sale financial assets		5,471	57,765		7,971	54,042	7,971	48,662

(26) INVENTORIES

	As at 31st March 2013	Group As at 31st March 2012	As at 01st 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 01st 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 01st April 2011	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011
Financial						
Non Current						
Land compensation receivable (Note c)	98,441	88,264	79,139	-	-	-
Amount due from related companies (Note d)	-	-	-	528,659	552,957	498,864
Non current trade and other financial receivables	98,441	88,264	79,139	528,659	552,957	498,864
Current						
Trade receivables (net of provisions)	4,400,393	3,429,442	697,356	-	-	-
Other receivables	744,509	1,315,494	1,923,059	-	2,500	-
Loans given to employees	63,684	33,408	23,305	-	-	-
Amount due from related companies	-	-	50,050	100,638	109,637	50,050
Current trade and other financial receivables	5,208,586	4,778,344	2,693,770	100,638	112,137	50,050
Trade and other financial receivables	5,307,027	4,866,608	2,772,909	629,297	665,094	548,914
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	2,602,228	1,945,318	835,565	1,696	877	870
Current trade and other non financial receivables	2,602,228	1,945,318	835,565	1,696	877	870
Current Trade and other non financial receivables	3,499,266	2,725,105	1,166,828	1,696	877	870
Total trade and other receivables - Non Current	995,479	868,051	410,402	528,659	552,957	498,864
Total trade and other receivables - Current	7,810,814	6,723,662	3,529,335	102,334	113,014	50,920

Loans and receivables

	Group			Company		
	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011
Trade receivables	5,208,586	4,778,344	2,693,770	100,638	112,137	50,050
Trade receivables - Non current	98,441	88,264	79,139	528,659	552,957	498,864
Cash and Bank balances	7,864,409	8,768,758	10,987,211	7,926	794,015	90,900
	13,171,436	13,635,366	13,760,120	637,223	1,459,109	639,814

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(27) TRADE AND OTHER RECEIVABLES (CONTD.)

(a) 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.

(b) Trade Receivable 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 balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging for major segment as at the balance sheet date is as follows:

	As at 31st March 2013	As at 31st March 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
	12,435	88,389
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.

Trade receivable denominated in foreign currency 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	2,575,195

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(27) TRADE AND OTHER RECEIVABLES (CONTD.)

(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.

(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	Market/ Valuation as at 31st March 2013	No of Shares	Market/ Valuation as at 31st March 2012	Market/ Valuation as at 01st April 2011
Quoted Investments					
Banks, Finance & Insurance					
National Development Bank PLC	-	-	387,200	47,548	65,901
Sampath Bank	-	-	-	-	138,639
Housing Development Finance Corporation Bank of Sri Lanka	-	-	11,000	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

(Amounts expressed in Sri Lankan Rs. '000)

(28) FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS (CONTD.)

Fair value through profit or loss financial assets in equity securities - Group

	No of Shares	Market/ Valuation as at 31st March 2013	No of Shares	Market/ Valuation as at 31st March 2012	Market/ Valuation as at 01st April 2011
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 And 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

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(28) FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS (CONTD.)

(b) Fair value through profit or loss financial assets in equity securities - Company

	No of Shares as at 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 01st April 2011
(i) Quoted Investment					
Bank & Finance					
Housing Development Finance Corporation Bank of Sri Lanka	-	-	11,000	7,524	12,385
Beverage, Food & Tobacco					
Ceylon Cold Stores PLC	880	119	200	79	150
Power & Energy					
Lanka IOC PLC	20,000	408	20,000	388	352
Chemicals & Pharmaceuticals					
Union Chemicals Lanka PLC	200	88	200	139	132
Diversified					
Hemas Holdings PLC	98,125	2,649	98,125	2,581	4,514
John Keells Holdings PLC	59,429	14,678	44,572	12,242	12,730
Total fair value through profit or loss financial assets in equity securities		17,942		22,953	30,263

(29) CASH AND CASH EQUIVALENTS

	Group			Company		
	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011
Deposits						
F.C.B.U. deposits	57,527	15,266	11,135	-	-	-
Call deposits	2,447,115	1,768,991	778,234	-	-	-
Treasury bills	38,500	18,768	15,647	-	-	-
Fixed deposits	2,198,472	1,259,158	434,196	300	787,995	150
Short - term deposits	4,741,614	3,062,183	1,239,212	300	787,995	150
Cash in hand and at bank	3,122,795	5,706,575	9,747,999	7,626	6,020	90,750
	7,864,409	8,768,758	10,987,211	7,926	794,015	90,900

(Amounts expressed in Sri Lankan Rs. '000)

(29) CASH AND CASH EQUIVALENTS (CONTD.)

(a) Cash and cash equivalents are denominated in the following currencies:

	Group			Company		
	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011
Sri Lankan Rupees.	6,710,855	5,681,675	1,686,191	2,219	794,014	3,533
US Dollars	191,982	572,608	7,692,050	5,707	1	87,367
Sterling Pound	1,142	2,178	1,766	-	-	-
Indonesian Rupiah	486,750	1,281,513	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	-	-	-	-
	7,864,409	8,768,758	10,987,211	7,926	794,015	90,900

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.

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.

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.

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 9% – 13% per annum (2012: 7.5% – 11% per annum)

Notes to the Financial Statements

(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 01st April 2011	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011
Short - term deposits	4,741,614	3,062,183	1,239,212	300	787,995	150
Cash-in-hand and at bank	3,122,795	5,706,575	9,747,999	7,626	6,020	90,750
	7,864,409	8,768,758	10,987,211	7,926	794,015	90,900
Short - term borrowings	(15,850,748)	(7,534,409)	(552,000)	(1,000,000)	(825,000)	-
Bank overdrafts	(4,511,447)	(1,474,686)	(1,737,144)	(564,498)	(1,026,372)	(712,093)
	(12,497,786)	(240,337)	8,698,067	(1,556,572)	(1,057,357)	(621,193)

(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
As at the beginning of the year	196,386,914	196,386,914	96,268,095	1,114,652	1,114,652	618,255
Sub-division	-	-	96,268,095	-	-	-
Capitalization of reserve	-	-	3,850,724	-	-	496,397
	196,386,914	196,386,914	196,386,914	1,114,652	1,114,652	1,114,652

- (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's meetings of the Company. All ordinary shares rank equally with regard to the right to the Company's net assets at the point of distribution.
- (b) As per LKAS/SLFRS requirement, preference share capital which is redeemable as per the terms of the agreement required to be classified as borrowings even though as per terms of the Companies Act, No. 7 of 2007 such preference share capital would fall into the classification of Stated Capital even after its redemption in part or in full. Hence, for the purpose of these Financial Statements the Company has classified the fully redeemed preference shares under Borrowings in Note 18.4. However, the said classification will not affect the stated Capital as per Companies Act, No 7 of 2007. Accordingly, the Stated Capital as per Companies Act, No 7. of 2007 will be as follows;

	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011
Ordinary shares	1,114,652	1,114,652	1,114,652
Preference shares			
Class A	225,000	225,000	225,000
Class B	275,000	275,000	275,000
	1,614,652	1,614,652	1,614,652

(Amounts expressed in Sri Lankan Rs. '000)

(31) CAPITAL RESERVES

	Group			Company		
	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011
Represented by						
Capital accretion reserve	287,552	287,552	287,552	287,552	287,552	287,552
Revaluation reserve	3,379,168	2,952,471	2,544,487	-	-	-
Other capital reserves	1,619,183	1,591,431	1,183,242	-	-	-
	5,285,903	4,831,454	4,015,281	287,552	287,552	287,552

Capital Accretion reserve, Revaluation reserve - Created to set aside revaluation surplus on immovable assets. Not utilised for distribution on prudence

Other capital reserves - represents the amounts set aside by the Directors for future expansion and to meet any contingencies.

(32) REVENUE RESERVES

	Group			Company		
	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011
Represented by						
Currency translation reserve	902,428	2,413,760	1,226,853	-	-	-
Available-for-sale financial assets reserves	2,840,572	2,885,351	5,051,392	-	-	-
Retained earning	24,507,667	20,496,966	15,075,023	7,723,298	7,773,583	6,387,859
	28,250,667	25,796,077	21,353,268	7,723,298	7,773,583	6,387,859

(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 assets reserve

This consists of unrealised surplus on revaluation of available for sale financial assets.

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(33) LONG TERM BORROWINGS

	Group			Company		
	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011	As at 31st March 2013	As at 31st March 2012	As at 01st 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	12,712	277,550	128,000
Finance lease payables (Note 33 (d))	23,496	79,280	15,714	-	-	-
Redeemable preference shares (Note 33(e))	55,000	55,000	55,000	55,000	55,000	55,000
	4,427,223	2,854,088	2,223,984	67,712	332,550	183,000
Non - Current						
Long - Term Borrowings falling after one year						
Bank borrowings (Note 33 (a))	27,400,346	25,740,275	18,814,550	-	-	129,600
Finance lease payables (Note 33(d))	44,612	6,454	-	-	-	-
Redeemable preference shares (Note 33(e))	-	55,000	110,000	-	55,000	110,000
	27,444,958	25,801,729	18,924,550	-	55,000	239,600
Total	31,872,181	28,655,817	21,148,534	67,712	387,550	422,600
(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	277,550	257,600	399,000
On Consolidation	-	157,481	7,029,055	-	-	-
Obtained during the year	10,055,201	6,499,267	13,466,990	-	165,210	-
	38,515,284	27,624,568	23,694,583	277,550	422,810	399,000
Impact of exchange rate changes						
on conversion	(195,443)	3,454,404	(535,465)	2,068	42,191	(10,751)
Re - payments during the year	(6,570,768)	(2,618,889)	(2,191,298)	(266,906)	(187,451)	(130,649)
	31,749,073	28,460,083	20,967,820	12,712	277,550	257,600
Amounts falling due within one year	(4,348,727)	(2,719,808)	(2,153,270)	(12,712)	(277,550)	(128,000)
Amounts falling due after one year	27,400,346	25,740,275	18,814,550	-	-	129,600

(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 01st 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.
PT Agro Bukit (PTAB)	Standard Chartered Bank, Term loan. COF +3.25% p.a.	7,156,596	8,787,660	8,920,320		All the borrowers under the facility together with the some of the GAHL Company's subsidiaries have also Provided corporate gurantees.
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		

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(33) INTEREST BEARING BORROWINGS (CONTD.)

Company	Lender/Rate of Interest (p.a.)	Balance as at 31st March 2013	Balance as at 31st March 2012	Balance as at 01st April 2011	Repayment Terms	Security
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 guarantee 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.
Lion Brewery (Ceylon) PLC	HSBC 1 month LIBOR+3.87%	8,562	60,467	96,485	Payable in equal monthly installments 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 20 equal quarterly installments commencing from March 2012	Unsecured.
	DFCC 3 months AWDR + 3%	1,000,000	-	-	Payable in 60 equal quarterly installments commencing from April 2013	Unsecured.
	HSBC 1 months SLIBOR + 2.75%	1,472,410	-	-	Payable in 42 equal quarterly installments 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.

(Amounts expressed in Sri Lankan Rs. '000)

(33) INTEREST BEARING BORROWINGS (CONTD.)

Company	Lender/Rate of Interest (p.a.)	Balance as at 31st March 2013	Balance as at 31st March 2012	Balance as at 01st April 2011	Repayment Terms	Security
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 Inter Bank Offer Rate, LIBOR - London Inter Bank Offer Rate.

(c) The carrying amounts of the Group's borrowings are denominated in the following currencies

	Secured		Unsecured		Balance as at 31st March 2013	Balance as at 31st March 2012	Balance as at 01st April 2011
	2013	2012	2013	2012	2013	2012	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

(d) Obligations under finance leases and hire purchases

The outstanding minimum lease payments and scheduled maturity dates are as follows:

	As at 31st March 2013	Group As at 31st March 2012	As at 01st April 2011
Analysis of finance obligation by the 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.

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(33) INTEREST BEARING BORROWINGS (CONTD.)

(e) Redeemable Preference shares

	Company & Group		
	As at 31st March 2013	As at 31st March 2012	As at 01st 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 the Company via Extraordinary 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 commencing from 30th June 2009 and the last tranche of 5,500,000 shares are due for redemption on 30th June 2013.

(34) TRADE AND OTHER PAYABLES

	Group			Company		
	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011
Financial						
Non Current						
Rental and telephone deposits [Note a]	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 b)	-	-	-	41,099	80,042	86,948
Customer deposits (Note c)	980,663	858,665	744,326	-	-	-
Other creditors	1,793,035	3,234,990	1,289,242	12,189	16,822	6,311
Current trade and other financial payables	6,346,738	7,445,388	2,643,807	53,288	96,864	93,259
Trade and other financial payables	6,374,815	7,470,880	2,669,719	53,288	96,864	93,259
Non Financial						
Non Current						
Deferred corporate guarantee	-	-	-	709	1,288	2,038
	-	-	-	709	1,288	2,038
Current						
Accrued expenses	2,543,933	2,242,708	1,860,664	94,565	68,052	63,186
	2,543,933	2,242,708	1,860,664	94,565	68,052	63,186
Trade and other non financial payables	2,543,933	2,242,708	1,860,664	95,274	69,340	65,224
Total trade and other receivables - Non Current	28,077	25,492	25,912	709	1,288	2,038
Total trade and other receivables - Current	8,890,671	9,688,096	4,504,471	147,853	164,916	156,445

(Amounts expressed in Sri Lankan Rs. '000)

(34) TRADE AND OTHER PAYABLES (CONTD.)

Total financial liabilities

	Group			Company		
	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011
Trade payables	6,346,738	7,445,388	2,643,807	53,288	96,864	93,259
Other financial payables – non-current	28,077	25,492	25,912	-	-	-
Loans and borrowings	47,807,153	34,810,824	21,213,694	1,564,498	1,906,372	951,693
Total financial liabilities carried at amortised cost	54,181,968	42,281,704	23,883,413	1,617,786	2,003,236	1,044,952

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.

(a) Rental Deposits

	Group		
	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011
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.

(b) Amounts due to related companies

	Company		
	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011
Leechman & Company (Private) Limited	-	38,943	45,270
Equity Seven Limited	41,099	41,099	41,678
Total amount due to related companies	41,099	80,042	86,948

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(34) TRADE AND OTHER PAYABLES (CONTD.)

(c) Customer Deposits

	As at 31st March 2013	Group As at 31st March 2012	As at 01st 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.

(d) Trade payable denominated in foreign currencies as follows

Currency	As at 31st March 2013	Group As at 31st March 2012	As at 01st April 2011
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 Stirling	761	-	-
	3,505,716	4,647,598	1,088,986

(35) EMPLOYEE BENEFITS

	As at 31st March 2013	Group As at 31st March 2012	As at 01st April 2011
The amounts recognized in the income statement are as follows:			
Current service cost	188,225	139,683	92,088
Interest cost	44,694	39,821	27,330
Amortization of past service costs - non-vested	381	413	22
Amortization of actuarial loss	11,343	12,138	18,802
Immediate recognition of new entrants	56,682	105,551	37,895
Curtailement 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	425,749
Unrecognized past service costs - non-vested	(35)	(50)	(86)
Unrecognized actuarial loss	(469,665)	(88,674)	(91,573)
	770,932	545,625	334,095

(Amounts expressed in Sri Lankan Rs. '000)

(35) EMPLOYEE BENEFITS (CONTD.)

	Group		
	As at 31st March 2013	As at 31st March 2012	As at 01st April 2011
The movement in the liabilities recognized in the balance sheet 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)	(15,287)	(14,391)
Impact of exchange rate changes on conversions	(39,006)	37,789	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 175.21 mn) is based on assumptions of an actuarial valuation carried out by Mr. Piyal S Goonetilleke 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 Benefit" 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 assumption:

	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	

Notes to the Financial Statements

(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	68,694,312	62,593,790	54,353,696	9,125,502	9,175,787	7,790,063
Less						
Non -controlling interest	(34,043,090)	(30,851,607)	(27,870,495)	-	-	-
Total equity attributable to owners of the Company	34,651,222	31,742,183	26,483,201	9,125,502	9,175,787	7,790,063
Number of ordinary shares used as the denominator						
Ordinary shares in issue	196,386,914	196,386,914	196,386,914	196,386,914	196,386,914	196,386,914
Net Asset per share (Rs.)	176.44	161.63	134.85	46.47	46.72	39.67

(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 of 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).

(ii) **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.**

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	278,524	14,860	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 hierarchy:

	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable (Level 3)	Total
Financial assets:				
As at 31 Mar 2013				
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	8,072,201	390,000	57,318	8,519,519
Fair value through profit or loss financial assets	805,374	-	-	805,374
Balance as at 31st March 2012	8,877,575	390,000	57,318	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	Published 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

Notes to the Financial Statements

(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

	Available for sale	Fair value through profit or loss	Loans and Other receivables	Other financial liabilities	Total carrying amount
2013					
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	-	-	5,307,027	-	5,307,027
Cash and cash equivalents	-	-	7,864,409	-	7,864,409
	8,064,325	965,538	13,171,436	-	22,201,299
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	-	-	4,866,608	-	4,866,608
Cash and cash equivalents	-	-	8,768,758	-	8,768,758
	8,519,519	805,374	13,635,366	-	22,960,259
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,

(1) 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	5,307,027	4,866,608
Cash and cash equivalents	7,864,409	8,768,758
	13,572,450	13,990,755

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
Investment Holding/Portfolio and Asset Management	146,874	3%	46,281	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%	147,590	3%
Management Services	1,837	0%	3,087	0%
	5,307,027	100%	4,866,608	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	1,770,651	33%	1,003,864	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%
	5,307,027	100%	4,866,608	100%

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are credit-worthy 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.

(2) 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.

Notes to the Financial Statements

(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	5,208,586	98,441	5,307,027
Cash and cash equivalents	7,864,409	-	7,864,409
Total undiscounted financial assets	14,038,533	8,162,766	22,201,299
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)	(17,097,623)	(19,310,269)	(36,407,892)
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	4,778,344	88,264	4,866,608
Cash and cash equivalents	8,768,758	-	8,768,758
Total undiscounted financial assets	14,352,476	8,607,783	22,960,259
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	(4,956,095)	(17,219,438)	(22,175,533)

(3) 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 equivalent US\$8,358,000 (2012: Rs. 1,256 million or equivalent 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.

Further, the Group generally carries investment agreements with the parties concerned, which carry specific 'exit clauses' to private equity projects - typically an 'Initial Public Offering' or a 'Buy-out' at a specified price agreed, which provides cover against movements in market conditions.

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 denomiinated 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)

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(38) FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (CONTD.)

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.

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 its 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

Financial assets

	As at 31st March 2013	As at 31st March 2012
Short term deposits	4,741,614	3,062,183
	4,741,614	3,062,183
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.

(Amounts expressed in Sri Lankan Rs. '000)

(38) FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (CONTD.)

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.

(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 31 st March 2011
Gross Debt	52,234,376	37,664,912	23,437,678
Cash and Cash Equivalents	(7,864,409)	(8,768,758)	(10,987,211)
Net Debt	44,369,967	28,896,154	12,450,467
Equity	68,694,312	62,593,790	54,353,696
Net Debt Ratio	65%	46%	23%

(39) COMPANIES WITHIN THE GROUP WHICH ARE NOT AUDITED BY MESSRS KPMG

Goodhope Asia Holdings Ltd	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.	"
PT Agro Indomas	Ernst & Young - Indonesia
PT Agro Bukit	"
PT Agro Harapan Lestari	"
PT Agro Asia Pacific	"
PT Karya Makmur Sejahtera	"
PT Nabire 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 Pvt Ltd	Ernst & Young - Singapore
Premium Oils & Fats Sdn Bhd	Ernst & Young - Malaysia
Premium Vegetable Oils Sdn Bhd	"
Premium Fats Sdn Bhd	"
Arani Agro Oil Industries Ltd	S.R.B.C & Co. LLP

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(40) COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for as at the date of the reporting date but not recognised in the financial statements are as follows:

	31st March 2013	Group 31st March 2012	01st 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 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:

	31st March 2013	Group 31st March 2012	01st 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 19.

(d) Contingent liabilities

- (i) The Indonesian plantation companies have provided a corporate guarantee to a bank for a Rs 217.87 mn (US\$1,717,000) loan taken under the Plasma programme.

The Goodhope Asia Holdings Ltd (GAHL) has provided the following guarantees at the end of the reporting period:

*GAHL has provided corporate guarantees to two banks for the financing facilities obtained by its subsidiaries, amounting to Rs 35,996 mn or equivalent \$283,677,000.

*It has undertaken to finance its subsidiary to enable it to meet its liabilities as and when they 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 Extraordinary 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 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 granted 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 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 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) 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 that belonged 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.
- (f) An order has been for the enforcement of an *ex-parte* judgment (in default of appearance) issued against the Company 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 Company. The Company has appealed against the said order and has also challenged the enforceability of the overseas judgment in a separate action filed by the Company in the District Court of Colombo.

(42) EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Dividend - Carson Cumberbatch PLC

After satisfying the solvency test in accordance with Section 57 of Companies Act, No. 7 of 2007, the Directors recommend a first & final dividend of Rs. 2.00 per share (2012 - Rs 2.00) on the ordinary shares for the year ended 31st March 2013 amounting to Rs 392.77 million (2012 - Rs 392.77 million), which is to be approved at the forthcoming Annual General Meeting. In accordance with LKAS 10 "Events After the Balance Sheet date" the proposed dividend has not been recognised as a liability as at 31st March 2013.

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(42) EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONTD.)

(b) 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.

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.

(c) Other than those disclosed above, no circumstances have arisen subsequent to the Balance Sheet date which require adjustments to or disclosures in the financial statements.

(43) RELATED PARTY DISCLOSURES

Carson Cumberbatch 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
Amounts due from Subsidiaries				
Carsons Management Services (Private) Limited	-	-	-	88,384
Equity One PLC	-	-	528,659	464,573
Pegasus Hotels of Ceylon PLC	-	-	51,515	109,637
	-	-	580,174	662,594
Amounts due to Subsidiaries				
Leechman & Company (Private) Limited	-	-	-	38,943
Equity Seven Limited	-	-	41,099	41,099
	-	-	41,099	80,042
Transaction with Subsidiaries				
Dividend Income	-	-	539,274	480,854
Interest Income	-	-	103,415	90,694
Guarantee Income	-	-	1,110	1,282
Secretariat Fee paid	-	-	12,000	-
Secretarial Fees paid	-	-	300	300
Computer Fees paid	-	-	600	600
Capitalisation of loan by Issue of shares	-	-	160,000	-
Right issues	-	-	121,643	-
Transaction with Associates/ Joint Venture				
Investments Made	20,000	15,000	-	-
Dividend Income	80,834	67,411	18,815	15,680
Secretariat Income	12,000	-	-	-

Carson Cumberbatch PLC has provided letters of comfort to the following wholly owned subsidiaries confirming its intention to continue to provide financial and other support and meet liabilities to enable the subsidiaries to continue as a going concern for audit purposes.

- a. Carsons Airline Services (Private) Limited
- b. Carsons Management Services (Private) Limited

(Amounts expressed in Sri Lankan Rs. '000)

(43) RELATED PARTY DISCLOSURES (CONTD.)

Company's Director Mr. R. Theagarajah (appointed w.e.f. 12th September 2012) was 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	30.8 mn

Transaction with Key Management Personnel (KMP)

According to LKAS 24 "Related Party Disclosures", Key Management Personnel are those having authority and responsibility 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 RATE

The exchange rates applicable during the period were as follows:

	Balance Sheet			Income Statement	
	Closing rate			Average Rate	
	2013	2012	2011	2013	2012
	Rs.	Rs.	Rs.	Rs.	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	0.0129	0.0126	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

(45) TRANSITION TO LKAS/SLFRS - GROUP

As stated in Note 2(a) these are the Company's 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 (ICASL).

The Accounting Policies set out in notes to the financial statements to 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 SLAS's Statement of Financial Position, the company has adjusted amounts reported previously in Financial Statements prepared in accordance with previous SLAS's. An explanation of how the transition from previous SLAS's has affected the financial performance is set out in the following tables and notes that accompany the tables.

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(45) TRANSITION TO LKAS/SLFRS - GROUP (CONTD.)

(a) Reconciliation of Statement of Comprehensive Income

	Note	Adjusted SLAS	31 March 2012		As per LKAS / SLFRS
			Effect of transition to LKAS / SLFRS		
			Reclassification	Remeasurements	
Revenue	(vi)	66,071,539	-	7,729	66,079,268
Direct operating expenses	(i,ii)	(41,828,629)	-	429,090	(41,399,539)
		24,242,910	-	436,819	24,679,729
Other items of income					
Gain on disposal of non current investments /shares re - purchase		1,403,788	-	-	1,403,788
Change in fair value of investment properties	(ii)	24,908	-	(6,032)	18,876
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		682,893	-	-	682,893
Other items of expenses					
Distribution expenses	(ix)	(4,152,115)	-	(7,069)	(4,159,184)
Administrative expenses	(ii,vii)	(6,147,470)	-	3,396	(6,144,074)
Other operating expenses		(190,295)	-	-	(190,295)
Impairment of available for sale financial assets	(viii)	(574,323)	-	14,760	(559,563)
		15,165,223		3,956,470	19,121,693
Net finance cost	(iv,vi,ix,x)	(2,339,015)	-	3,238	(2,335,777)
Share of net result of associate/joint ventures		151,209	-	-	151,209
Profit before Income tax		12,977,417	-	3,959,708	16,937,125
Income tax expenses					
Current taxation		(3,391,103)	-	-	(3,391,103)
Deferred taxation	(i)	169,353	-	(1,086,045)	(916,692)
		(3,221,750)	-	(1,086,045)	(4,307,795)
Profit for the year		9,755,667	-	2,873,663	12,629,330

(Amounts expressed in Sri Lankan Rs. '000)

(45) TRANSITION TO LKAS/SLFRS - GROUP (CONTD.)

(b) Reconciliation of equity

	Note	As at 31 March 2012			As per		As at 01 April 2011			As per
		Adjusted SLAS	Reclassification	Remeasurement	LKAS / SLFRS	Adjusted SLAS	Reclassification	Remeasurement	LKAS / SLFRS	
ASSETS										
Non - Current Assets										
Property, Plant & Equipments	(ii)	61,476,001	(19,563,025)	-	41,912,976	40,077,904	(14,957,139)	-	25,120,765	
Biological Assets	(i)	-	21,083,838	12,614,879	33,698,717	-	15,504,501	7,411,553	22,916,054	
Prepaid lease payment for Lands		3,422,399	-	-	3,422,399	1,632,870	-	-	1,632,870	
Investment properties	(ii)	1,861,733	45,129	-	1,906,862	1,356,244	34,876	-	1,391,120	
Intangible assets		3,840,710	-	-	3,840,710	1,774,561	-	-	1,774,561	
Investments in associate/Joint ventures		574,217	-	-	574,217	427,810	-	-	427,810	
Available-for-sale financial assets	(iii,xi)	8,356,247	7,972	155,300	8,519,519	13,542,274	7,972	670,728	14,220,974	
Deferred tax assets	(i)	812,876	-	(24,131)	788,745	396,863	-	1,083	397,946	
Trade and other receivables	(iv)	969,250	-	(101,199)	868,051	520,726	-	(110,324)	410,402	
Total non - current assets		81,313,433	1,573,914	12,644,849	95,532,196	59,729,252	590,210	7,973,040	68,292,502	
Current Assets										
Inventories	(i)	8,174,597	(1,565,942)	-	6,608,655	3,983,088	(582,238)	-	3,400,850	
Trade and other receivables	(v)	6,711,588	-	12,074	6,723,662	3,521,466	-	7,869	3,529,335	
Current tax recoverable		93,061	-	-	93,061	103,049	-	-	103,049	
Fair value through profit or loss financial assets	(xi)	813,346	(7,972)	-	805,374	1,202,224	(7,972)	-	1,194,252	
Cash and cash equivalents		8,768,758	-	-	8,768,758	10,987,211	-	-	10,987,211	
Total current assets		24,561,350	(1,573,914)	12,074	22,999,510	19,797,038	(590,210)	7,869	19,214,697	
Total assets		105,874,783	-	12,656,923	118,531,706	79,526,290	-	7,980,909	87,507,199	

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(45) TRANSITION TO LKAS/SLFRS - GROUP (CONTD.)

(b) Reconciliation of equity (Contd.)

	Note	As at 31 March 2012				As at 01 April 2011			
		Adjusted SLAS	Effect of transition to LKAS / SLFRS		As per LKAS / SLFRS	Adjusted SLAS	Effect of transition to LKAS / SLFRS		As per LKAS / SLFRS
			Reclassification	Remeasurement			Reclassification	Remeasurement	
EQUITY AND LIABILITIES									
EQUITY									
Stated capital	(x)	1,614,652	(500,000)	-	1,114,652	1,614,652	(500,000)	-	1,114,652
Capital reserves	(x)	4,543,902	287,552	-	4,831,454	3,727,729	287,552	-	4,015,281
Revenue reserves	(x)	21,355,034	102,448	4,338,595	25,796,077	18,658,796	47,448	2,647,024	21,353,268
Equity attributable to owners of the company									
		27,513,588	(110,000)	4,338,595	31,742,183	24,001,177	(165,000)	2,647,024	26,483,201
Non-controlling interest		26,141,575	-	4,710,032	30,851,607	24,770,939	-	3,099,556	27,870,495
Total equity		53,655,163	(110,000)	9,048,627	62,593,790	48,772,116	(165,000)	5,746,580	54,353,696
LIABILITIES									
Non - Current Liabilities									
Long - term borrowings	(x)	25,746,729	55,000	-	25,801,729	18,814,550	110,000	-	18,924,550
Trade and other payables	(vi)	30,770	-	(5,278)	25,492	28,880	-	(2,968)	25,912
Retirement benefit obligations		545,625	-	-	545,625	334,095	-	-	334,095
Deferred tax liabilities	(i)	2,867,971	-	3,604,999	6,472,970	1,640,756	-	2,231,061	3,871,817
Total non - current liabilities		29,191,095	55,000	3,599,721	32,845,816	20,818,281	110,000	2,228,093	23,156,374
Current Liabilities									
Trade and other payables	(vi,vii)	9,679,521	-	8,575	9,688,096	4,498,235	-	6,236	4,504,471
Current tax liabilities		1,540,821	-	-	1,540,821	979,530	-	-	979,530
Long - term borrowings falling due within one year	(x)	2,799,088	55,000	-	2,854,088	2,168,984	55,000	-	2,223,984
Short - term borrowings		7,534,409	-	-	7,534,409	552,000	-	-	552,000
Bank overdrafts		1,474,686	-	-	1,474,686	1,737,144	-	-	1,737,144
Total current liabilities		23,028,525	55,000	8,575	23,092,100	9,935,893	55,000	6,236	9,997,129
Total liabilities		52,219,620	110,000	3,608,296	55,937,916	30,754,174	165,000	2,234,329	33,153,503
Total equity and liabilities		105,874,783	-	12,656,923	118,531,706	79,526,290	-	7,980,909	87,507,199

(c) Explanation of Transaction to SLFRS

(i) Fair Value of Biological Assets SLFRS / LKAS

Under previous GAAP, the Group accounted its 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.

(Amounts expressed in Sri Lankan Rs. '000)

(45) TRANSITION TO LKAS/SLFRS - GROUP (CONTD.)

(c) Explanation of Transaction to SLFRS (Contd.)

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 changes 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 is 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	2011
Consolidated Statement of Financial Position		
LKAS/SLFRS Adjustments		
Transfer to Biological assets from cumulative cost of Immature & Mature Plantation	19,517,896	14,922,263
Transfer to Biological assets from Inventory Nursery Cost	1,565,942	582,238
Cumulative change in fair value of biological assets	8,792,611	5,278,015
Translation gain on biological assets	2,304,432	1,042,024
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

(i.b) Property plant & equipments/Inventories

	Group	
	2012	2011
Consolidated Statement of Financial Position		
LKAS/SLFRS Adjustments		
Property plant & equipments	(19,517,896)	(14,922,263)
Inventories - Nursery Cost	(1,565,942)	(582,238)
	(21,083,838)	(15,504,501)

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(45) TRANSITION TO LKAS/SLFRS - GROUP (CONTD.)

(c) Explanation of Transaction to SLFRS (Contd.)

(i.c) Deferred tax assets/Deferred tax liabilities

	Group	
	2012	2011
Consolidated Statement of Financial Position		
LKAS/SLFRS Adjustments		
Deferred tax assets	(24,131)	1,083
Deferred tax liabilities	3,604,999	2,231,061
	3,580,868	2,232,144

(ii) Investment properties

The Group previously classified its land and building into '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, into Investment properties.

The impact arising from the change is summarized as follows:

	Group	
	2012	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 its 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) TRANSITION TO LKAS/SLFRS - GROUP (CONTD.)

(c) Explanation of Transaction to 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 recognized Land compensation receivable at cost subject to provision for impairment losses.

Under the revised standards Group designated this balance as long and receivable financial assets which would be carried at their amortised cost subject to impairment losses. Amortisation amount is recognized in finance income in the Statement of comprehensive 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)
Consolidated Statement of Comprehensive Income		
LKAS/SLFRS Adjustments		
Financial 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 into 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.

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(45) TRANSITION TO LKAS/SLFRS - GROUP (CONTD.)

(c) Explanation of Transaction to SLFRS (Contd.)

The impact arising from the change is summarized as follows:

	2012	Group 2011
Consolidated Statement of Financial Position		
Reclassification		
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:

	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

(Amounts expressed in Sri Lankan Rs. '000)

(45) TRANSITION TO LKAS/SLFRS - GROUP (CONTD.)

(c) Explanation of Transaction to SLFRS (Contd.)

(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.

The impact arising from the change is summarized as follows:

	2012	Group 2011
Consolidated Statement of Financial Position		
LKAS/SLFRS Adjustments		
Trade and other payables	4,022	3,889
	4,022	3,889
<hr/>		
		Group 2012
Consolidated Statement of Comprehensive Income		
LKAS/SLFRS Adjustments		
Administrative Expenses		133
		133

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(45) TRANSITION TO LKAS/SLFRS - GROUP (CONTD.)

(c) Explanation of Transaction to SLFRS (Contd.)

(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 Comprehensive income, being the fall in value of such investments below their acquisition cost only when such fall 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 by 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 interest 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 2012
Consolidated Statement of Comprehensive Income	
LKAS/SLFRS Adjustments	
Distribution Expenses	(7,069)
Finance Cost	7,069
	-

(Amounts expressed in Sri Lankan Rs. '000)

(45) TRANSITION TO LKAS/SLFRS - GROUP (CONTD.)

(c) Explanation of Transaction to SLFRS (Contd.)

As per LKAS/SLFRS, preference share capital which is redeemable as per the terms of an agreement need to be classified as borrowings even though as per terms of Companies Act, No. 7 of 2007 such preference share capital would fall into the classification of Stated Capital even after its redemption in part or in full. Hence, for the purpose of these Financial Statements the Company has classified the fully redeemed preference shares under Borrowings in Note 18.4. However, the said classification will not affect the Stated Capital as per Companies Act, No. 7 of 2007. Accordingly, the Stated Capital as per Companies Act, No. 7 of 2007 will be as follows;

Preference dividend is recognized under finance cost.

The impact arising from the change is summarized as follows:

	2012	Group 2011
Consolidated Statement of Financial Position		
LKAS/SLFRS Adjustments		
Stated capital	(500,000)	(500,000)
Capital reserves	287,552	287,552
Revenue reserves	102,448	47,448
	(110,000)	(165,000)
		Group 2012
Consolidated Statement of Comprehensive Income		
LKAS/SLFRS Adjustments		
Net Finance Cost - Preference Dividend		(11,298)
		(11,298)
		Group 2012
		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)
	-	-

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

(46) RESERVE RECONCILIATION FOR TRANSITION FROM SLAS TO LKAS / SLFRS - GROUP

31st March 2012	Capital Reserve	Revenue Reserve	Total	Non Controlling Interest
Balance as at 31st March - adjusted SLAS	4,543,902	21,355,034	25,898,936	26,141,603
Remeasurement & Reclassification Adjustments				
Preference Share	287,552	102,448	390,000	-
Investments Sector- (Note iii)	-	108,941	108,941	46,332
Leisure Sector - (Note iv)	-	(97,593)	(97,593)	(7,629)
Plantation Sector - (Note iv)				
Biological Gain	-	4,226,511	4,226,511	4,566,100
Depreciation Reversal	-	729,533	729,533	788,303
Exchange Translation impact - Bio gain	-	1,116,999	1,116,999	1,187,433
Deferred Tax	-	(1,267,624)	(1,267,624)	(1,356,883)
Exchange Translation impact - Deferred tax	-	(490,494)	(490,494)	(514,130)
Real Estate Sector- (Note v, vi, vii)	-	12,322	12,322	477
	287,552	4,441,043	4,728,595	4,710,004
Balance as at 31st March - As per LKAS / SLFRS	4,831,454	25,796,077	30,627,531	30,851,607

01st April 2011	Capital Reserve	Revenue Reserve	Total	Non Controlling Interest
Balance as at 31st March - adjusted SLAS	3,727,729	18,658,796	22,386,525	24,770,939
Remeasurement & Reclassification Adjustments				
Preference Share	287,552	47,448	335,000	-
Investments Sector- (Note iii)	-	411,118	411,118	260,229
Leisure Sector - (Note iv)	-	(102,325)	(102,325)	(7,998)
Property Sector	-	2,470	2,470	84
Plantation Sector - (Note iv)				
Biological Gain	-	2,387,991	2,387,991	2,890,025
Depreciation Reversal	-	491,564	491,564	599,950
Exchange Translation impact - Bio gain	-	485,815	485,815	555,519
Deferred Tax	-	(701,530)	(701,530)	(836,932)
Exchange Translation impact - Deferred tax	-	(328,079)	(328,079)	(361,320)
	287,552	2,694,472	2,982,024	3,099,556
Balance as at 1st April - As per LKAS / SLFRS	4,015,281	21,353,268	25,368,549	27,870,495

(Amounts expressed in Sri Lankan Rs. '000)

(47) TRANSITION TO LKAS/SLFRS - COMPANY

(a) Reconciliation of Statement of Comprehensive Income - Company

31 March 2012					
Effect of transition to LKAS/SLFRS					
	Note	Adjusted SLAS	Reclassification	Remeasurements	As per LKAS / SLFRS
Revenue	(v)	510,371	-	91,032	601,403
Other items of income					
Gain on disposal of non current investments /shares re - purchase		1,403,788	-	-	1,403,788
Gain / (Loss) on fair value through profit or loss financial assets		(7,315)	-	-	(7,315)
Other income		4,263	-	-	4,263
Other items of expenses					
Administrative expenses	(ii,vii)	(63,529)	-	-	(63,529)
Impairment of available for sale financial assets	(viii)	-	-	(3,448)	(3,448)
		1,847,578		87,584	1,935,162
Net Finance Cost	(iv,vi,ix,x)	(154,010)	-		(154,010)
Profit before Income tax		1,693,568	-	87,584	1,781,152
Income tax expenses					
Current taxation		(8,034)	-		(8,034)
		(8,034)	-	-	(8,034)
Profit for the year		1,685,534	-	87,584	1,773,118

(b) Reconciliation of Statement of Financial Position - Company

31 March 2012						31 March 2011			
Effect of transition to						Effect of transition to			
LKAS/SLFRS						LKAS/SLFRS			
	Note	Adjusted SLAS	Reclassification	Remeasurements	As per LKAS / SLFRS	Adjusted SLAS	Reclassification	Remeasurements	As per LKAS / SLFRS
ASSETS									
Non-Current Assets									
Investments in Subsidiaries		9,598,433	-	427,386	10,025,819	7,970,037	-	366,593	8,336,630
Investments in Associates		8,761	-	-	8,761	10,406	-	-	10,406
Available for sales financial assets	(xi)	-	7,972	46,070	54,042	-	7,972	40,690	48,662
Amount due from related companies		867,436	-	(314,479)	552,957	839,385	-	(340,521)	498,864
Total non-current assets		10,474,630	7,972	158,977	10,641,579	8,819,828	7,972	66,762	8,894,562
Current Assets									
Trade and other receivables		113,014	-	-	113,014	50,920	-	-	50,920
Current tax receivables		9,352	-	-	9,352	16,594	-	-	16,594
Fair value through profit or loss financial assets	(xi)	30,925	(7,972)	-	22,953	38,235	(7,972)	-	30,263
Cash and cash equivalents		794,015	-	-	794,015	90,900	-	-	90,900
Total current assets		947,306	(7,972)	-	939,334	196,649	(7,972)	-	188,677
Total assets		11,421,936	-	158,977	11,580,913	9,016,477	-	66,762	9,083,239

Notes to the Financial Statements

(48) TRANSITION TO LKAS/SLFRS - COMPANY (CONTD.)

(b) Reconciliation of Statement of Financial Position - Company (Contd.)

	Note	31 March 2012 Effect of transition to LKAS/SLFRS			As per LKAS / SLFRS	31 March 2011 Effect of transition to LKAS/SLFRS			As per LKAS / SLFRS
		Adjusted SLAS	Reclassification	Remeasurements		Adjusted SLAS	Reclassification	Remeasurements	
EQUITY AND LIABILITIES									
Equity									
Stated capital	(x)	1,614,652	(500,000)	-	1,114,652	1,614,652	(500,000)	-	1,114,652
Capital reserves	(x)	-	287,552	-	287,552	-	287,552	-	287,552
Revenue reserves	(x)	7,513,446	102,448	157,689	7,773,583	6,275,687	47,448	64,724	6,387,859
Total equity		9,128,098	(110,000)	157,689	9,175,787	7,890,339	(165,000)	64,724	7,790,063
LIABILITIES									
Non-Current Liabilities									
Long term borrowings	(x)	-	55,000	-	55,000	129,600	110,000	-	239,600
Trade and other payables		-	-	1,288	1,288	-	-	2,038	2,038
Total non-current liabilities		-	55,000	1,288	56,288	129,600	110,000	2,038	241,638
Current Liabilities									
Trade and other payables		164,916	-	-	164,916	156,445	-	-	156,445
Long-term borrowings falling due within one year	(x)	277,550	55,000	-	332,550	128,000	55,000	-	183,000
Short Term Borrowings		825,000	-	-	825,000	-	-	-	-
Bank overdrafts		1,026,372	-	-	1,026,372	712,093	-	-	712,093
Total current liabilities		2,293,838	55,000	-	2,348,838	996,538	55,000	-	1,051,538
Total liabilities		2,293,838	110,000	1,288	2,405,126	1,126,138	165,000	2,038	1,293,176
Total equity and liabilities		11,421,936	-	158,977	11,580,913	9,016,477	-	66,762	9,083,239

(b) i Recognition of 'Loans and receivables - Financial Assets' at amortized cost

Due to the application of Sri Lanka Accounting Standard (LKAS) 39 - "Financial Instruments - Recognition and measurement", 'Amounts due from related companies'; Equity One PLC and Carsons Management Services (Private Limited), which were previously recognized at cost, were re-measured and recognized at amortized cost, with the resultant credit being amortized to the Statement of comprehensive income, until such time the underlying balances due are settled.

(b) ii The impact arising from the change is summarized as follows:

Due to the application of Sri Lanka Accounting Standard (LKAS) 39 - "Financial Instruments - Recognition and measurement", corporate guarantees provided by the Company to its subsidiaries; Pegasus Hotels of Ceylon PLC, Carsons Management Services (Private) Limited and Carsons Airline Services (Private) Limited, in securing bank borrowing facilities/bank guarantees have been recognized at fair value. Accordingly, the benefit offered to the subsidiary companies have been accounted for as 'Deemed investment' in the said subsidiaries, with the resultant credit being amortized to the Statement of comprehensive income, over the term of the borrowing facility/bank guarantee.

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	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
		14.31	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)

For the year ended 31st March	Group	
	2013	2012
Revenue	587,353,484	589,046,782
Direct operating expenses	(411,113,812)	(369,045,632)
	176,239,672	220,001,150
Other items of income		
Gain on disposal of non current investments/shares re-purchase	-	12,513,710
Change in fair value of investment properties	481,291	168,265
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	6,087,475
Other items of expenses		
Distribution expenses	(40,531,210)	(37,075,985)
Administrative expenses	(51,119,658)	(54,769,781)
Other operating expenses	(1,729,251)	(1,696,336)
Impairment of Business Assets	(431,403)	(4,988,082)
	122,251,664	170,455,456
Finance expenses	(17,516,750)	(20,821,688)
Share of net result of associates	(123,953)	1,347,914
	104,610,960	150,981,681
Profit before Income tax		
Income tax expenses		
Current taxation	(19,122,411)	(30,229,123)
Deferred taxation	(11,445,192)	(8,171,617)
	(30,567,602)	(38,400,740)
Profit for the year	74,043,358	112,580,941
Profit Attributable to:		
Owners of the Company	35,222,613	62,419,576
Non controlling interest	38,820,745	50,161,366
	74,043,358	112,580,941
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)

As at 31st March	2013	Group 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	26,716,620
Investment properties	15,524,896	14,885,730
Intangible assets	31,014,115	29,982,123
Investments in associates / Joint ventures	4,581,385	4,482,568
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	904,448,136	745,762,654
Current Assets		
Inventories	57,211,538	51,589,813
Trade and other receivables	61,555,788	52,487,603
Current tax recoverable	613,185	726,472
Fair value through profit or loss financial assets	7,609,252	6,287,073
Cash and cash equivalents	61,978,162	68,452,443
Total current assets	188,967,925	179,543,404
Total assets	1,093,416,061	925,306,058
EQUITY AND LIABILITIES		
EQUITY		
Stated capital	10,103,695	10,103,695
Capital reserves	41,657,365	37,716,269
Revenue reserves	221,319,735	199,972,254
Equity attributable to owners of the company	273,080,794	247,792,217
Non -controlling interest	268,288,202	240,840,023
Total equity	541,368,997	488,632,240
LIABILITIES		
Non - Current Liabilities		
Long - term borrowings	216,289,369	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	286,619,615	256,407,619
Current Liabilities		
Trade and other payables	70,065,971	75,629,165
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	265,427,449	180,266,198
Total liabilities	552,047,064	436,673,817
Total equity and liabilities	1,093,416,061	925,306,058
Exchange Rate	126.89	128.10

This information does not constitute a full set of Financial Statements in compliance with LKAS.

Glossary

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 (Note 01)

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 able 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 profit 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 One Hundredth Annual General Meeting of Carson Cumberbatch PLC will be held on Wednesday the 31st day of July 2013 at 9.30 a.m. at The Kingsbury Hotel, 'The Balmoral' Ballroom, 48, Janadhipathi Mawatha, Colombo 1, Sri Lanka, 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 report of the Independent Auditors thereon.
2. To declare a dividend as recommended by the Directors.
3. To re-elect Mr. D.C.R. Gunawardena who retires by rotation in terms of Articles 72, 73 & 74 of the Articles of Association of the Company.
4. To re-elect Mr. V. P. Malalasekera who retires by rotation in terms of Articles 72, 73 & 74 of the Articles of Association of the Company.
5. To re-elect Mr. R. Theagarajah as a Director in terms of Article 68 of the Articles of Association of the Company.
6. 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. 7 of 2007 shall not be applicable to Mr. I. Paulraj who is 76 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."
7. To re-appoint Mr. M. Moonesinghe 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. 7 of 2007 shall not be applicable to Mr. M. Moonesinghe who is 81 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

8. 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/herself. 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, Sri Lanka not later than 9.30 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 to the security personnel stationed at the entrance lobby.

Form of Proxy

*I/We.....
of.....
being *a Shareholder/Shareholders of CARSON CUMBERBATCH PLC hereby appoint
of..... bearing NIC No./ Passport No

or failing him/her

Tilak de Zoysa	or failing him,
Hariharan Selvanathan	or failing him,
Manoharan Selvanathan	or failing him,
Israel Paulraj	or failing him,
Don Chandima Rajakaruna Gunawardena	or failing him,
Suresh Kumar Shah	or failing him,
Palehenalage Chandana Priyankara Tissera	or failing him,
Vijaya Prasanna Malalasekera	or failing him,
Mangala Moonesinghe	or failing him,
Faiz Mohideen	or failing him,
Rajendra Theagarajah	

as *my/our proxy to attend at the 100th Annual General Meeting of the Company to be held on Wednesday, the 31st day of July 2013 at 9.30 a.m at The Kingsbury Hotel, 'The Balmoral' Ballroom, 48, Janadhipathi Mawatha, Colombo 1, Sri Lanka and 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 Report of the Independent Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare Rs. 2/- per share as a First & Final dividend for the financial year ended 31st March 2013 as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. D.C.R. Gunawardena who retires by rotation in terms of Articles 72, 73 & 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. V.P.Malalasekera who retires by rotation in terms of Articles 72, 73 & 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect Mr. R. Theagarajah as a Director in terms of Article 68 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Mr. I. Paulraj who is over Seventy years of age as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appoint Mr. M. Moonesinghe who is over Seventy years of age as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
8. 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.	<input type="checkbox"/>	<input type="checkbox"/>

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 54 of the Articles of Association of the Company:
 - 1) Any Shareholder entitled to attend and vote at a meeting shall be entitled to appoint another person (whether a shareholder or not) as his proxy to attend and vote instead of him. A proxy so appointed shall have the same right as the Shareholder to vote on a show of hands or on a poll and to speak at the meeting.
 - 2) An instrument appointing a proxy shall be in writing and:
 - (a) in the case of an individual shall be signed by the appointor or by his attorney; and
 - (b) in the case of a corporation shall be either under the common seal, or signed by its attorney, or by an authorized officer on behalf of the corporation.
 - 3) An instrument appointing a proxy or the power of attorney or other authority, if any, must be left or received at the Office or such other place (if any) as is specified for the purpose in the notice convening the meeting not less than forty eight (48) hours before the time appointed for the holding of the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used and in default shall not be treated as valid unless the Directors otherwise determine.
 - 4) Where there are joint registered holders of any Share, any one (01) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy as if he were solely entitled thereto and if more than one (01) of such joint holders be so present at any meeting, one (01) of such persons so present whose name stands first in the Register in respect of such Share, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Shareholder in whose name any Share stands shall for the purpose of this Article be deemed joint holders thereof.
- 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, Sri Lanka not later than 9.30 a.m on 29th July 2013.

Please fill in the following details	
Name
Address
Jointly with
Share Folio No.

www.carsoncumberbatch.com