

1. Reporting Entity

Hayleys PLC, is a company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The address of the Company's registered office and the principal place of business is given on inner back cover.

The Consolidated Financial Statements of Hayleys PLC, as at and for the year ended 31st March, 2013 encompass the Company and its Subsidiaries (together referred to as the 'Group') and the Group's interest in Equity Accounted Investees. Descriptions of the nature of the operations and principal activities of the Company, its Subsidiaries and Equity Accounted Investees are given on pages 304 to 305. There were no significant changes in the nature of the principle activities of the Company and the Group during the financial year under review.

Hayleys PLC, does not have an identifiable Parent of its own.

The Financial Statements of all companies in the Group other than those mentioned in Note 36 to the Financial Statements are prepared for a common financial year, which ends on 31st March.

The financial statements were authorised for issue by the Directors on 20th May 2013.

2. Basis of Preparation

2.1 Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards promulgated by the Institute of Chartered Accountants of Sri Lanka and with the requirements of the Companies Act No. 7 of 2007.

For all periods up to and including the year ended 31st March, 2012, the Group prepared its Financial Statements in accordance with Sri Lanka Accounting Standards (SLAS) applicable as at 31 March, 2012. These Financial Statements for the year ended 31st March, 2013 are the first the Group has prepared in accordance with Sri Lanka Accounting Standards effective from 1st January, 2012 comprising SLFRS and LKAS. Refer to Note 5 for explanation of the transition.

2.2 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position.

- Lands are measured at cost at the time of the acquisition and subsequently lands are carried at valuation.
- Financial instruments fair value through profit or loss are measured at fair value.
- Available-for-sale financial assets are measured at fair value.
- Certain biological assets are measured at fair value.

Where appropriate, the specific policies are explained in the succeeding Notes.

No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional currency, except for certain subsidiaries and whose functional currencies are different as they operate in different economic environments (see Note 34). All financial information presented in Sri Lankan Rupees have been given to the nearest thousand (Rs. 000), unless stated otherwise.

2.4 Materiality and Aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

Significant Accounting Policies

3. Basis of Consolidation

The Consolidated Financial Statements (referred to as the 'Group') comprise the Financial Statements of the Company and its subsidiaries and the Group's interest in Equity Accounted Investees.

Subsidiaries, Equity Accounted Investees are disclosed in Notes to the Financial Statements.

3.1 Subsidiaries

Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities which is evident when the Group controls the composition of the Board of Directors of the entity or holds more than 50% of the issued shares of the entity or 50% of the voting rights of the entity or entitled to receive more than half of every dividend from shares carrying unlimited right to participate in distribution of profits or capital.

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

The interest of outside shareholders in Group companies is disclosed separately under the heading of 'Non-controlling Interest'.

The results of subsidiaries acquired or incorporated during the period have been consolidated from the date of acquisition or incorporation, while the results of subsidiaries disposed, have been accounted up to the date of disposal. Non-controlling Interest is measured at the proportionate share of the acquiree's identifiable net assets.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

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

3.1.1 Business Combination and Goodwill

Acquisitions on or after 1st April, 2011

Business Combinations occurred after 1st April, 2011 are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Transaction costs, other than those associated with the issue of debt or equity securities that Group incurs in connection with a business combinations are expensed and included in administrative expenses.

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with LKAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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

irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

Acquisitions prior to 1st April, 2011

As part of the transition to SLRSs, the Group elected to restate only those business combinations that occurred on or after 1st April, 2011. In respect of acquisitions prior to 1st April, 2011, goodwill represents the amount recognised under the previous Sri Lanka Accounting Standards (SLASs).

3.1.2 Transactions with Non-Controlling Interests

The profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the parent, directly or indirectly through subsidiaries, is disclosed separately under the heading 'Non- controlling Interest'.

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

3.1.3 Equity Accounted Investees

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

Under the equity method, the investment in the equity accounted investee is carried on the Statement of Financial Position at cost plus post acquisition changes in the Group's share of net assets of the equity accounted investee. Goodwill relating to the equity accounted investee is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Income Statement reflects the Group's share of the results of operations of the equity accounted investee. When there has been a change recognised directly in the equity of the equity accounted investee, the Group recognises its share of any changes and discloses this, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the equity accounted investee are eliminated to the extent of the interest in the equity accounted investee.

The Consolidated Financial Statements include the Group's share of profit net of tax after non-controlling interests in subsidiaries and equity movements of equity accounted investees from the date that significant influence commences until the date significant influence ceases. When the Group's share of losses exceeds its investment in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has incurred obligations or has made payments on behalf of the investee.

The Financial Statements of the equity accounted investees are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on its investment in its equity accounted investee. The Group determines at each reporting date whether there is any objective evidence that the investment in the equity accounted investee is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity accounted investee and its carrying value and recognises the amount in the 'share of profit of an equity accounted investee' in the Income Statement.

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

3.1.4 Interest in a Joint Venture

The Group has an interest in a joint venture which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The agreement requires unanimous

agreement for financial and operating decisions among the venturers. The Group recognises its interest in the joint venture using the proportionate consolidation method. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its Consolidated Financial Statements. The Financial Statements of the joint venture are prepared for the same reporting period as the Group. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

Adjustments are made in the Group's Consolidated Financial Statements to eliminate the Group's share of intragroup balances, transactions and unrealised gains and losses on such transactions between the Group and its jointly controlled entity. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture.

Upon loss of joint control the Group measures and recognises its remaining investment at its fair value. Any difference between the carrying amount of the former joint controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal are recognised in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as investment in an Equity Accounted Investee.

The Financial Statements of the joint venture are aligned to the group accounting policies.

3.1.5 Transactions Eliminated on Consolidation

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

3.1.6 Foreign Currency

3.1.6.1 Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates applicable on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Foreign currency differences arising on retranslation are recognised in profit and loss. All differences arising on settlement or translation of monetary items are taken to the income statement with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed, at which time, the cumulative amount is reclassified to the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income. Non-monetary assets and liabilities which are carried in terms of historical cost in a foreign currency are translated at the exchange rate that prevailed at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

3.1.6.2 Foreign Operations

The results and financial position of all Group entities that have a functional currency other than the Sri Lanka Rupee are translated into Sri Lanka Rupees as follows:

- assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition, are translated to Sri Lanka Rupees at the exchange rate at the reporting date;
- income and expenses are translated at the average exchange rates for the period.

Foreign currency differences are recognised in other comprehensive income. When a foreign operation is disposed of, the relevant amount in the translation reserve is transferred to profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement

of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognised in other comprehensive income in the translation reserve.

Any goodwill arising on the acquisition of a foreign operation subsequent to 1st April, 2011 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Prior to 1st April, 2011, the date of transition to SLFRS, the Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

3.2 Assets and Bases of their Valuation

3.2.1 Property, Plant & Equipment

3.2.1.1 Recognition and Measurement

Items of property, plant & equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any, whilst land is measured at fair value.

3.2.1.2 Owned Assets

The cost of property, plant & equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets for which the commencement date for capitalisation is on or after 1st April, 2011.

Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

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

Revaluation of land is done with sufficient frequency to ensure that the fair value of the land does not differ materially from its carrying amount, and is undertaken by professionally qualified valuers.

Any revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case, the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

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

3.2.1.3 Leased Assets

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April, 2011, the date of inception is deemed to be 1 April, 2011 in accordance with the transitional requirements of IFRIC 4 Determining whether an Arrangement contains a lease.

3.2.1.4 Group as a Lessee

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

3.2.1.5 Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

3.2.1.6 Subsequent Costs

The cost of replacing a component of an item of property, plant & equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below.

The costs of the day-to-day servicing of property, plant & equipment are recognised in profit and loss as incurred.

3.2.1.7 Derecognition

The carrying amount of an item of property, plant & equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Gains and losses on derecognition are recognised in profit and loss and gains are not classified as revenue. When revalued assets are sold, any related amount included in the Revaluation Reserve is transferred to Retained Earnings.

3.2.2 Depreciation

Depreciation is recognised in profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant & equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term. Freehold land is not depreciated.

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

Leasehold right to land	- Over the lease period
Buildings	- 20 - 50 years
Software	- 03 - 05 years
Plant & machinery	- 05 - 20 years
Stores equipment	- 05 - 10 years
Motor vehicles	- 04 - 05 years
Furniture, fittings & office equipment	- 02 - 13 years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognised.

3.2.3 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination are their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life

continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

3.2.3.1 Leasehold Rights

In respect of operating leases acquired under a business combination where the Group is lessee, Group determines whether the terms of each operating lease are favourable or unfavourable relative to market terms. The Group recognises an intangible asset if the terms of an operating lease are favourable relative to market terms and a liability if the terms are unfavourable relative to market terms. Leasehold rights represent value of favourable lease terms.

3.2.3.2 Research and Development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

3.2.3.3 Brand Name

Brands acquired as part of a business combination, are capitalised as part of a Brand Names if the Brand meets the definition of an intangible asset and the recognition criteria are

satisfied. Brand Names are reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

3.2.3.4 Customer List

The present value of the income anticipated deriving from repeat customer list of the travel agents as at the acquisition date is recognised as an intangible asset based on a valuation carried out by an independent valuer. Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortisation and accumulated impairment losses.

Customer List recognised at the acquisition date will be amortised over the period income anticipated to derive from repeat customers and reviewed annually for any impairment in value.

3.2.3.5 Other Intangible Assets

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

3.2.3.6 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 and loss as incurred.

3.2.3.7 Amortisation

Amortisation is recognised in profit and loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and brand name, from the date on which they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Right to generate hydro power - 15-20 years
- Customer List - 5 years

3.2.4 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at its cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the investment

property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Investment properties are derecognised 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.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. Transfers between investment property, owner occupied property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

3.3 Financial Instruments - Initial Recognition and Subsequent Measurement

3.3.1 Financial Assets

3.3.1.1 Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

3.3.1.2 Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by LKAS 39.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with net changes in fair value recognised in finance income or finance costs in the income statement.

Financial assets designated upon initial recognition at fair value through profit and loss are designated at their initial recognition date and only if the criteria under LKAS 39 are satisfied. The Group has not designated any financial assets at fair value through profit or loss.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets. The reclassification to loans and receivables, available-for-sale or held-to-maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, these instruments cannot be reclassified after initial recognition.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs for loans and in other operating expenses for receivables.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest rate, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

Available-for-Sale Financial Investments

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the income statement in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the effective interest rate method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified from the available-for-sale category, the fair value at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

3.3.1.3 Derecognition

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The

transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

3.3.1.4 Impairment of Financial Assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets carried at Amortised Cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's

original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

Available-for-Sale Financial Investments

The Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

3.3.2 Financial Liabilities

3.3.2.1 Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

3.3.2.2 Subsequent Measurement

The measurement of financial liabilities depends on their classification as described below:

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

Financial liabilities designated upon initial recognition at fair value through profit and loss so designated at the initial date of recognition, and only if criteria of LKAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Financial Guarantee Contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the

holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Fair values of corporate guarantees to Banks are measured on a periodic basis and the same is recognised as finance income through inter-company current account balances.

3.3.2.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

3.3.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

3.3.4 Fair Value of Financial Instruments

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

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

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 19.

3.3.5 Derivative Financial Instruments

3.3.5.1 Initial Recognition and Subsequent Measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the income statement.

3.3.6 Current Assets

Assets classified as current assets on the statement of financial position are cash and bank balances and those which are expected to be realised in cash during the normal operating cycle or within one year from the reporting date, whichever is shorter.

3.3.6.1 Inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- All inventory items, except manufactured inventories and work-in-progress are measured at weighted average directly attributable cost.
- Manufactured inventories and work-in-progress are measured at weighted average factory cost which includes all direct expenditure and appropriate share of production overhead based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

3.3.6.2 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. 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 purpose of the Statement of Cash Flows.

3.3.7 Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial 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. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently, if events or changes in circumstances indicate that they might be impaired.

Formers - Provision for Impairment

In respect of formers, a 10% provision on the written down value is recognised as impairment in profit and loss.

3.3.7.1 Calculation of Recoverable Amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, 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. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

3.3.7.2 Impairment/Reversal of Impairment

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.3.8 Non-Current Assets Held-for-Sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the

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

3.4 Liabilities and Provisions

3.4.1 Employee Benefits

3.4.1.1 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 will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The Group contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively.

3.4.1.2 Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee benefits'. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 28. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19

on employee benefit. However, 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.

The liability is not externally funded. This liability is computed on the following basis:

Length of service (Years)	No. of months salary for each completed year of service
Up to 20	1/2
20 up to 25	3/4
25 up to 30	1
30 up to 35	1 1/4
Over 35	1 1/2

3.4.2 Short-Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.4.3 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

3.4.4 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 weighing of possible outcomes against their associated probabilities.

3.4.5 Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the Group are disclosed in the respective Note 32 to the Financial Statements.

3.4.6 Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3.4.7 Repurchase of Stated Capital (Treasury Shares)

When stated capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

3.5 Income Statements

For the purpose of presentation of the Income Statement, the function of expenses method is adopted.

3.5.1 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, 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.

Revenue from services rendered is recognised in profit and loss in proportion to the stage of completion of the transaction at the reporting date. Room revenue is recognised on the rooms occupied on daily basis.

Food and Beverage revenue is recognised at the time of sales.

Rental income is recognised in profit and loss as it accrues.

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

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

Grants are recognised initially as deferred income when there is a reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit and loss on a systematic basis in the periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit and loss on a systematic basis over the useful life of the asset.

Gains and losses on disposal of an item of property, plant & equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and are recognised net within 'other operating income' in profit and loss.

Other income is recognised on an accrual basis.

3.5.2 Expenses

All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

Repairs and renewals are charged to profit and loss in the year in which the expenditure is incurred.

3.5.2.1 Operating Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership over the lease term are classified as operating leases. Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease.

3.5.2.2 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

3.5.2.3 Finance Income and Finance Costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through

profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in profit or loss. 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.

The interest expense component of finance lease payments 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.

Foreign currency gains and losses are reported on a net basis.

3.5.2.4 Tax Expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are 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.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustments to tax payable in respect of previous years.

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

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, equity accounted investee and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts

and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

Tax withheld on dividend income from subsidiaries and equity accounted investees is recognised as an expense in the Consolidated Income Statement at the same time as the liability to pay the related dividend is recognised.

Sales Tax

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

- When the sales tax incurred on a purchase of assets or 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
- Receivables and payables that are stated with the amount 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.

3.6 General

3.6.1 Events Occurring after the reporting date

All material post Balance Sheet events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

3.6.2 Earnings per Share

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

3.7 First Time Adoption of SLFRS

These Financial Statements, for the year ended 31st March, 2013, are the first the Group has prepared in accordance with SLAS effective from 1st January, 2012. For periods up to and including the year ended 31st March, 2012,

the Group prepared its financial Statements in accordance with Sri Lanka Accounting Standards (SLAS) applicable as at 31st March, 2012.

Accordingly, the Group has prepared Financial Statements which comply with SLAS effective from 1st January, 2012 applicable for periods ending on or after 31st March, 2011, together with the comparative period data as at and for the year ended 31st March, 2012, as described in the accounting policies. In preparing these Financial Statements, the Group's opening Statement of Financial Position was prepared as at 1st April, 2011, the Group's date of transition to SLAS effective from 1st January, 2012. This Note explains the principal adjustments made by the Group in restating its SLASs Statement of Financial Position as at 1st April, 2011 and its previously published SLASs Financial Statements as at and for the year ended 31st March, 2012.

3.7.1 Exemptions Applied

SLFRS 1 First-Time Adoption of Sri Lanka Accounting Standards (SLFRS) allows first-time adopters certain exemptions from the retrospective application of certain SLFRS.

The Group has applied the following exemptions:

- **Business Combinations**

SLFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses for SLFRS, or of interests in equity accounted investees and joint ventures that occurred before 1st April, 2011. Use of this exemption means that the carrying amounts of assets and liabilities as per SLAS, which are required to be recognised under SLFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with SLFRS. Assets and liabilities that do not qualify for recognition under SLFRS are excluded from the opening SLFRS statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of SLFRS recognition requirements.

SLFRS 1 also requires that the carrying amount of goodwill as per SLAS must be used in the opening SLFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with SLFRS 1, the Group has tested goodwill for impairment at the date of transition to SLFRS. No goodwill impairment was deemed necessary at 1st April, 2011.

The Group has not applied LKAS 21 retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to IFRS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

• Property, Plant & Equipment

As part of the SLFRS transition process, the Group evaluated the classification/useful lives of assets recorded in the financial statements in assessing whether the depreciation period was representative of the useful lives of the assets.

• Designation of Previously Recognised Financial Instruments

The Group has designated certain unquoted equity instruments held at 1st April, 2011 as available-for-sale investments.

• Estimates

The estimates at 1st April, 2011 and at 31st March, 2012 are consistent with those made for the same dates in accordance with SLAS (after adjustments to reflect any differences in accounting policies) apart from the following items where application of SLAS did not require estimation:

- Biological assets - managed timber
- Liability to make lease payment
- Available-for-sale financial assets - unquoted equity shares

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

3.7.2 Standards Issued But Not Yet Effective

Standards issued but not yet effective up to the date of issuance of the Group's Financial Statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

• SLFRS 9 Financial Instruments: Classification and Measurement

SLFRS 9 replaces LKAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in LKAS 39. The standard is effective for annual periods beginning on or after 1st January, 2015. The adoption of the first phase of SLFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

• SLFRS 10 - Consolidated Financial Statements

SLFRS 10 replaces the portion of LKAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated Financial Statements. It also includes the issues raised in Standing Interpretations Committee - SIC-12 Consolidation - Special Purpose Entities.

SLFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by SLFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in LKAS 27. This standard becomes effective for annual periods beginning on or after 1st January, 2014.

• SLFRS 11 - Joint Arrangements

SLFRS 11 replaces LKAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers. SLFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The application of this new standard will impact the financial position of the Group. This is due to the cessation of proportionate consolidating of joint ventures being changed to equity accounting. This standard becomes effective for annual periods beginning on or after 1st January, 2014.

• **SLFRS 12 - Disclosure of Interests in Other Entities**

SLFRS 12 includes all of the disclosures that were previously in LKAS 27 related to Consolidated Financial Statements, as well as all of the disclosures that were previously included in LKAS 31 and LKAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after 1st January 2014.

• **SLFRS 13 - Fair Value Measurement**

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements. SLFRS 13 does not state when an entity is required to use fair value, but rather provides guidance on how to measure fair value under SLFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1st January, 2014.

3.7.3 Explanations to the Transition of SLFRS

To comply with the SLFRS 1, the Group provides explanations to the transition to SLFRS/LKAS from SLAS. The explanations includes a background and quantification of the change, This also includes reconciliation of Group's equity as at the date of transition 1st April, 2011 and end of latest reporting period 31st March, 2012. Reconciliation for total comprehensive income includes only for the latest financial year ended 31st March, 2012.

3.8 Plantations

The plantation companies in the Group adopt certain accounting policies, which differ from that of the Group, since their nature of operations is significantly different from that of the rest of the Group. The accounting policies adopted are in accordance LKAS 41 Agriculture.

Those accounting policies that significantly vary from the rest of the Group are given below. Where material, the impact of the different accounting policies has been quantified.

3.8.1 Property, Plant & Equipment

3.8.1.1 Permanent Land Development Costs

Permanent land development costs are those costs incurred in major infrastructure development and building new access roads on leased lands.

The costs have been capitalised and amortised over the shorter of useful lives or remaining lease periods.

Permanent impairments to land development costs are charged to the Income Statement in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.8.1.2 Biological Asset

Biological assets are classified in to mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Tea, rubber, other plantations and nurseries are classified as biological assets.

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological asset includes tea and rubber trees, those that are not intended to be sold or harvested, however used to grow for harvesting agricultural produce from such biological assets. Consumable biological assets includes managed timber trees those that are to be harvested as agricultural produce or sold as biological assets.

The entity recognise the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 - Property, Plant & Equipment as per the ruling issued by ICASL.

The managed timber trees are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using DCF method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer. All other assumptions and sensitivity analysis are given in Note 16.

The main variables in DCF model concerns

Variable	Comment
Currency valuation	Rs.
Timber content	Estimate based on physical verification of girth, height and considering the growth of the each spices in different geographical regions. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Group
Economic useful life	Estimated based on the normal life span of each spices by factoring the forestry plan of the Group
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfil in bringing the trees in to saleable condition
Planting cost	Estimated costs for the further development of immature areas are deducted
Discount Rate	Future cash flows are discounted at following discount rates: Timber trees 17.5%

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

The gain or loss arising on initial recognition of biological assets at fair value less cost to sell and from a change in fair value less cost to sell of biological assets are included in profit or loss for the period in which it arises.

3.8.1.3 Immature and Mature Plantations

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, interplanting and fertilising, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads, including interest attributable to long-term loans used for financing immature plantations.

The expenditure incurred on bearer biological assets (Tea, Rubber, Timber fields) which comes into bearing during the year, is transferred to mature plantations. Expenditure incurred on consumable biological assets is recorded at cost at initial recognition and thereafter at fair value at the end of each reporting period.

Permanent impairments to Biological Asset are charged to the Income Statement in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

3.8.1.4 Infilling Cost on Bearer Biological Assets

The land development costs incurred in the form of infilling have been capitalised to the relevant mature field, only where the number of plants per hectare exceeded 3,000 plants and, also if it increases the expected future benefits from that field, beyond its pre-infilling performance assessment. Infilling costs so capitalised are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation, or the unexpired lease period, whichever is lower.

Infilling costs that are not capitalised have been charged to the Income Statement in the year in which they are incurred.

3.8.1.5 Depreciation

Depreciation is recognised in Profit and Loss on a straight line basis over the estimated useful lives of each item of Property Plant & Equipment as follows:

Mature Plantations (Replanting and New Planting)

Description	Years
Mature plantations - Tea	33
- Rubber	20
Sanitation, water & electricity supply	20

Depreciation methods, useful lives and residual values are reassessed at the reporting date. Mature plantations are reassessed at the reporting date. Mature plantations are depreciated over their useful lives or unexpired lease period, whichever is less.

No depreciation is provided for immature plantations.

3.8.1.6 Leased Assets

The leasehold rights of assets taken over from JEDB/SLSPC are amortised in equal amounts over the shorter of the remaining lease periods and the useful lives as follows:

Description	Year
Bare land	53
Improvements to land	30
Mature plantations (Tea & Rubber)	30
Buildings	25
Machinery	20

3.8.2 Borrowing Costs

Borrowing costs incurred in respect loans that are utilised for field development activities have been capitalised as a part of the cost of the relevant immature plantation. The capitalisation will cease when the crops are ready for commercial harvest.

3.8.3 Inventories

3.8.3.1 Finished Goods Manufactured From Agricultural Produce of Biological Assets

These are valued at the lower of cost and estimated net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is the estimated selling price at which stocks can be sold in the ordinary course of business after allowing for cost of realisation and/or cost of conversion from their existing state to saleable condition.

3.8.3.2 Input Material, Spares and Consumables

At actual cost on weighted average basis.

3.8.3.3 Agricultural Produce Harvested from Biological Assets

Agricultural produce harvested from its biological assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi-finished inventories from agriculture produce are valued by adding the cost of conversion to the fair value of the agricultural produce.

3.8.4 Grants and Subsidies

Grants and subsidies are recognised at their fair value where there is a reasonable assurance the grant/subsidy will be received and all attaching conditions, if any, will be complied with. When the grant or subsidy relates to an income item is recognised as income over the periods necessary to match them to the costs to which it is intended to compensate on a systematic basis.

Grants and subsidies related to assets, including non-monetary grants at fair value are deducted at arriving at the carrying value of the asset (or are deferred in the Financial Position and credited to the Income Statement over the useful life of the asset.)

3.9 Cash Flow Statement

The Cash Flow Statement has been prepared using the 'indirect method'.

Interest paid is classified as an operating cash flow. Grants received, which are related to purchase and construction of property, plant & equipment are classified as investing cash flows. Dividend and interest income are classified as cash flows from investing activities.

Dividends paid are classified as financing cash flows. Dividends received by Hayleys PLC, which is an investment company, are classified as operating cash flows and are not disclosed separately in the Company Cash Flow Statement.

3.10 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chairman to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant & equipment, and intangible assets other than goodwill.

4. Critical Accounting Estimates and Judgements

Use of Estimates and Judgements

The preparation of Financial Statements in conformity with SLFRS/LKAS's 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. Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgements and 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 if the revision affects only that period and any future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes.

4.1 Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

4.2 Measurement of the Recoverable amount of Cash-Generating Units containing Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 3.3.7.1. The basis of determining the recoverable amounts of cash generating units and key assumptions used are given in Note 17.

4.3 Taxation

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

The Group recognised assets and liabilities for current and deferred taxes based on estimates of whether additional taxes will

be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

4.4 Measurement of the Defined Benefit Obligations

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 28. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

4.5 Impairment of Property, Plant & Equipment and Intangible Assets other than Goodwill

The impairment analysis is principally based upon discounted estimated cash flows from the use and eventual disposal of the assets. Factors like lower than anticipated sales and resulting decreases of net cash flows and changes in the discount rates could lead to impairment.

4.6 Revaluation of Land

The Group measures lands at revalued amount with change in value being recognised in the Statement of Other Comprehensive Income. The valuer has used valuation techniques such as open market value.

4.6 Fair Valuation of Biological Assets

The Group measures consumable Biological Assets at fair value with changes in value being recognised in the Statement of Income. Fair valuation involves assumptions which are given in Note 14. Such estimations are subject to significant uncertainties.

5. Explanations to the Transition of SLFRS

To comply with the SLFRS 1, the Group provides explanations to the transition to SLFRS from SLAS. The explanations include brief descriptions about the background of the change and a quantification of change. This also includes reconciliation of Group's equity as at the date of transition 1st April, 2011 and end of latest reported period for year ended 31st March, 2012. Reconciliation also includes for the total comprehensive income for the financial year ended 31st March, 2012.

5.1 Reconciliation of Income Statement for the year ended 31st March, 2012

As at	Notes to the Reconciliation	Consolidated			Company		
		SLAS for the year ended 31st March, 2012 Rs. '000	Effect of Transition to SLFRS/LKAS Rs. '000	SLFRS/LKAS for the year ended 31st March, 2012 Rs. '000	SLAS for the year ended 31st March, 2012 Rs. '000	Effect of Transition to SLFRS/LKAS Rs. '000	SLFRS/LKAS for the year ended 31st March, 2012 Rs. '000
Revenue	A	62,298,006	3,508,708	65,806,714	176,664	–	176,664
Cost of sales	B	(48,985,972)	(3,441,839)	(52,427,811)	(149,673)	(1,072)	(150,745)
Gross profit		13,312,034	(66,869)	(13,378,903)	26,991	(1,072)	(25,919)
Group dividend		–	–	–	1,235,872	–	1,235,872
Other income	C	2,567,540	(2,183,046)	384,494	348,669	(134,265)	214,404
Distribution expenses		(1,883,053)	595	(1,882,458)		–	–
Administrative expenses	D	(7,408,760)	(130,511)	(7,539,271)	(165,043)	1,141	(163,902)
Other expenses	E	(218,960)	(7,550)	(226,510)		–	–
Results from operating activities		6,368,801	2,253,643	(4,115,158)	1,446,489	(134,265)	1,312,293
Finance income	F	355,680	224,282	579,962	28,842	134,868	163,710
Finance costs	F	(1,931,187)	(206,836)	(2,138,023)	(399,698)	(27,233)	(426,931)
Net finance costs		(1,575,507)	17,446	(1,558,061)	(370,856)	107,635	(263,221)
Share of profit of equity accounted investees (net of tax)		12,695	(8,889)	3,806			–
Profit before tax		4,805,989	(2,245,086)	(2,560,903)	1,075,633	(26,561)	1,049,072
Tax expense	G	(960,665)	45,941	(914,724)	(5,341)	–	(5,341)
Profit for the year		3,845,324	(2,199,145)	(1,646,179)	1,070,292	(26,561)	1,043,731
Profit for the period attributable to:							
Owners of the Parent		2,519,732	(1,481,910)	(1,037,822)			
Non-controlling interest		1,325,592	(717,235)	608,357			
Profit for the year		3,845,324	(2,199,145)	1,646,179			

5.2 Reconciliation of Statement of Comprehensive Income for the year ended 31st March, 2012

As at	Notes to the Reconciliation	Consolidated			Company		
		SLAS for the year ended 31st March 2012	Effect of Transition to SLFRS/LKAS	SLFRS/LKAS for the year ended 31st March 2012	SLAS for the year ended 31st March 2012	Effect of Transition to SLFRS/LKAS	SLFRS/LKAS for the year ended 31st March 2012
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit for the year		3,845,324	(2,199,145)	1,646,179	1,070,292	(26,561)	1,043,731
Other comprehensive income							
Net exchange differences on translation of foreign operations	H	–	196,083	196,083	–	–	–
Share of other comprehensive income of equity accounted investees		–	24,125	24,125	–	–	–
Net change in fair value of available-for-sale financial assets	T	–	(32,135)	(32,135)	–	–	–
Other comprehensive income for the period, net of tax		–	188,073	188,073	–	–	–
Total comprehensive income for the period, net of tax		3,845,324	(2,011,072)	1,834,252	1,070,292	(26,561)	1,043,731
Total comprehensive income for the period attributable to							
Equity holders of the parent		2,519,732	(1,361,612)	1,158,120			
Non-controlling interest		1,325,592	(649,460)	676,132			
		3,845,324	(2,011,072)	1,834,252			

5.3 Reconciliation for the Statement of Financial Position as at 31st March, 2012

As at	Notes to the Reconciliation	Consolidated			Company		
		SLAS	Effect of	SLFRS/LKAS	SLAS	Effect of	SLFRS/LKAS
		as at	Transition to	as at	as at	Transition to	as at
		31st March, 2012	SLFRS/LKAS	31st March, 2012	31st March, 2012	SLFRS/LKAS	31st March, 2012
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets							
Non-current assets							
Property, plant & equipment	I	30,360,487	461,123	30,821,610	3,919,284	20,741	3,940,025
Investment properties	K	37156	651,205	688,361	—	—	—
Biological assets	J	—	192,112	192,112	—	—	—
Intangible assets	L	4,833,959	330,421	5,164,380	—	—	—
Investments in subsidiaries		—	—	—	7,840,097	—	7,840,097
Investments in equity accounted investees	M	340,353	(34,721)	305,632	—	—	—
Other non-current financial assets	N	411,911	(26,260)	385,651	291,407	(99,763)	191,644
Other non-current assets	Q	—	188,730	188,730		—	—
Employee share trust loan	P	491,439	(491,439)	—	491,439	(491,439)	—
Deferred tax assets	O	212,982	26,319	239,301		—	—
Total non-current assets		36,688,287	1,297,490	37,985,777	12,542,227	(570,461)	11,971,766
Current assets							
Inventories	Q	10,682,430	(284,819)	10,397,611	920	—	920
Amounts due from subsidiaries		—	—	—	295,139	747	295,886
Amounts due from equity accounted investees		—	—	—	—	—	—
Trade and other receivables	R	14,545,445	(679,776)	13,865,669	71,387	(24,193)	47,194
Other current assets	R		624,667	624,667	—	5,245	5,245
Assets classified as held for sale		4,862	—	4,862	—	—	—
Income tax recoverable		147,762	—	147,762	4,644	—	4,644
Other current financial assets	S	60,985	114,718	175,703	31,632	608	32,240
Short term deposits		915,067	—	915,067		—	—
Cash and cash equivalents		1,755,418	—	1,755,418	25,834	—	25,834
Total current assets		28,111,969	(225,211)	27,886,759	429,556	(17,593)	411,963
Total assets		64,800,256	1,072,279	65,872,535	12,971,783	(588,054)	12,383,728

As at	Notes to the Reconciliation	Consolidated			Company		
		SLAS as at 31st March, 2012 Rs. '000	Effect of Transition to SLFRS/LKAS Rs. '000	SLFRS/LKAS as at 31st March, 2012 Rs. '000	SLAS as at 31st March, 2012 Rs. '000	Effect of Transition to SLFRS/LKAS Rs. '000	SLFRS/LKAS as at 31st March, 2012 Rs. '000
Equity and liabilities							
Stated capital		1,575,000	–	1,575,000	1,575,000	–	1,575,000
Employee share trust	P	–	(491,439)	(491,439)	–	(491,439)	(491,439)
Treasury shares		–	–	–	–	–	–
Capital reserves	T	6,619,929	(5,397,853)	1,222,076	3,697,729	(3,684,503)	13,226
Other components of equity	T	–	6,373,692	6,373,692	–	3,684,503	3,684,503
Revenue reserves	U	9,964,448	(272,007)	9,692,441	2,238,156	(96,615)	2,141,535
Total equity attributable to equity holders of the company		18,159,377	212,393	18,371,770	7,510,885	(588,054)	6,922,825
Non-controlling interest		9,582,712	494,387	10,077,099	–	–	–
Total equity		27,742,089	706,780	28,448,869	7,510,885	(588,054)	6,922,825
Non-current liabilities							
Interest-bearing borrowings	V	5,655,017	(442,681)	5,212,336	1,386,667	–	1,386,666
Deferred income		777,670	–	777,670	–	–	–
Deferred tax liability	O	795,041	91,638	886,679	–	–	–
Retirement benefit obligations		3,921,370	–	3,921,370	333,279	–	333,279
Total non-current liabilities		11,149,098	(351,043)	10,798,055	1,719,946	–	1,719,945
Current liabilities							
Trade and other payables	Z	9,706,543	(40,885)	9,665,656	174,204	(4,305)	169,905
Provision	Z	–	36,586	36,586	–	–	–
Other current liabilities	Z	–	4,305	4,305	–	4,305	4,305
Other current financial liabilities	Y	–	81,617	81,617	–	–	–
Amounts due to subsidiaries		–	–	–	827,250	–	827,250
Amounts due to equity accounted investees		21,155	–	21,155	–	–	–
Liabilities directly associated with assets classified as held for sale		2,174	–	2,174	–	–	–
Income tax payable		297,510	–	297,510	–	–	–
Current portion of long-term interest-bearing borrowings	W	1,501,839	504,482	2,006,321	506,667	–	506,667
Short-term interest-bearing borrowings	X	14,379,848	130,439	14,510,287	2,232,831	–	2,232,831
Total current liabilities		25,909,069	716,542	26,625,611	3,740,952	–	3,740,958
Total liabilities		37,058,167	365,499	37,423,666	5,460,898	–	5,460,903
Total equity and liabilities		64,800,256	1,072,279	65,872,535	12,971,783	(588,054)	12,383,728

5.4 Reconciliation for the Statement of Financial Position as at 1st April, 2011

As at	Notes to the Reconciliation	Consolidated			Company		
		SLAS	Effect of	SLFRS/LKAS	SLAS	Effect of	SLFRS/LKAS
		as at	Transition to	as at	as at	Transition to	as at
		31st March, 2011 Rs. '000	SLFRS/LKAS Rs. '000	1st April, 2011 Rs. '000	31st March, 2011 Rs. '000	SLFRS/LKAS Rs. '000	1st April, 2011 Rs. '000
Assets							
Non-current assets							
Property, plant & equipment	I	24,445,595	919,977	25,365,572	3,837,739	20,671	3,858,410
Investment properties	K	—	23,650	23,650	—	—	—
Biological assets	J	—	161,780	161,780	—	—	—
Intangible assets	L	3,361,546	7,625	3,369,171	—	—	—
Investments in subsidiaries		—	—	—	5,610,679	—	5,610,679
Investments in equity accounted investees	M	463,647	179,625	643,272	1,960	—	1,960
Other non-current financial assets	N	703,059	(468,448)	234,611	291,407	(87,293)	204,114
Other non-current assets	Q	—	167,020	167,020	—	—	—
Employee share trust loan	P	492,243	(492,243)	—	492,243	(492,243)	—
Deferred tax assets	O	197,235	(30,458)	166,777	—	—	—
Total non-current assets		29,663,325	468,528	30,131,853	10,234,030	(558,865)	9,675,163
Current assets							
Inventories	Q	8,720,285	(248,254)	8,472,031	1,396	—	1,396
Amounts due from subsidiaries		—	—	—	400,527	—	400,527
Amounts due from equity accounted investees		3,723	—	3,723	784	—	784
Trade and other receivables	R	12,210,780	(555,997)	11,654,783	37,510	(23,710)	13,809
Other current assets	R	—	522,020	522,020	—	4,749	4,749
Assets classified as held for sale		15,993	—	15,993	—	—	—
Income tax recoverable		170,917	—	170,917	5,501	—	5,501
Other current financial assets	S	14,853	46,195	61,048	5,196	15,514	20,709
Short term deposits		1,378,314	—	1,378,314	—	—	—
Cash and cash equivalents		1,487,226	—	1,487,226	19,915	—	19,915
Total current assets		24,002,091	(236,036)	23,766,055	470,825	(3,438)	467,390
Total assets		53,665,416	232,492	53,897,908	10,704,855	(562,303)	10,142,553

		Consolidated			Company		
As at	Notes to the Reconciliation	SLAS as at 31st March, 2011 Rs. '000	Effect of Transition to SLFRS/LKAS Rs. '000	SLFRS/LKAS as at 1st April, 2011 Rs. '000	SLAS as at 31st March, 2011 Rs. '000	Effect of Transition to SLFRS/LKAS Rs. '000	SLFRS/LKAS as at 1st April, 2011 Rs. '000
Equity and liabilities							
Stated capital		1,575,000	–	1,575,000	1,575,000	–	1,575,000
Employee share trust	P	–	(492,242)	(492,242)	–	(492,243)	(492,243)
Treasury shares	P	–	(398,902)	(398,902)	–	–	–
Capital reserves		6,951,296	(5,546,409)	1,404,887	3,697,729	(3,684,503)	13,226
Other components of equity	T	–	6,164,166	6,164,166	–	3,684,503	3,684,503
Revenue reserves	U	7,119,699	(114,623)	7,005,076	1,467,864	(70,060)	1,397,804
Total equity attributable to equity holders of the Company		15,645,995	(388,010)	15,257,985	6,740,593	(562,303)	6,178,290
Non-controlling interest		8,052,425	428,612	8,481,037	–	–	–
Total equity		23,698,420	40,602	23,739,022	6,740,593	(562,303)	6,178,290
Non-current liabilities							
Interest-bearing borrowings	V	4,432,619	108,537	4,541,156	1,680,000	–	1,680,000
Deferred income		792,868	–	792,868	–	–	–
Deferred tax liability	O	713,907	83,667	797,574	–	–	–
Retirement benefit obligations		3,335,442	–	3,335,442	259,857	–	259,857
Total non-current liabilities		9,274,835	192,205	9,467,040	1,939,857	–	1,939,857
Current liabilities							
Trade and other payables	Z	8,084,330	(41,388)	8,042,942	120,885	(9,909)	110,980
Provision	Z	–	31,829	31,829	–	–	–
Other current liabilities	Z	–	9,909	9,909	–	9,909	9,909
Other current financial liabilities	Y	–	2,042	2,042	–	–	–
Amounts due to subsidiaries		–	–	–	151,091	–	151,091
Amounts due to equity accounted investees		52,563	–	52,563	–	–	–
Liabilities directly associated with assets classified as held for sale		2,582	–	2,582	–	–	–
Income tax payable		399,052	–	399,052	–	–	–
Current portion of long-term interest-bearing borrowings	W	1,893,093	(144,412)	1,748,681	720,000	–	720,000
Short-term interest-bearing borrowings	X	10,260,541	141,705	10,402,246	1,032,426	–	1,032,426
Total current liabilities		20,692,161	(315)	20,691,846	2,024,406	–	2,024,406
Total liabilities		29,966,996	191,890	30,158,886	3,964,256	–	3,964,263
Total equity and liabilities		53,665,416	232,492	53,897,908	10,704,855	(562,303)	10,142,553

5.5 Notes to the Reconciliation

A. Revenue

According to SLFRS/LKAS the Group recorded revenue on a gross basis from the date of transition for transactions relating to freight forwarding and out bound tour arrangements.

The profit & loss of the perennial crop has been recognised in the financial period of harvesting in terms of SLAS 32. Thus the unsold stocks were treated as a part of revenue. The scope of revenue recognition was changed to LKAS 18. Accordingly, the revenue is recognised based on the date of auction where the recognition criteria's are met and therefore the quantity which is sold at auction is treated as sales.

Consolidated	For the year ended 31st March, 2012 Rs. '000
Reassessment of the revenue on freight Forward/Tour Operations	3,447,100
Measurement of revenue-unsold stocks of perennial crops	(124,714)

B. Cost of Sales

According to SLFRS/LKAS the recognition of cost of sales has been changed simultaneous to the changes in revenue recognition. Thus, cost of sales consists of costs that are directly attributable to goods sold.

Cost of opening stocks and the closing stocks were adjusted to the cost of production. Further, the measurement of unsold tea and rubber stocks have been changed in terms of LKAS 2 and LKAS 41.

The Group has elected to reassess useful life of certain items of property, plant and equipment as at the date of transition. The impact on depreciation due to review of useful lives of assets in manufacturing was recognised in cost of sales from the date of the transition.

Consolidated	For the year ended 31st March, 2012 Rs. '000
Reassessment of the cost of sale on Freight Forward/Tour operations	3,447,100
Measurement of cost of sale-unsold stocks of perennial crops	124,714
Effect of depreciation of plant and machinery by reassessment of useful life	82,201
Company	
Effect of depreciation of plant and machinery by reassessment of useful life	1,072

C. Other Income

As per previous SLAS the Group was permitted to recognise the capital gain of Rs. 2.1 bn in the Income Statement on the disposal of Hayleys PLC shares by its Group companies. However under the SLFRS/LKAS the Group is required to treat these shares as treasury shares. Therefore at the time of disposal the Group recognised the gain directly into equity.

The Group previously recorded dividend income from long-term investments under Other Income. However this was reclassified under finance income due to the adoption of SLFRS/LKAS.

According to LKAS 41 the Group has recorded Biological Assets at fair value resulting in a gain of Rs. 26 mn for the year ended 31st March, 2012.

For the year ended
31st March, 2012
Rs. '000

Consolidated	
Reclassification of gain on disposal of treasury shares in equity	(2,197,439)
Reclassification of dividend income to finance income	(135,613)
Reclassified sundry income, rent income and intended commission to other income	104,176
Fair value gain on biological assets	26,046
Company	
Reclassification of dividend income to finance income	134,122

D. Administrative Expenses

The Group has elected to reassess useful life of certain items of property, plant and equipment as at the date of transition. The impact on depreciation due to review of useful lives of assets in administration was recognised in administration expenses from the date of the transition.

Further the Group has reclassified sundry income, rent income and indent commission to other income which was previously recorded in net of with administration expenses amounting to Rs. 124 mn for the year ended 31.03.2012.

For the year
Rs. '000

Consolidated	
Effect of depreciation of plant and machinery by reassessment of useful life	9,257
Reclassified sundry income, rent income and intended commission to other income	104,176
Reclassification of amortisation of intangible assets	7,550
Company	
Effect of depreciation of plant and machinery by reassessment of useful life	1,141

E. Other Expense

The Group reclassified the software amortisation expenses from administration expense to other expenses due to reclassification intangible assets from property, plant & equipment.

For the year ended
31st March, 2012
Rs. '000

Consolidated	
Reclassification of amortisation of intangible assets	7,550

F. Net Finance Cost

As per SLFRS/LKAS requirement' the Group split the net finance cost into finance income and finance expense from the date of transition. Further as per Note "C" the Group has reclassified the dividend income under finance income.

The Group also assessed the fair value of forward exchange contract, and recorded the relevant gain or loss via finance income or expense under SLFRS/LKAS. Further the Gain and loss arising from financial instruments fair value through profit and loss, Impairment of such Investments have been recorded in finance income/expense accordingly.

G. Tax Expenses

A deferred tax effect arose due to the increase of the taxable temporary difference as a result of reassessing of the remaining useful life of property, plant & equipment capitalisation of borrowing cost and fair valuation of biological asset. As a result deferred tax expense has been increased by Rs. 46 mn for the year ended 31st March, 2012.

	For the year ended 31st March, 2012 Rs. '000
Consolidated	
Deferred tax effect on reassessment of useful life of property, plant & equipment and fair valuation of biological assets	45,941

H. Foreign Currency Translation Reserve

The Group recorded the exchange differences which arose from the translation of the foreign operations through other comprehensive income which has increased due to the SLFRS/LKAS adjustments recorded in the foreign operating entities.

I. Property, Plant & Equipment

The Group elected to reassess certain items of property, plant and equipment as at the date of transition. As a result the carrying value has increased by Rs. 920 mn as at the date of transition and Rs. 424 mn as at 31.03.2012 (this includes the impact on depreciation due to increase in value of property, plant & equipment).

	Balance as at 31st March, 2012 Rs. '000	Balance as at 1st April, 2011 Rs. '000
Consolidated		
Reassessment of useful life of property, plant & equipment	1,210,402	1,037,814
Reclassification to investment property	(651,205)	(23,650)
Reclassified to biological assets	(75,155)	(70,870)
Re-Classification of computer software from property, plant & equipment	(22,919)	(23,317)
Company		
Remeasurement of useful life of property, plant & equipment	20,741	20,672

J. Biological Assets

According to LKAS 41 managed agricultural activity was recorded at fair value, which was ascertained by a professionally qualified valuer. As a result, the net assets increased by Rs. 162 mn and 192 mn as at date of transition and 31st March, 2012 respectively. The Comprehensive Income for the year ended 31st March, 2012 increased by Rs. 26 Mn due to the gain on fair value of biological assets.

	Balance as at 31st March, 2012 Rs. '000	Balance as at 1st April, 2011 Rs. '000
Consolidated		
Cost of manage timber reclassification as biological assets	75,155	70,870
Gains and losses on fair value of biological assets	116,215	90,168

K. Investment Property

The Group has reclassified certain property under SLFRS/LKAS as Investment property since these lands were used for the purpose of capital appreciation and to earn a rent income.

	Balance as at 31st March, 2012 Rs. '000	Balance as at 1st April, 2011 Rs. '000
Consolidated		
Reclassification from property, plant & equipment	651,205	23,650

L. Intangible Assets

The Group has written off goodwill acquired from business combination amounting to Rs. 15.7 mn as at the date of transition due to adoption of SLFRS/LKAS. Further the Group reclassified software from property, plant & equipment to Intangible assets from the date of transition.

	Balance as at 31st March, 2012 Rs. '000	Balance as at 1st April, 2011 Rs. '000
Consolidated		
Reassessment of goodwill	323,968	–
Written off of goodwill acquired from business combination	(15,684)	(15,684)
Re-Classification of computer software from property, plant & equipment	22,919	23,317

M. Investments in Equity Account Investees

Group has revalued some land held by the equity account investees under SLFRS/LKAS which were previously recorded under cost. Therefore investment in equity account Investees increased by Rs. 180 mn and decreased by Rs. 35 mn as at the date of transition and 31st March, 2012 respectively.

	Balance as at 31st March, 2012 Rs. '000	Balance as at 1st April, 2011 Rs. '000
Consolidated		
Revaluation of the lands owned by equity account investees	179,625	34,721

N. Other Non-Current Financial Assets

As per LKAS 32 and 39, other long-term investments have been reclassified to other non-current financial assets.

Under SLAS, the Group accounted for long-term investments at cost. According to SLFRS/LKAS, the Group designated such investments as available-for-sale or fair value through profit or loss. SLFRS/LKAS requires available for sale investments to be measured at fair value. The difference between the fair value and cost has been recognised as a separate component of equity, in the available-for-sale reserve. Due to this other non-current financial assets decreased by Rs. 468 mn and Rs. 26 mn as at the date of transition and as at 31st March, 2012 respectively.

	Balance as at 31st March, 2012 Rs. '000	Balance as at 1st April, 2011 Rs. '000
Consolidated		
Cost of acquisition of treasury shares	–	(398,902)
Fair value change of available for sale financial asset	11,997	69,546
Impairment on available for sale	99,763	(87,292)
Recognition of financial assets in accordance with IFRIC 4	85,498	–
Company		
Fair value change of available for sale financial asset	99,763	87,292

O. Deferred Tax Assets/Liability

Transitional adjustments relating to SLFRS/LKAS adjustments led to temporary differences. Such temporary differences resulted in deferred tax adjustments which are recognised in correlation to the underlying transaction either in retained earnings or as a separate component of equity. The deferred tax effect arises due to the increase of the taxable temporary difference as a result of reassessment of useful life time of property, plant & equipment and fair valuation of biological asset. The Deferred tax assets decreased by Rs. 30 mn as at date of transition and increased by Rs. 26 mn as at 31st March, 2012. Further liability as at the date of transition and 31st March, 2012 increased by Rs. 84 mn and by Rs. 92 mn respectively.

	Balance as at 31st March, 2012 Rs. '000	Balance as at 1st April, 2011 Rs. '000
Consolidated		
Deferred Tax Assets		
Reassessment of useful-life time of property, plant & equipment	26,319	30,458
Deferred Tax Liability		
Reassessment of useful-life time of property, plant & equipment	86,633	79,627
Fair valuation of biological asset	5,005	4,039

P. Employee Share Trust Loan/Employee Share Trust Reserve

According to SLFRS/LKAS the Group is required to present the loan given to the employee share trust as treasury shares. Accordingly the loan was adjusted in the equity of the Group.

	Balance as at 31st March, 2012 Rs. '000	Balance as at 1st April, 2011 Rs. '000
Consolidated		
Employee Share Trust Loan	491,439	492,243

P.1 Treasury Shares

The Company has given a loan to employee share trust to buy its own shares. Therefore it is considered as a share buy back. According to SLFRS/LKAS the employee share trust loan has been deducted from equity of the Company.

	Balance as at 31st March, 2012 Rs. '000	Balance as at 1st April, 2011 Rs. '000
Consolidated		
Cost of the investment in treasury shares	–	398,902

Q. Inventories

Tea, rubber and other nurseries were classified as Inventory under SLAS. Since living plants are scoped under the definition of biological assets in terms of LKAS 41, these nurseries were classified as biological assets.

Further the Group has reassessed the realisable value of inventory and charged an impairment.

	Balance as at 31st March, 2012 Rs. '000	Balance as at 1st April, 2011 Rs. '000
Consolidated		
Reclassification of the Moulds to other non-current assets	188,731	167,020
Reclassification to biological assets	62,321	62,676
Reassessed the realisable value of inventory	27,580	11,333

R. Trade and Other Receivables/Other Current Assets

Due to the application of LKAS 32 and 39, non-financial assets (Prepayments and Prepaid staff benefit) in trade and others receivables have been reclassified to other current assets amounting to Rs. 492 mn and Rs. 551 mn as at date of transition and 31st March, 2012 respectively. Further the Group has provided for Rs. 30 mn Rs. 54 mn as the impairment provision for debtors under collective and individual impairment testing method.

	Balance as at 31st March, 2012 Rs. '000	Balance as at 1st April, 2011 Rs. '000
Consolidated		
Reclassification to other current assets	624,667	522,020
Impairment provision for debtors	28,447	23,279
Reassessed the realisable value of inventory	27,580	11,333
Company		
Reclassification to other current assets	5,194	4,698
Impairment provision for debtors	18,947	18,947
Reassessed the realisable value of inventory	27,580	11,333

S. Other Current Financial Assets

As per LKAS 32 and 39, short-term Investments have been reclassified to other current financial assets.

Under SLAS, the Group measured Short-term investments at the lower of cost or market value on an aggregated portfolio basis. According to SLFRS/LKAS, the Group designated such investments as fair value Through Profit and Loss investments which are measured at fair value.

	Balance as at 31st March, 2012 Rs. '000	Balance as at 1st April, 2011 Rs. '000
Consolidated		
Fair value change of other current financial asset	114,718	46,195
Company		
Fair value change of other current financial asset	608	15,514

T. Other Component of Equity/Capital Reserve

Capital reserve included reserve on scrip issue, revaluation reserve and other capital reserve under previous gap. However revaluation reserve has reclassified to other component of equity under SLFRS/LKAS.

Other Component of Equity includes Revaluation Reserve, Available-for-sale Reserve and Foreign Currency Translation Reserve.

According to SLFRS/LKAS the Group has revalued some land which had not been revalued previously and recorded the surplus via revaluation reserve accounting to Rs. 53 mn as at the date of transition. Further the Group has reclassified some Land (Carbotels Ltd. and Eastern Hotels Ltd.) to investment property under SLFRS/LKAS which was accounted under property, plant & equipment previously.

According to SLAS, the Group accounted for equity investments at cost. However under SLFRS/LKAS, the Group designated such investments as available-for-sale which are measured at fair value. The difference between the fair value and cost has been recognised as a separate component of equity, in the available-for-sale reserve.

U. Revenue Reserves

Revenue reserve included exchange fluctuation reserve, general reserve and retained earnings under previous gap. However under exchange fluctuation reserve has reclassified to other component of equity under SLFRS/LKAS.

Due to the application of SLFRS/LKAS, measurement and presentation of Financial Statements have changed. The Group has assessed the useful life of the property, plant & equipment and accounted under deem cost and which has accounted through retained earnings. Further the Group has recomputed the deferred tax, financial assets, inventory and financial liability has recorded under fair value and adjusted through retained earnings.

V. Interest Bearing Borrowings

As per the provisions of SoRP for right-to-use land, the Group has reassessed the liability to make lease payment as at the date of transition.

	Balance as at 31st March, 2012 Rs. '000	Balance as at 1st April, 2011 Rs. '000
Consolidated		
Reclassification to current portion of interest bearing borrowings	(560,760)	5,842
Measurement of liability to make lease payment	118,078	112,029

W. Current Portion of Interest-Bearing Borrowings

As per the provisions of SoRP for right-to-use land, the Group has reassessed the liability to make lease payment as at the date of transition.

Further the Group has reclassified some short-term loans under bank borrowing due to reclassification financial liabilities under SLAS/SLFRS.

Reclassification from non-current portion of interest bearing borrowings reclassification from interest bearing borrowings to short-term interest-bearing borrowings measurement of the conversion of interest bearing borrowings measurement of liability to make lease payment

	Balance as at 31st March, 2012 Rs. '000	Balance as at 1st April, 2011 Rs. '000
Consolidated		
Reclassification from non-current portion of Interest bearing borrowings	560,760	(5,842)
Reclassification from interest bearing borrowings to short-term interest bearing borrowings	(130,439)	(141,705)
Measurement of the conversion of interest bearing borrowings	80,209	
Measurement of liability to make lease payment	(6,043)	5,840

X. Bank Borrowings (Overdrafts, Short-term Loans)

The Group has reclassified some short-term loans under bank borrowings which was recorded under current portion of Interest bearing borrowing previously.

	Balance as at 31st March, 2012 Rs. '000	Balance as at 1st April, 2011 Rs. '000
Consolidated		
Reclassification from Current portion of long term interest-bearing borrowings	130,439	141,705

Y. Other Current Financial Liabilities

Due to the application of LKAS 32 and 39, financial liabilities arising from financial instrument (assets and liabilities with in a portfolio of forward contract or other derivative instruments) are recorded at fair value. As a result other current financial liabilities increased by Rs. 2 mn as at the date of transition and Rs. 162 mn as at 31.03 2012.

Z. Trade & Other Payables/Provision/Other Current Liabilities

Due to the application of LKAS 32 and 39, non-financial liabilities (Tax payables and Provisions) in trade and other payables have been reclassified to other current liabilities amounting to Rs. 42 mn as at the date of transition and Rs. 41 mn as at 31.03.2012.

	Balance as at 31st March, 2012 Rs. '000	Balance as at 1st April, 2011 Rs. '000
Consolidated		
Reclassification to provision	36,586	31,829
Reclassification to other current liabilities	4,305	9,909

	Balance as at 31st March, 2012 Rs. '000	Balance as at 1st April, 2011 Rs. '000
Company		
Reclassification to other current liabilities	4,305	9,909

6. Revenue

A. Industry Segment Revenue

	Consolidated	
	2013 Rs. '000	2012 Rs. '000
Fibre	4,836,652	4,577,755
Hand Protection	14,674,542	13,498,897
Purification Products	9,868,644	8,508,896
Textiles	5,738,055	5,206,976
Construction Materials	2,472,683	2,254,953
Agriculture	7,346,296	7,655,846
Plantations	8,951,933	7,916,671
Transportation & Logistics	11,343,068	8,644,290
Leisure & Aviation	2,062,892	1,634,686
Consumer Products	4,509,140	4,285,215
Power & Energy	756,697	329,671
Industry Inputs	1,730,833	1,292,709
Investments & Services	10,417	147
	74,301,852	65,806,714

B. Geographical Segment Revenue

	Consolidated	
	2013 Rs. '000	2012 Rs. '000
Asia (excluding Sri Lanka)	9,639,509	7,241,867
Australia	1,745,033	1,795,083
Europe	12,530,959	11,510,908
United States of America	7,765,525	7,868,407
Africa	863,652	843,691
Indirect Exports	14,747,419	11,127,245
Sri Lanka (i)	27,009,755	25,419,513
	74,301,852	65,806,714

C. Gross Revenue - Company

	2013 Rs. '000	2012 Rs. '000
Rent and building related Income	229,332	176,664
	229,332	176,664

7. Other Income

	Consolidated		Company	
	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000	2012 Rs. '000
Government grants amortised	52,562	52,780	–	–
Gain/(loss) on disposal of property, plant & equipment	66,889	43,192	–	204
Change in fair value of biological assets	31,170	26,045	–	–
Gain/(loss) on disposal of - long-term investment	–	–	324	213,000
- current financial assets	–	1,995	–	1,200
- equity accounted investees	–	55,006	–	–
Gain on bargain purchase of subsidiaries	9,907	81,372	–	–
Sundry income/scrap sales	78,330	77,562	–	–
Rent Income	38,346	12,006	–	–
Indent commission	49,713	34,536	–	–
	326,917	384,494	324	214,404

8. Other Expenses

	Consolidated		Company	
	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000	2012 Rs. '000
Loss on disposal of equity accounted investees	4,671	34,031	–	–
Loss on disposal of property, plant & equipment	–	–	1,237	–
Derecognition of property, plant & equipment	43,810	156,634	–	–
Loss on disposal of current financial assets	743	–	743	–
Amortisation of intangible assets	110,039	35,845	–	–
	159,263	226,510	1,980	–

9. Net Finance Cost

	Consolidated		Company	
	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000	2012 Rs. '000
A. Finance Income				
Interest Income on available-for-sale financial assets	1,157	–	–	–
Interest Income on loans and receivables	354,343	214,786	93,116	28,842
Interest Income on bank deposits	46,433	–	–	–
Guarantee income	–	–	3,152	746
Dividend Income on available-for-sale investments	310,219	135,613	307,017	134,122
Net change in fair value of financial assets at fair value through profit or loss	2,267	–	–	–
Net foreign exchange gain	715,997	229,563	–	–
Total Finance income	1,430,416	579,962	403,285	163,710
B. Finance Cost				
Interest on long term loans	(588,110)	(509,830)	(716,164)	(213,236)
Interest on short term loans	(2,006,416)	(877,792)	(204,146)	(186,462)
Finance charges payable under finance leases	(83,945)	(89,044)	–	–
Net change in fair value of financial assets at fair value through profit or loss	–	(23,767)	(596)	(14,763)
Impairment of financial instruments	(15,020)	(12,470)	(12,470)	(12,470)
Net foreign exchange loss	(375,049)	(625,120)	–	–
Total Finance costs	(3,068,540)	(2,138,023)	(933,376)	(426,931)
Net finance costs	(1,638,124)	(1,558,061)	(530,091)	(263,221)

10. Profit before Tax from Continuing Operations

Profit before tax from continuing operations is stated after charging all expenses including the following:

	Consolidated		Company	
	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000	2012 Rs. '000
Directors' emoluments	585,673	560,192	143,114	124,604
Auditors' fees (includes overseas subsidiaries)				
Audit services				
- Ernst & Young	30,816	25,680	1,535	980
- Other auditors	9,637	18,238	-	-
Non-audit services				
- Ernst & Young	16,904	6,695	752	525
- Other auditors	5,111	10,871	-	2,044
Depreciation on property, plant & equipment	1,771,639	1,556,382	24,892	26,761
Donations	11,613	14,505	831	2,002
Provision for bad and doubtful debts and bad debts written off	(182,795)	18,824	-	1,446
Provision for unrealised profit and write-down of inventories	63,868	95,941	-	-
Staff cost				
Defined contribution plan cost	1,111,689	967,007	51,423	40,395
Defined benefit plan cost	761,589	881,084	70,405	76,640
Other staff cost (excluding defined contributions and defined benefits)	9,724,361	7,662,604	461,032	333,873
Staff training and development	45,947	35,165	14,037	4,882
Legal fees	30,567	24,506	-	-
Operating leases	95,888	82,307	-	-

11. Taxation

A. Tax Expense

Consolidated Income Statement

	Consolidated	
	2013 Rs. '000	2012 Rs. '000
Current income tax		
Income tax on current year profits		
Hayleys PLC	17,489	5,341
Subsidiaries	1,117,247	837,483
	1,134,736	842,824
(Over)/under provision in respect of previous years	(582)	3,829
Irrecoverable ESC	2,012	19,726
	1,136,166	866,379
Deferred tax expense		
Origination/(reversal) of temporary differences		
Hayleys PLC	–	–
Subsidiaries	37,535	(78,214)
	37,535	(78,214)
Tax on dividend income	232,169	126,559
	232,169	126,559
Tax expense	1,405,871	914,724

B. Reconciliation of Accounting Profit to Income Tax Expense

	Consolidated		Company	
	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000	2012 Rs. '000
Profit before tax	5,025,260	2,560,903	363,373	1,049,072
Share of profit of equity accounted investees	(352)	(3,806)	–	–
Intra-group adjustments	2,203,150	504,903	–	–
	7,228,059	3,062,000	363,373	1,049,072
Disallowable expenses	2,725,007	3,499,994	135,595	134,160
Tax deductible expenses	(3,792,474)	(2,914,751)	(48,837)	(8,566)
Tax exempt income	(2,940,497)	(2,613,898)	(1,325,626)	(1,585,083)
Tax loss b/f	(5,381,364)	(4,404,579)	(1,493,078)	(1,086,340)
Adjustment of tax loss b/f	256,809	679,354	3,642	22,425
Qualifying payments - donations	–	–	(112)	(118)
Tax loss c/f	6,397,716	5,381,364	2,427,504	1,493,078
Taxable income	4,493,255	2,689,484	62,461	18,628
Income tax @ 28%	583,438	373,442	17,489	5,216
Income tax @ 15%	181,878	113,410	–	–
Income tax @ 12%	8,456	19,922	–	–
Income tax at other tax rates	360,964	312,059	–	–
Social Responsibility Levy	–	23,991	–	–
Income tax on current year profit	1,134,736	842,824	17,489	5,216
Over/(under) provision in respect of previous years	(582)	3,829	–	125
Irrecoverable ESC	2,012	19,726	–	–
	1,136,166	866,379	17,489	5,341
Origination/(reversal) of temporary differences	37,535	(78,214)	–	–
Tax on dividend income	232,169	126,559	–	–
Tax expense	1,405,871	914,724	17,489	5,341
Effective tax rate	28%	36%	5%	1%

C. Corporate Income Taxes of companies resident in Sri Lanka have been computed in accordance with the Inland Revenue Act No. 10 of 2006 as amended, whilst Corporate Taxes of non-resident companies in the Group have been computed in keeping with the domestic statutes in their respective countries.

Irrecoverable Economic Service Charge has been charged in the Income Statements.

Resident companies in the Group, excluding those which enjoy a tax holiday or concessionary rate of taxation, were liable to income tax at 28% during 2012/13 (Y/A 2011/12 - 28 %).

1. Tax Exemptions

1 A. In terms of the Inland Revenue Act

- Ultracarb (Pvt) Ltd. is entitled for a 3-year income tax holiday. The tax holiday period is yet to commence.
- Haycarb Value Added Products (Pvt) Ltd. is entitled for a 6-year income tax holiday. The tax holiday is yet to commence.
- Hayleys MGT Knitting Mills PLC is exempted from income tax up to the year of assessment 2012/13. The rate applicable after expiry of the tax holiday will be 12%.
- Kelani Valley Instant Tea (Pvt) Ltd. is exempted from income tax up to the Year of Assessment 2012/13. The rate applicable for the next two years would be 10%.
- Foreign dividends received are exempted from income tax in terms of the Inland Revenue Act.

1 B. In terms of BOI Agreements

Companies enjoying Tax Holidays under BOI Law are as follows:

Texnil (Pvt) Ltd.	10 year tax holiday ending 31st March, 2013
Moceti International (Pvt) Ltd.	5 year tax holiday ending 31st March 2013
Kalupahana Power Company (Pvt) Ltd.	5 year tax holiday ending 31st March, 2013
Neluwa Cascade Hydro Power (Pvt) Ltd.	5 year tax holiday ending 31st March, 2014
Logiwiz NW (Pvt) Ltd.	5 year tax holiday ending 31st March, 2015
TTEL Somerset Hydro Power (Pvt) Ltd.	5 year tax holiday ending 31st March 2015
TTEL Hydro Power Company (Pvt) Ltd.	5 year tax holiday ending 31st March, 2015
Alco Industries (Pvt) Ltd.	5 year tax holiday ending 31st March, 2015
Hayleys Agro Biotech (Pvt) Ltd.	8 year tax holiday ending 31st March, 2018
Hayleys Business Solutions (Pvt) Ltd..	5 year tax holiday ending 31st March, 2017
Nirmalapura Wind Power Pvt Ltd.	6 year tax holiday is yet to commence

1 C. Exemptions outside Sri Lanka

Haycarb Holdings Bitung Ltd.	Tax Exempt
Shizuka Co. Ltd.	8 years year tax holiday yet to commence

2. Concessionary Tax Rates

2 A. In terms of the Inland Revenue Act

In terms of Sections 17, 46, 48A, 51, 56 and 59 of the Inland Revenue Act No. 10 of 2006, as amended, the profits of companies listed below enjoy concessionary rates of income tax.

Kelani Valley Plantations PLC	Profits from agriculture
Talawakelle Tea Estates PLC	Profits from agriculture
Sunfrost Ltd.	Profits from agriculture
HJS Condiments Ltd.	Profits from agriculture
Hayleys Agro Farms (Pvt) Ltd.	Profits from agriculture
Haycarb PLC	Profits from qualifying exports
Haycolour (Pvt) Ltd.	Profits from qualifying exports
Logiventures (Pvt) Ltd.	Profits from qualifying exports
Puritas Ltd.	Profits from qualifying exports
DPL Plantations (Pvt) Ltd.	Profits from agriculture
Hayleys Plantation Services (Pvt) Ltd.	Profits from agriculture
Mabroc Teas (Pvt) Ltd.	Profits from qualifying exports and agriculture
Creative Polymat (Pvt) Ltd.	Profits from qualifying exports and indirect exports
Ravi Industries Ltd.	Profits from qualifying exports and indirect exports
Rileys (Pvt) Ltd.	Profits from qualifying exports and indirect exports
Haymat (Pvt) Ltd.	Profits from qualifying exports and indirect exports
Toyo Cushion Lanka Ltd.	Profits from qualifying exports and indirect exports
Lanka Orient Express Lines Ltd.	Profits from transshipment
Clarion Shipping (Pvt) Ltd.	Profits from transshipment
NYK Lines Lanka (Pvt) Ltd.	Profits from transshipment
Hayleys Travels and Tours (Pvt) Ltd.	Profits from promotion of tourism
Hotel Services (Ceylon) PLC	Profits from promotion of tourism
Hunas Falls Hotel PLC	Profits from promotion of tourism
Culture Club Resorts (Pvt) Ltd.	Profits from promotion of tourism
Alumex Ltd.	Profits from manufacturing

2 B. In terms of BOI Agreements

As per agreements signed with the Board of Investment, the business income of the Companies listed below would be subject to a concessionary tax rate for the periods indicated:

Kandyan Resorts Pvt Ltd.	02%	on turnover for 15 years up to Y/A 2026/27
Hanwellia Rubber Products Ltd.	12%	for 10 years up to Y/A 2020/21
Grossart (Pvt) Ltd.	12%	for 10 years up to Y/A 2019/20
Dipped Products PLC	12%	for 10 years up to Y/A 2018/19
Venigros Pvt Ltd.	12%	for 10 years up to Y/A 2018/19
Neoprex (Pvt) Ltd.	12%	for 10 years up to Y/A 2017/18
Logistics International Ltd.	12%	for 20 years upto Y/A 2016/17
Bonterra Ltd.	12%	for 20 years up to Y/A 2015/16
Bhagya Hydro (Pvt) Ltd.	10%	for 02 years up to Y/A 2013/14
Civaro International Ltd.	10%	for 02 years up to Y/A 2013/14
Feltex Pvt Ltd.	10%	for 02 years up to Y/A 2012/13
Logiwiz Ltd.	20%	indefinitely

3. Non-Resident Companies

Corporate Income Taxes of non-resident companies are:

Company	Income Tax Rate
Haychem (Bangladesh) Ltd.	37.5%
PT Mapalus Makawanua Charcoal Industry	25%
Haymark Inc	34%
Logiwiz Logistics India (Pvt) Ltd.	30%
Eurocarb Products Ltd	24%
Haycarb Holding Australia (Pvt) Ltd.	30%
Carbokarn Co. Ltd.	23%
ICOGUANTI S.p.A.	27.5%
CK Regen Systems Co. Ltd.	23%
Haylex Japan	30%
Dipped Products (Thailand) Ltd. (Reduced rate applicable till 31st December, 2017)	11.5%

12. Earnings Per Share

Basic Earnings per Share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the year.

Diluted Earnings per Share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effect of all potentially dilutive ordinary shares.

There were no potentially dilutive ordinary shares outstanding at any time during the year/previous year.

Basic/diluted earnings per share are calculated as follows:

	Consolidated	
	2013 Rs. '000	2012 Rs. '000
Profit attributable to equity holders of the Company (Rs. '000)	1,853,641	1,037,822
Weighted average number of ordinary shares (i)	75,000,000	75,000,000
Basic/diluted earnings per share (Rs.)	24.72	13.84
(i) Qualifying ordinary shares at beginning of the year	75,000,000	75,000,000
Qualifying ordinary shares at the end of the year	75,000,000	75,000,000

13. Dividends

	Company	
	2013 Rs. '000	2012 Rs. '000
First and Final proposed Rs. 4.50 per share (2012 - Rs. 4.00 per share)	337,500	300,000
Total dividends	337,500	300,000
Dividend per ordinary share (Rs.)	4.50	4.00

- (i) The dividends represent redistribution of dividends received by the Company and are therefore not subject to the 10% tax deduction.
- (ii) The Directors have recommended a first and final dividend of Rs. 4.50/- per share for the year ended 31st March, 2013 to be approved at the Annual General Meeting on 28th June, 2013.

14. Property, plant & equipment

A. Consolidated

	Land	Mature/ immature plantations	Buildings	Machinery & stores equipment	Motor vehicles	Furniture, fittings & office equipment	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost or deemed cost:							
Gross book value							
Balance as at 1st April, 2011	7,720,209	4,230,492	7,087,679	12,719,106	663,782	1,708,279	34,129,548
Classification change	–	–	–	(2,821)	–	2,821	–
Acquisition through business combinations	474,379	–	1,374,493	197,899	66,752	127,794	2,241,317
Additions	66,695	386,247	458,174	3,214,178	232,733	311,035	4,669,061
Transfer to biological assets	–	(246)	–	–	–	–	(246)
Transfer to non-current financial assets	–	–	–	(83,231)	–	(187)	(83,418)
Transfer to investment property	(211,100)	–	(19,325)	–	–	–	(230,425)
Transfer from assets held for disposal	9,200	–	–	–	–	–	9,200
Disposals/write-off	(14)	–	(144,864)	(596,509)	(53,398)	(134,895)	(929,680)
Effect of movements in foreign exchange rates	31,521	–	98,086	505,352	(2,594)	30,131	662,497
Balance as at 31st March, 2012	8,090,890	4,616,493	8,854,243	15,953,974	907,275	2,044,978	40,467,854
Revaluation of land	2,541,335	–	–	–	–	–	2,541,335
Acquisition through business combinations	108,491	–	161,475	294,666	4,468	7,054	576,154
Additions	336,120	620,112	2,161,775	1,314,406	144,527	466,578	5,043,518
Disposals/write-off/transfer	(1,100)	(212,992)	(45,587)	(179,018)	(118,619)	(99,050)	(656,366)
Effect of movements in foreign exchange rates	16,008	–	79,537	362,391	13,693	10,494	482,123
Balance at 31st March, 2013	11,091,744	5,023,613	11,211,443	17,746,419	951,344	2,430,054	48,454,617
Depreciation:							
Balance as at 1st April, 2011	37,832	785,968	1,255,594	5,828,583	393,318	1,264,682	9,565,977
Acquisition through business combinations	6,071	–	5,399	81,077	4,182	6,566	103,295
Classification change	–	–	–	(3,885)	–	3,885	–
Depreciation for the year	31,425	109,892	233,057	868,145	130,333	183,530	1,556,382
Transfer to investment property	–	–	(5,628)	–	–	–	(5,628)
On disposals/write-off	(5)	–	(18,062)	(426,824)	(36,691)	(103,135)	(584,716)
Effect of movements in foreign exchange rates	(2)	–	23,705	212,778	(1,136)	21,570	256,916
Balance at 31st March, 2012	75,321	895,860	1,494,065	6,559,874	490,006	1,377,098	10,892,227
Acquisition through business combinations	–	–	14,254	27,125	1,561	1,405	44,345
Depreciation for the year	31,915	120,324	267,845	1,065,766	108,988	176,801	1,771,639
Disposals/write-off	–	–	(969)	(138,536)	(91,374)	(74,000)	(304,878)
Effect of movements in foreign exchange rates	–	–	14,819	185,491	2,337	7,345	209,991
Balance as at 31st March, 2013	107,236	1,016,184	1,790,014	7,699,720	511,518	1,488,649	12,613,323

	Land	Mature/ immature plantations	Buildings	Machinery & stores equipment	Motor vehicles	Furniture, fittings & office equipment	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net book value							
Balance as at 1st April, 2011	7,682,377	3,444,524	5,832,085	6,890,523	270,464	443,597	24,563,570
Balance as at 31st March, 2012	8,015,569	3,720,633	7,360,178	9,394,100	417,268	667,880	29,575,627
Balance as at 31st March, 2013	10,984,508	4,007,429	9,421,429	10,046,699	439,825	941,405	35,841,295
Capital work-in-progress							
Balance as at 1st April, 2011	–	–	–	–	–	–	802,001
Balance as at 31st March, 2012	–	–	–	–	–	–	1,245,983
Balance as at 31st March, 2013	–	–	–	–	–	–	1,364,423
Carrying amount							
Balance as at 1st April, 2011	–	–	–	–	–	–	25,365,572
Balance as at 31st March, 2012	–	–	–	–	–	–	30,821,610
Balance as at 31st March, 2013	–	–	–	–	–	–	37,205,718

B. Company

	Freehold Land	Buildings	Machinery & stores equipment	Motor vehicles	Furniture, fittings & office equipment	Total
<i>As at 31st March,</i>	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost or deemed cost:						
Gross book value						
Balance as at 1st April, 2011	3,691,480	132,090	40,986	17,786	183,715	4,066,057
Additions	–	162	–	13,771	15,566	29,499
Disposals	–	–	(61)	–	(1,592)	(1,653)
Balance as at 31st March, 2012	3,691,480	132,252	40,925	31,557	197,689	4,093,903
Revaluation of land	1,176,520	–	–	–	–	1,176,520
Additions	–	69,515	1,334	–	40,465	111,314
Disposals	–	–	–	(5,502)	(1,062)	(6,564)
Balance as at 31st March, 2013	4,868,000	201,767	42,259	26,055	237,092	5,375,173
Depreciation						
Balance as at 1st April, 2011	–	44,713	32,627	2,793	134,320	214,453
Depreciation for the year	–	1,935	1,531	3,608	19,687	26,761
Disposals	–	–	(61)	–	(1,230)	(1,291)
Balance as at 31st March, 2012	–	46,648	34,097	6,401	152,777	239,923
Depreciation for the year	–	2,434	1,298	1,302	19,858	24,892
Disposals	–	–	–	(1,457)	(899)	(2,356)
Balance as at 31st March, 2013	–	49,082	35,395	6,246	171,736	262,459

	Freehold Land	Buildings	Machinery & stores equipment	Motor vehicles	Furniture, fittings & office equipment	Total
As at 31st March,	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net book value						
Balance as at 01st April, 2011	3,691,480	87,377	8,359	14,993	49,395	3,851,604
Balance as at 31st March, 2012	3,691,480	85,604	6,828	25,156	44,912	3,853,980
Balance as at 31st March, 2013	4,868,000	152,685	6,864	19,809	65,356	5,112,714
Capital work-in-progress						
Balance as at 01st April, 2011						6,806
Balance as at 31st March, 2012						86,045
Balance as at 31st March, 2013						20,424
Carrying amount						
Balance as at 01st April, 2011						3,858,410
Balance as at 31st March, 2012						3,940,025
Balance as at 31st March, 2013						5,133,138

C. Carrying Value

	Consolidated			Company		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
At cost	25,832,146	22,264,498	17,089,548	265,138	248,545	166,930
At valuation	8,349,638	5,808,303	5,808,303	4,868,000	3,691,480	3,691,480
On finance leases	3,023,934	2,748,808	2,467,721	—	—	—
	37,205,718	30,821,610	25,365,572	5,133,138	3,940,025	3,858,410

- (i) Total borrowing cost capitalised to-date amounts to Rs. 131.9 mn (2012- Rs. 42 mn).
- (ii) Group property, plant & equipment includes capitalised finance leases and leasehold rights on land. The carrying amount of these assets is:

	Consolidated				
	Cost	Accumulated depreciation/ amortisation	Carrying value 2013	Carrying value	Carrying value
	Rs. '000	Rs. '000	Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Land	504,576	46,912	457,664	475,065	454,768
Mature/immature plantations	2,856,649	557,636	2,299,013	2,028,892	1,802,012
Buildings	234,546	154,327	80,219	89,304	101,905
Machinery & stores equipment	105,350	57,489	47,861	54,006	53,525
Motor vehicles	153,014	81,233	71,781	67,880	45,404
Furniture	2,702	2,044	658	1,029	980
Capital work-in-progress	66,738	—	66,738	32,632	9,127
Total	3,923,575	897,597	3,023,934	2,748,808	2,467,721

(iii) Unexpired lease periods of land:

Kelani Valley Plantations PLC	34 Years
Kalupahana Power Company (Pvt) Ltd.	34 Years
HJS Condiments Ltd.	87 Years/80 Years/22 Years
Talawakelle Tea Estates PLC	32 Years
Hotel Services (Ceylon) PLC	56 Years
Culture Club Resorts (Pvt) Ltd	31 Years

(iv) Amounts by which values have been written to in respect of land revalued by independent qualified valuers are indicated below, together with the last date of revaluation:

Company	Location	Written to by		
		2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Hayleys PLC	Colombo (31.03.2013)	4,861,023	3,684,503	3,684,503
Volanka (Pvt) Ltd.	Kotugoda (31.03.2013)	551,400	389,373	389,373
	Katana (31.03.2013)	155,831	-	-
	Galle (31.03.2013)	70,577	27,096	27,096
Chas P. Hayley & Co. (Pvt) Ltd.	Galle (31.03.2013)	420,037	212,800	212,800
Dipped Products PLC	Kottawa (31.03.2013)	107,633	80,105	80,105
	Weliveriya (31.03.2013)	70,973	53,204	53,204
Venigros (Pvt) Ltd.	Weliveriya (31.03.2013)	50,925	33,900	33,900
Palma Ltd.	Gonawala (31.03.2013)	35,224	27,958	27,958
Haycarb PLC	Badalgama & Madampe (31.03.2013)	89,874	70,570	70,570
	Wewalduwa (31.03.2013)	94,377	64,822	64,822
Recogen (Pvt) Ltd.	Badalgama (31.03.2013)	26,931	18,256	18,256
Carbokarn Co. Ltd.	Bangkok (31.03.2013)	25,000	-	-
Lignocell (Pvt) Ltd.	Kuliapitiya (31.03.2013)	26,956	21,340	21,340
Hayleys Agriculture Holdings Ltd.	Dambulla (31.03.2013)	1,324	-	-
Haychem (Pvt) Ltd.	Kottawa (31.03.2013)	67,414	55,914	55,914
Haychem Bangladesh Ltd.	Mymensingh (31.03.2013)	17,598	-	-
Haycolour (Pvt) Ltd.	Kalutara (31.03.2013)	28,706	22,706	22,706
Hayleys Electronics Ltd.	Malabe (31.03.2013)	88,803	88,803	88,803
Hayleys Fibre PLC	Ekala (31.03.2013)	185,843	180,413	180,413
Hayleys Advantis	Welisara (31.03.2013)	689,832	468,756	468,756
Ravi Industries (Pvt) Ltd.	Ekala (31.03.2013)	194,700	87,600	87,600
Volanka Exports (Pvt) Ltd.	Welipanna (31.03.2013)	18,006	6,492	6,492
Rileys Ltd.	Galle (31.03.2013)	211,555	135,608	135,608
Toyo Cushion Lanka (Pvt) Ltd.	Katana (31.03.2013)	48,174	45,126	45,126
Sunfrost (Pvt) Ltd.	Allawwa (31.03.2013)	24,126	12,478	12,478
Hayleys MGT Knitting Mills PLC	Neboda (31.03.2013)	18,149	16,433	16,433
Hayleys Electronics Lightning (Pvt) Ltd.	Hokandara (31.03.2013)	4,047	4,047	4,047
Hunas Falls PLC	Elkaduwa (31.03.2013)	1,353	-	-
Amaya Group	Kandy (31.03.2013)	55,556	-	-
	Wadduwa (31.03.2013)	11,553	-	-
Alumex Ltd.	Makola (31.03.2013)	96,138	-	-
		8,349,638	5,808,303	5,808,303
	Revaluation reserve attributable to Non-controlling interest	(392,397)	(361,891)	(369,027)
	Share of revaluation reserve of equity accounted investees	101,833	109,695	156,380
		8,059,073	5,556,107	5,595,656
	Adjustment due to change in holding	34,732	155,252	3,687
		8,093,806	5,711,359	5,599,343

- (v) Land owned by the Group is revalued as at 31st March, 2013 by and Independent chartered valuation surveyor. The valuation had been carried out based on transaction observed in the market.
- (vi) Land owned by the Group other than that mentioned above has been stated at cost as the appreciation in value is insignificant. Further information is provided on pages 298 to 299. There are no tax implications or tax liabilities pertaining to revaluation of land.
- (vii) Subject to disclosure in Note 8 - Other Expenses, there has been no permanent impairment of property, plant & equipment which requires a provision.
- (viii) Property, plant & equipment with a carrying value of Rs. 5,750 mn and Rs. nil mn for the Group and Company respectively have been pledged as security for term loans obtained. The details are shown in Note 25.
- (ix) The carrying value of revalued land given above, had the said land been included at cost, would amount to Rs. 2,635 mn (Rs. 2,264 mn - 2012) for the Group and Rs. 7 mn (Rs. 7 mn - 2012) to the Company.
- (x) The cost of fully depreciated Property plant & equipment which are still in use at the reporting date is as follows:

	Consolidated		Company	
	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000	2012 Rs. '000
Buildings	50,274	44,237	–	–
Machinery and equipment	1,734,865	2,315,269	15,700	15,074
Furniture, fittings and office equipment	982,714	626,330	94,827	84,653
Motor vehicles	238,057	280,018	–	–
	3,005,918	3,265,854	110,527	99,727

D. Capital Expenditure Commitments

The approximate amounts of capital expenditure approved by the Directors as at 31st March, 2013 were: Capital expenditure contracted for which no provision is made in the financial statements - Rs. 467 mn (Rs. 704 mn - 2012). Capital expenditure approved by the Directors but not contracted for - Rs. 1,274 mn (Rs. 1,539 mn - 2012).

15. Investment Properties

A. Cost

	Land Rs. '000	Buildings Rs. '000	Total Rs. '000
Cost			
Balance as at 1st April, 2011	23,650	–	23,650
Additions	8,008	–	8,008
Transfer from property, plant & equipment	211,100	19,324	230,424
Acquisitions through business combinations	432,000	–	432,000
Balance as at 31st March, 2012	674,758	19,324	694,082
Additions	–	–	–
Balance as at 31st March, 2013	674,758	19,324	694,082

	Land Rs. '000	Buildings Rs. '000	Total Rs. '000
B. Depreciation			
Balance as at 1st April, 2011			
Charge for the year	–	93	93
Transfer from property, plant & equipment	–	5,628	5,628
Balance as at 31st March, 2012	–	5,721	5,721
Charge for the year	–	320	320
Balance as at 31st March, 2013	–	6,041	6,041

Net book value			
Balance as at 1st April, 2011	23,650	–	23,650
Balance as at 31st March, 2012	674,758	13,603	688,361
Balance as at 31st March, 2013	674,758	13,283	688,041

C. Rental income

	2013 Rs. '000	2012 Rs. '000	2011 Rs. '000
Rental income derived from investment properties	15,381	5,633	–
Direct operating expenses generating rental income	–	–	–
Direct operating expenses that did not generate rental income	–	–	–
Net profit arising from investment properties	15,381	5,633	–

D. Investment property is stated at cost. The fair value of the investment property as at 31st March, 2013 is given below by P.B. Kalugalgedara & Associates (Chartered Valuation Surveyor & Estate Agents), an accredited independent, industry specialist. The valuations had been carried out based on transactions observed in the market.

The details of fair value of investment property of the Group is as follows:

Company	Location	Building Area (Sq. Ft.)	Land in Acres	Value of Building Rs. '000	Value of land Rs. '000	Total Rs. '000
Hayleys Fibre PLC	"Ekala Estate", Minuwangoda Road, Ekala	53,880	6.30	7,382	251,900	259,282
Haycarb PLC	333/25, New Road Hunuputiya Wattala	12,240	0.97	5,901	54,460	60,361
Carbotels (Pvt) Ltd.	Weyagala Estate, Elkaduwa, Matale	–	65.06	–	34,600	34,600
Eastern Hotels (Pvt) Ltd .	Nilakarai Estate, Nilaweli, Trincomalee	–	23.47	–	432,000	432,000

16. Biological Assets

	Consolidated Rs. '000
Balance as at 1st April, 2011	161,780
Increase due to development	4,040
Change in fair value of biological assets	26,046
Transfer from property, plant & equipment	246
Balance as at 31st March, 2012	192,112
Increase due to development	11,697
Change in fair value of biological assets	31,171
Transfer from receivables	40
Balance as at 31st March, 2013	235,020

Managed trees include commercial timber plantations cultivated on estates. The cost of immature trees is treated at approximate fair value particularly on the ground that little biological transformation has taken place and impact of the biological transformation on price is not material. When such plantations become mature, the additional investments since taken over to bring them to maturity are transferred from Immature to Mature.

The fair value of managed trees was ascertained since LKAS 41 is only applicable for managed agricultural activity in terms of the ruling issued by The Institute of Chartered Accountants of Sri Lanka. The valuation was carried by Messrs Sunil Fernando Associates, chartered valuers, using discounted cash flow methods. In ascertaining the fair value of timber a physical verification was carried out covering all the estates.

Key assumptions used in valuation

1. The harvesting is approved by the PMMD and Forest Department based on the forestry development plan.
2. The prices adopted are net of expenditure.
3. Discount rate is 17.5%.
4. Though the replanting is a condition precedent for harvesting, yet the costs are not taken into consideration.

The valuations, as presented in the external valuation models based on net present values, take into account the long-term exploitation of the timber plantations. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realisable value. The Board of Directors retains the view that commodity markets are inherently volatile and that long-term price projections are highly unpredictable. Hence, the sensitivity analysis regarding selling price and discount rate variations as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in LKAS 41 against his own assumptions.

The carrying amount of biological assets pledged as securities for liabilities are nil for the year 2013 (2012 - nil).

Sensitivity Analysis

Sensitivity variation on sales price

Values as appearing in the Statement of Financial Position are very sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that a rise or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

Group - as at 31st March, 2013

Selling price fluctuation	-10%	0	+10%
	Rs. '000	Rs. '000	Rs. '000
Managed timber	206,540	235,020	246,016
Total	206,540	235,020	246,016

Sensitivity variation on discount rate

Values as appearing in the Financial Position are very sensitive to changes in the discount rate applied. Simulations does on value of managed timber trees show that a rise or decrease by 1.5% of the estimated future selling price has the following effect on the net present value of biological assets:

Group - as at 31st March, 2013

Discounting rate fluctuation	-1.5%	0	+1.5%
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Managed timber	233,971	235,020	218,489
Total	233,971	235,020	218,489

17. Intangible Assets

	Right to generate hydro power Rs. '000	Goodwill Rs. '000	ERP system Rs. '000	Brand name Rs. '000	Customer list Rs. '000	Operating Lease Rs. '000	Total Rs. '000
Cost							
Balance as at 01st April, 2011	100,971	2,255,777	60,116	–	–	1,153,746	3,570,610
Transferred From Property, plant & equipment	–	–	6,465	–	–	–	6,465
Acquisition through business combinations	–	1,425,048	–	148,183	152,420	23,365	1,749,016
Additions	–	–	75,481	–	–	–	75,481
Disposals/write off	–	–	(1,808)	–	–	–	(1,808)
Effect of movements in exchange rates	–	–	882	–	–	–	882
Balance as at 31st March, 2012	100,971	3,680,825	141,135	148,183	152,420	1,177,111	5,400,645
Acquisition through business combinations	–	138,595	–	–	–	–	138,595
Additions	–	–	128,046	–	–	–	128,046
Disposals/write off	(3,181)	–	–	–	–	–	(3,181)
Effect of movements in exchange rates	–	–	(2,296)	–	–	–	(2,296)
Balance as at 31st March, 2013	97,790	3,819,420	266,886	148,183	152,420	1,177,111	5,661,810

	Right to generate hydro power Rs. '000	Goodwill Rs. '000	ERP system Rs. '000	Brand name Rs. '000	Customer list Rs. '000	Operating Lease Rs. '000	Total Rs. '000
Amortisation							
Balance as at 01st April, 2011	8,982	136,095	36,807	–	–	19,555	201,439
Transferred From Property, plant & equipment	–	–	301	–	–	–	301
Disposals/write off	–	–	(1,808)	–	–	–	(1,808)
Amortisation for the year	4,165	–	11,824	–	–	19,555	35,544
Effect of movements in exchange rates	–	–	790	–	–	–	790
Balance as at 31st March, 2012	13,147	136,095	47,913	–	–	39,110	236,265
Amortisation for the year	5,578	–	53,406	–	30,484	20,571	110,039
Effect of movements in exchange rates	–	–	(433)	–	–	–	(433)
Balance as at 31st March, 2013	18,725	136,095	100,887	–	30,484	59,681	345,872
Net book value							
Balance as at 01st April, 2011	91,989	2,119,682	23,309	–	–	1,134,191	3,369,171
Balance as at 31st March, 2012	87,824	3,544,730	93,222	148,183	152,420	1,138,001	5,164,380
Balance as at 31st March, 2013	79,065	3,683,325	165,999	148,183	121,936	1,117,430	5,315,938
Capital work in progress	–	–	42,610	–	–	–	42,610
Carrying amount							
Balance as at 01st April, 2011							3,369,171
Balance as at 31st March, 2012							5,164,380
Balance as at 31st March, 2013							5,358,548

(i) The aggregate carrying amount of goodwill allocated to each unit is as follows:

	Rs. mn
Dipped Products PLC	97
Dipped Products Group Companies	33
Advantis Group Companies	98
Haycarb Group Companies	202
Hunas Falls Hotels PLC	8
Hotel Services (Ceylon) PLC	633
Hayleys Plantation Services (Pvt) Ltd.	134
Haylex BV	10
Alumex Ltd.	1,052
Amaya Leisure PLC	1,415

- (ii) There has been no permanent impairment of intangible assets that requires a provision. Methods used in estimating recoverable amounts are given below:

The recoverable value of the Dipped Products PLC and Hunas Falls Hotels PLC, were based on fair value less cost to sell and others were based on value in use. Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and key assumptions used are given below:

Business growth	Based on historical growth rate and business plan
Inflation	Based on the current inflation rate and the percentage of the total cost subjected to inflation
Discount rate	Average market borrowing rate adjusted for risk premium
Margin	Based on current margin and business plan

- (iii) Remaining amortisation period of Rights to Generate Hydropower.

Remaining amortisation period	Carrying amount Rs. '000
96 months	2,512
117 months	1,718
156 months	39,056
Total	43,286

- (iv) The Group has recognised an intangible asset in respect of operating leases acquired from the acquisition of Hotel Services (Ceylon) PLC and Amaya Leisure PLC since the terms of the operating lease are favourable relative to market terms.

Intangible asset from the Leasehold right is the revalued value of the land over the present value of future lease rentals to be paid.

Hotel Services (Ceylon) PLC - 56 years

Amaya Leisure PLC - 22 years

- (v) The Group has recognised the brand name as an intangible asset for the Amaya chain of hotels from the acquisition of Amaya Leisure PLC. 'Amaya' brand is a well established name in the leisure sector. Management is of the opinion that the brand name will be a key attraction in the booming leisure sector.
- (vi) The Group has recognised an intangible asset in respect of customer relationship on the acquisition of Amaya Leisure PLC. The established customer list of Amaya Hotels is acknowledged as a key component in generation of revenue through travel agents and tour operators. The management is of the opinion that the company is capable of retaining the travel agents through business relationship strategies and this would ensure retention and lead to repeat business over the future years and inflow of future economic benefits from them.

18. Investments

A. Company Investment in Subsidiaries

	% Holding			No. of Shares				
	2013	2012	As at 1st April, 2011	2013	Movement	2012	Movement	As at 1st April, 2011
Investee								
Quoted investments								
Haycarb PLC (Rs. 3,542 mn)	68	68	68	20,125,103	–	20,125,103	–	20,125,103
Hayleys Fibre PLC (Rs. 151 mn)	65	65	65	5,200,000	–	5,200,000	–	5,200,000
Dipped Products PLC (Rs. 2,764 mn)	42	41	41	24,902,073	125,993	24,776,080	–	24,776,080
Hayleys MGT Knitting Mills PLC (Rs. 1,221 mn)	79	55	57	119,683,817	91,545,365	28,138,452	–	28,138,452
Amaya Leisure PLC (Rs. 1,482 mn)	40	40	–	19,366,234	–	19,366,234	19,366,234	–
Hotel Services (Ceylon) PLC (Rs. 895 mn)	38	38	38	66,762,690	–	66,762,690	–	66,762,690
				256,039,917		164,368,559	19,366,234	145,002,325
Unquoted investments								
Hayleys Photoprint Ltd.	100	100	100	6	–	6	–	6
Haylex BV	100	100	100	1,000	–	1,000	–	1,000
Chas P. Hayley & Co. Ltd.	100	100	100	999,920	–	999,920	–	999,920
Ravi Industries Ltd.	86	86	86	10,773,750	–	10,773,750	6,224	10,767,526
Hayleys Group Services Ltd.	100	100	100	10,000	–	10,000	–	10,000
Hayleys Electronics Ltd.	98	98	98	951,855	–	951,855	–	951,855
Dean Foster (Pvt) Ltd.	49	49	49	5,882,351	–	5,882,351	–	5,882,351
Hayleys Advantis Ltd.	93	93	92	33,643,657	67,760	33,575,897	73,340	33,502,557
Volanka Exports Ltd.	4	4	3	118,050	11,418	106,632	15,519	91,113
Sunfrost (Pvt) Ltd.	5	5	5	423,300	–	423,300	–	423,300
Rileys (Pvt) Ltd.	6	6	11	2,500,000	–	2,500,000	–	2,500,000
XL Industries Ltd.	–	99	99	–	(2,662,601)	2,662,601	–	2,662,601
Volanka (Pvt) Ltd.	62	62	46	6,440	–	6,440	–	6,440
Toyo Cushion Lanka (Pvt.) Ltd.	18	17	17	1,215,126	32,580	1,182,546	13,998	1,168,548
Hayleys Produce Marketing Ltd.	100	100	100	250,000	–	250,000	–	250,000
Carbotels (Pvt) Ltd.	75	75	75	27,578,769	–	27,578,769	–	27,578,769
HJS Condiments Ltd.	9	8	8	1,131,571	138,552	993,019	3,851	989,168
Hayleys Plantation Services (Pvt) Ltd.	–	–	33	–	–	–	(6,700,002)	6,700,002
Hayleys Agro Holdings Ltd.	97	96	96	18,848,202	52,041	18,796,161	20,442	18,775,719
Hayleys Consumer Products Ltd.	99	98	98	19,349,014	106,445	19,242,569	55,014	19,187,555
Hayleys Industrial Solutions (Pvt) Ltd.	100	100	100	38,748,400	–	38,748,400	–	38,748,400
Hayleys Business Solutions International (Pvt) Ltd.	100	100	100	15,000,000	–	15,000,000	–	15,000,000
Hayleys Leisure Holdings (Pvt) Ltd.	100	100	100	2,000,000	–	2,000,000	–	2,000,000
Nirmalapura Wind Power (Pvt) Ltd.	30	30	–	29,900,000	–	29,900,000	29,900,000	–
Quality Seeds Co. Ltd.	74	49	–	1,878,000	55,000	1,823,000	1,235,000	–
Alumex Ltd.	60	60	60	1,200,010	–	1,200,010	–	1,200,010
				212,421,411		214,620,216	24,623,386	189,408,830
Company investment in subsidiaries (at cost)				468,461,328		378,988,775	43,989,620	334,411,155
Provision for fall in value of investment made by the Company								
Hayleys Electronics Ltd.								
XL Industries Ltd.								
Company investment in subsidiary								

(i) Countries of incorporation of overseas subsidiaries are given in Note 34.

Value Rs. '000

2013	Movement	2012	Movement	As at 1st April, 2011
47,204	–	47,204	–	47,204
3,575	–	3,575	–	3,575
377,775	14,162	363,612	–	363,612
1,393,061	823,908	569,153	–	569,153
2,084,086	–	2,084,086	2,084,086	–
1,408,629	–	1,408,629	–	1,408,629
5,314,330	838,071	4,476,259	2,084,086	2,392,173
–	–	–	–	–
25,733	–	25,733	–	25,733
698	–	698	–	698
15,255	–	15,255	178	15,077
100	–	100	–	100
95,687	–	95,687	–	95,687
9,904	–	9,904	–	9,904
331,436	3,613	327,823	3,948	323,875
1,982	66	1,916	247	1,669
4,233	–	4,233	–	4,233
10,333	–	10,333	–	10,333
–	(53,818)	53,818	–	53,818
23,107	–	23,107	–	23,107
13,080	1,152	11,928	351	11,577
2,532	–	2,532	–	2,532
308,004	–	308,004	–	308,004
13,844	3,363	10,481	63	10,418
–	–	–	(67,000)	67,000
246,306	2,554	243,752	938	242,814
250,028	860	249,168	443	248,725
387,484	–	387,484	–	387,484
150,000	–	150,000	50,000	100,000
20,000	–	20,000	–	20,000
154,204	–	154,204	154,204	–
3,707	1,747	1,960	1,960	–
1,386,905	–	1,386,905	–	1,386,905
3,490,062	(40,463)	3,495,025	145,332	3,349,693
8,804,392	797,608	7,971,284	2,229,418	5,741,866
(95,687)	–	(95,687)	–	(95,687)
–	35,500	(35,500)	–	(35,500)
8,673,205	833,108	7,840,097	2,229,418	5,610,679

B. Company/Group Investment in Equity Accounted Investees

Investor	Investee	% Holding		
		2013	2012	As at 1st April, 2011
Unquoted investments				
Hayleys PLC				
	Quality Seed Co. Ltd.	–	23	23
	Transfer to subsidiaries	–	–	–
	Hayleys Plantation Services Ltd.	–	–	–
	Transfer to subsidiaries	–	–	–
	World Call Telecommunications	26	26	26
	Lanka (Pvt) Ltd.	–	–	–
Company Investment in equity accounted investees (at cost)				
Provision for impairment of investments				
Worldcall Telecommunications Lanka (Pvt) Ltd.				
Carrying value of company investment in equity accounted investees				
Unquoted Investments				
Haycarb PLC				
	Quality Seed Co. Ltd.	–	–	6
	Transfer to subsidiaries	–	–	–
Carbotels Ltd.				
	Jetwing Hotels Ltd.	–	–	40
	Tropical Villas (Pvt) Ltd.	–	–	40
	Eastern Hotels Ltd.	–	–	47
	Transfer to subsidiaries	–	–	–
	Negombo Hotels Ltd.	30	30	30
Haychem Ltd.				
	Quality Seed Co. Ltd.	–	–	20
	Transfer to subsidiaries	–	–	–
Hayleys Photoprint Ltd.				
	Worldcall Telecommunications Lanka (Pvt) Ltd.	3	3	3
	Lanka (Pvt) Ltd.	–	–	–
Hayleys Advantis Group				
	Logiwiz Fiji (Pvt) Ltd.	–	49	49
	NYK Logistics & Kusuvara Lanka (Pvt) Ltd.	30	30	30
	Mountain Hawk Investment Company Ltd.	–	50	50
	Transfer to subsidiaries	–	–	–
Kelani Valley Plantations PLC				
	Mabroc Teas (Pvt) Ltd.	–	–	–
	Transfer to subsidiaries	–	–	–
Volanka Exports Ltd.				
	PT Tulus Lanka Coir Industries	45	45	45
Hayleys Industrial Solutions Ltd.				
	TTEL Hydro Power Company (Pvt) Ltd.	–	–	–
	Transfer to subsidiaries	–	–	–
	TTEL Somerset Hydro Power (Pvt) Ltd.	–	–	–
	Transfer to subsidiaries	–	–	–
Provision for fall in value of investments				
PT Tulus Lanka Coir Industries				
World Call Telecommunication Lanka (Pvt) Ltd.				
Group investments in Equity accounted investees (at cost)				

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	Consolidated							
	Investment at cost			Share of post acquisition profit/(loss) & MI Adj.		Net assets		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
As at 31st March								
Quality Seed Co. Ltd.	–	–	7,450	–	–	–	–	29,566
Carbotels equity accounted investees	127,794	127,794	216,933	3,985	(327,822)	247,873	243,888	571,710
World Call Telecommunications Lanka (Pvt) Ltd.	30,000	30,000	30,000	–	–	–	–	–
NYK Logistics & Kusuvara Lanka (Pvt) Ltd.	1,950	1,950	1,950	251	(2,126)	20,930	20,679	22,805
Logiwiz Fiji (Pvt) Ltd	–	6,532	6,532	(11,691)	–	–	11,691	11,691
Mountain Hawk Investment Company Ltd	–	7,500	7,500	(29,374)	21,874	–	29,374	7,500
PT Tulus Lanka Coir Industries	17,776	17,776	17,776	–	–	10,091	10,091	10,091
	177,520	191,552	288,141	(36,829)	(308,074)	278,894	315,723	653,363
Transferred to other long term investments	–	–	–	–	–	(10,091)	(10,091)	(10,091)
Group Investments in equity accounted investee	177,520	191,552	288,141	(36,829)	(308,074)	268,803	305,632	643,272

(i) Summarised financial information of equity accounted investees

Following information has not adjusted for group share:

	2013 Rs. '000	2012 Rs. '000	As at 1st April, 2011 Rs. '000
Assets and liabilities			
Total assets	2,226,993	2,244,559	1,915,167
Total liabilities	1,587,785	(1,386,689)	(596,273)

	2013 Rs. '000	2012 Rs. '000
Revenue and profit		
Total revenue	709,696	672,107
Total profit after tax	(4,615)	28,863

(ii) The Company has neither contingent liabilities nor capital commitments in respect of its equity accounted investees.

(iii) The Group has not recognised following shares of its losses in respect of its equity investments, since the Group has no further obligation in respect of those losses beyond its investments.

As at 31st March,	Cumulative			For the year		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
World Call Telecommunications Lanka (Pvt) Ltd.	(31,290)	(30,639)	(28,120)	(651)	(2,519)	(4,741)
	(31,290)	(30,639)	(28,120)	(651)	(2,519)	(4,741)

(iv) Countries of incorporation of overseas equity accounted investees are given in Note 34.

C. Inter-Company Shareholdings

Investor	Investee	% Holding			No. of Shares		
		2013	2012	1st April 2011	2013	2012	1st April 2011
Agro Technica Ltd.	Sunfrost (Pvt) Ltd.	1	1	1	75,000	75,000	75,000
Chas P. Hayley & Co. Ltd.	Toyo Cushion Lanka (Pvt) Ltd.	2	2	2	169,267	169,267	169,267
	Hayleys Electronics Ltd.	2	2	2	14,975	14,975	14,975
	Lignocell (Pvt) Ltd.	100	100	100	12,000,000	12,000,000	12,000,000
Dean Foster (Pvt) Ltd.	Volanka (Pvt) Ltd.	38	38	28	3,920	3,920	3,920
	Hayleys Advantis Group	1	1	1	488,369	488,369	488,369
	Chas P. Hayley & Co. (Pvt) Ltd.	–	–	–	80	80	80
	Amaya Leisure PLC	21	21	–	10,252,300	10,252,300	–
Dipped Products PLC	Palma Ltd.	100	100	100	4,000,000	4,000,000	4,000,000
	Grossart (Pvt) Ltd.	100	100	100	4,200,000	4,200,000	4,200,000
	Venigros (Pvt) Ltd.	100	100	100	8,000,000	8,000,000	8,000,000
	Feltex (Pvt) Ltd.	100	100	100	1,500,000	1,500,000	1,500,000
	DPL Plantations (Pvt) Ltd.	100	100	100	55,000,000	55,000,000	35,000,000
	Neoprex (Pvt) Ltd.	100	100	100	4,000,000	4,000,000	4,000,000
	Dipped Products (Thailand) Ltd. (100 Bhat)	99	99	99	4,516,248	3,700,290	3,700,290
	Texnil (Pvt) Ltd.	100	100	100	7,500,000	7,500,000	7,500,000
	ICOGUANTI SpA (Italy) (€1 – each)	61	55	55	1,100,000	1,100,000	1,100,000
DPL Plantations Ltd.	Hanwella Rubber Products Ltd.	73	73	70	18,152,000	18,152,000	6,090,000
	Kelani Valley Plantations PLC	71	71	71	24,200,000	24,200,000	24,200,000
	Hayleys Plantation Services (Pvt) Ltd.	66	66	33	13,400,000	13,400,000	6,700,000
Haycarb PLC	Dipped Products PLC	7	7	7	4,068,746	4,068,746	4,068,746
	Eurocarb Products Ltd. (UK) (£1 – each)	100	100	100	100,000	100,000	100,000

Investor	Investee	% Holding			No. of Shares		
		2013	2012	1st April 2011	2013	2012	1st April 2011
	Haycarb Value Added Products (Pvt) Ltd.	100	–	–	25,000,000	–	–
	Haycarb Holdings Australia (Pty.) Ltd. (Aus \$ 1 - each)	100	100	100	150,000	150,000	150,000
	Carbotels (Pvt) Ltd.	25	25	25	9,290,341	9,290,341	9,290,341
	Carbocarn Co. Ltd. (100 Baht, 72% paid-up)	50	50	50	250,000	250,000	250,000
	Puritas (Pvt) Ltd.	100	100	100	700,000	700,000	700,000
	Recogen (Pvt) Ltd.	100	100	100	37,000,000	37,000,000	37,000,000
	Kinetics (Pvt) Ltd.	100	100	100	4,088,367	4,088,367	4,088,367
	Haymark Inc. (Texas, USA)	100	100	100	stocks	stocks	stocks
	Haycarb Holdings Bitung Ltd. (\$ 1 – each)	100	100	100	1,400,000	1,400,000	1,400,000
	PT Mapalus Makawana Charcoal Industry (IDR 1,000,000)	2	2	2	707	707	707
	Ultracarb (Pvt) Ltd.	100	100	–	25,000,000	20,000,000	20,000,000
	Quality Seeds Co. Ltd.	6	6	6	147,000	147,000	147,000
Carbocarn Co. Ltd.	CK Regen Systems Co. Ltd.	100	100	100	150,000	150,000	150,000
	Shizuka Co. Ltd.	100	–	–	200,000	–	–
Puritas (Pvt) Ltd.	Lakdiyatha (Pvt) Ltd.	49	49	–	2,450,000	2,450,000	–
Haycarb Holdings Bitung Ltd.	PT Mapalus Makawanua Charcoal Industry (IDR 1,000,000)	98	83	83	36,935	30,830	30,830
Haychem (Pvt) Ltd.	Haychem Bangladesh Ltd. (100 Taka)	–	100	100	–	10,000	10,000
	Hayleys MGT Knitting PLC	–	2	2	–	848,774	848,774
	Quality Seeds Co. Ltd.	–	20	20	–	500,000	500,000
Haylex B.V.	HJS Condiments Ltd.	–	2	2	–	309,374	309,374
Hayleys Agriculture Holdings Ltd.	Agro Technica Ltd.	93	93	93	2,329,894	2,329,900	2,329,900
	Haychem (Pvt) Ltd.	100	100	100	4,400,000	4,400,000	4,400,000
	Hayleys Agro Fertilizers (Pvt) Ltd.	100	100	51	5,000,000	5,000,000	5,000,000
	Hayleys Agro Farms (Pvt) Ltd.	100	100	100	1,500,000	1,500,000	1,500,000
	Hayleys Agro Bio-Tech (Pvt) Ltd.	100	100	100	7,500,000	7,500,000	7,500,000
	HJS Condiments Ltd.	59	54	–	7,399,343	7,089,969	–
	Sunfrost (Pvt) Ltd.	93	93	–	7,445,000	7,445,000	–
	Haychem Bangladesh Ltd.	100	–	–	90,702	–	–
	Hayleys Mgt Knitting Mills PLC	2	–	–	2,546,322	–	–
	Quality Seeds Co. Ltd.	20	–	–	500,000	–	–
	X I L Industries Ltd. (Usha)	–	0	–	–	5,898	5,898
Hayleys Fibre PLC	Sunfrost (Pvt) Ltd.	–	–	6	–	–	500,000
	Toyo Cushion Lanka (Pvt) Ltd.	34	34	15	1,015,602	1,015,602	1,015,602
	Bonterra Lanka Ltd.	50	50	50	803,394	803,394	803,400
	Rileys (Pvt) Ltd.	19	21	34	7,750,000	7,750,000	7,750,000
	HJS Condiments Ltd.	–	–	12	–	–	1,561,607

Investor	Investee	% Holding			No. of Shares		
		2013	2012	1st April 2011	2013	2012	1st April 2011
Hayleys Industrial Solutions (Pvt) Ltd.	Haycolour (Pvt) Ltd.	100	100	100	60,000	60,000	60,000
	Bhagya Hydro (Power) (Pvt) Ltd.	–	100	100	–	3,500,000	3,500,000
	Hayleys Hydro Energy (Pvt) Ltd.	–	51	51	–	6,120,000	6,120,000
	Hayleys Lifesciences Ltd.	100	100	100	3,000,002	3,000,002	3,000,002
	Power Engineering Solutions (Pvt) Ltd.	100	100	100	320,002	320,002	320,002
	Nirmalapura Wind Power (Pvt) Ltd.	21	21	21	21,100,000	21,100,000	21,100,000
	TTEL Hydro Power (Pvt) Ltd.	–	49	49	–	3,366,300	3,366,300
	TTEL Summerset Hydro Power (Pvt) Ltd.	–	49	49	–	2,940,000	2,940,000
	Hayleys Power Ltd.	100	–	–	16,417,241	–	–
Hayleys Hydro Energy (Pvt) Ltd.	Neluwa Cascade Hydro (Pvt) Ltd.	100	100	100	11,910,001	11,910,002	11,910,002
Hayleys Plantation Services (Pvt) Ltd.	Talawakelle Tea Estates PLC	75	75	75	17,750,000	17,750,000	17,750,000
Talawakelle Tea Estates PLC	TTEL Hydro Power (Pvt) Ltd.	51	51	51	3,519,000	3,519,000	3,519,000
	TTEL Summerset Hydro Power (Pvt) Ltd.	51	51	51	3,060,000	3,060,000	3,060,000
Hayleys Advantis Group	Sunfrost (Pvt) Ltd.	1	1	1	50,000	50,000	50,000
	Hayleys MGT Knitting Mills PLC	2	2	2	3,693,690	1,231,230	1,231,230
Ravi Industries Ltd.	Rileys (Pvt) Ltd.	31	31	54	12,250,000	12,250,000	12,250,000
	Dipped Products PLC	1	1	1	567,000	567,000	567,000
	Ravi Marketing Services Ltd.	100	100	100	10,000	10,000	10,000
Rileys (Pvt) Ltd.	Haymat (Pvt) Ltd.	54	54	54	216,000	216,000	216,000
	Creative Polymats (Pvt) Ltd.	100	100	100	5,000,000	5,000,000	5,000,000
Toyo Cushion Lanka (Pvt) Ltd.	Dean Foster (Pvt) Ltd.	2	2	2	235,294	235,294	235,294
	Super Felt (Pvt) Ltd.	100	100	100	4,680,000	4,680,000	4,680,000
	Amaya Leisure PLC	2	2	–	816,400	816,400	–
Volanka (Pvt) Ltd.	Dipped Products PLC	8	8	8	4,873,640	4,873,640	4,873,640
	Sunfrost (Pvt) Ltd.	–	–	87	–	–	6,945,000
	Toyo Cushion Lanka (Pvt) Ltd.	22	22	22	1,455,832	1,455,832	1,455,832
	HJS Condiments Ltd.	–	–	42	–	–	5,528,362
	Dean Foster (Pvt) Ltd.	49	49	49	5,882,353	5,882,353	5,882,353
	Volanka Exports Ltd.	100	100	100	2,900,000	2,900,000	2,900,000
	Volanka Insurance Services (Pvt) Ltd.	100	100	100	59,000	59,000	59,000
	Rileys Ltd.	44	44	–	17,500,000	17,500,000	–
Carbotels (Pvt) Ltd.	Hunas Falls Hotels PLC	50	50	50	2,824,820	2,824,820	2,824,280
	Eastern Hotel (Pvt) Ltd.	96	93	47	894,304	373,485	186,744
	Hotel Services (Ceylon) PLC	13	13	13	23,000,000	23,000,000	23,000,000
Volanka Exports Ltd.	O E Techniques Ltd. (Oleo Essences & Perfumes)	100	100	100	10,000	10,000	10,000
	Amaya Leisure PLC	1	1	–	642,900	642,900	–

Investor	Investee	% Holding			No. of Shares		
		2013	2012	1st April 2011	2013	2012	1st April 2011
Kelani Valley Plantations PLC	Kalupahana Power Project Co. (Pvt) Ltd.	60	60	60	1,800,000	1,800,000	1,800,000
	Kelani Valley Green Tea (Pvt) Ltd.	100	100	100	2,000,000	2,000,000	1,020,000
	Kelani Valley Instant Tea (Pvt) Ltd.	95	95	75	2,850,000	2,850,000	2,250,000
	Mabroc Teas (Pvt) Ltd.	100	100	100	9,000,000	9,000,000	9,000,000
Hayleys Group Services (Pvt) Ltd.	Hayleys MGT Knitting PLC	1	1	1	508,933	508,933	232,701
Hayleys Leisure Holdings (Pvt) Ltd	Air Global (Pvt) Ltd.	100	100	100	1,000,000	1,000,000	1,000,000
	Millenium Transportation (Pvt) Ltd.	100	100	100	100,000	100,000	100,000
	North South Lines (Pvt) Ltd.	100	100	100	135,000	135,000	135,000
	Hayleys Travels and Tours (Pvt) Ltd.	100	100	100	1,780,000	1,780,000	1,780,000
Alumex Ltd.	Alutec Extrusions (Pvt) Ltd.	100	100	26	10,000,000	10,000,000	2,505,000
	Avro Enterprises (Pvt) Ltd.	100	100	–	25,002	25,002	2
	Alco Industries (Pvt) Ltd.	100	100	–	3,000,000	3,000,000	3,000,000
Hayleys Consumer Products Ltd.	Hayleys Consumer Marketing (Pvt) Ltd.	–	100	100	–	3,500,000	3,500,000
	Hayleys Electronics (Lighting) (Pvt) Ltd.	100	100	100	600,000	600,000	600,000
Amaya Leisure PLC	Kandyan Resorts (Pvt) Ltd.	100	100	–	29,784,000	29,784,000	–
	Culture Club Resorts (Pvt) Ltd.	100	100	–	27,779,004	27,779,004	–
	The Beach Resorts Ltd.	85	85	–	6,176,790	6,176,790	–
	Hunas Falls Hotels PLC	16	–	–	899,000	–	–
Hayleys Power Ltd.	Bhagya Hydro (Pvt.) Ltd	100	–	–	3,500,000	–	–
	Hayleys Hydro Energy (Pvt.) Ltd.	51	–	–	6,120,001	–	–
	TTEL Hydro Power (Pvt) Ltd.	49	–	–	3,366,300	–	–
	Kiridiweldola Hydro Power (Pvt) Ltd.	100	–	–	121,862	–	–
	TTEL Summerset Hydro Power (Pvt) Ltd.	49	–	–	2,940,000	–	–
	Anningkanda Hydro Power (Pvt) Ltd.	100	–	–	119,080	–	–

19. Other Financial Assets and Financial Liabilities

A. Other Non-Current Financial Assets

	Available-for-sale instruments		Loans and receivables	Total
	Unquoted equity shares Rs. '000	Quoted equity shares Rs. '000	Receivables from finance lease Rs. '000	Rs. '000
Consolidated				
Balance as at 01st April, 2011	213,172	21,439	–	234,611
Additions	108	–	–	108
Acquisition through business combinations	24,000	75,476	–	99,476
Transfer from property, plant & equipment	–	–	85,498	85,498
Change in fair value	(11,683)	(22,359)	–	(34,042)
Balance as at 31st March, 2012	225,597	74,556	85,498	385,651
Transfer to investments in subsidiary	(354)	–	–	(354)
Change in fair value	(13,905)	(7,981)	3,559	(18,327)
Balance as at 31st March, 2013	211,338	66,575	89,057	366,970

	Available-for-sale instruments unquoted shares Rs. '000
Company	
Balance as at 01st April, 2011	204,114
Change in fair value	(12,470)
Balance as at 31st March, 2012	191,644
Change in fair value	(12,470)
Balance as at 31st March, 2013	179,174

Investment Details

		As at			
		1st April, 2011	2012	2013	
	Investee	No. of Shares	Rs. '000	Rs. '000	Rs. '000
Unquoted equity shares					
Hayleys PLC	Prudentia Investment Corporation Ltd.	4,215,000	42,150	42,150	42,150
	Impairment in Prudentia Investment Corporation Ltd.		(42,150)	(42,150)	(42,150)
	AES Kelanitissa (Pvt) Ltd.	24,940,613	162,114	149,644	137,174
	Sri Lanka Institute of Nanotechnology (Pvt) Ltd.	4,200,000	42,000	42,000	42,000
		33,355,613	204,114	191,644	179,174
Hayleys Industrial Solutions	350,000 shares in Hydro Trust Lanka (Pvt) Ltd.	350,000	3,500	3,500	3,500
		350,000	3,500	3,500	3,500
Dipped Product PLC	Wellassa Rubber Company Ltd.	255,000	2,550	2,550	2,550
	Impairment in Wellassa Rubber Company Ltd.		–	–	(2,550)
		255,000	2,550	2,550	–
Haycarb Group	Barrik Gold Corporation - Aus. 27.20 each	3,456	94	94	94
		3,456	94	94	94
Hayleys Advantis Group	SLAFFA Cargo Services Ltd.	38,571	2,665	3,453	4,570
		38,571	2,665	3,453	4,570
Chas P Hayleys	Investment in Charles Fibre	–	123	177	–
		–	123	177	–
Lignocell	Investment in Charles Fibre		123	177	–
		–	123	177	–
Amaya Leisure PLC	Lake Lodge Resort (Pvt) Ltd.	–	–	24,000	24,000
		–	–	24,000	24,000
Total		–	213,172	225,597	211,338
Quoted equity shares					
Dipped Products PLC	Royal Ceramic Lanka PLC	1,100	30	25	22
		1,100	30	25	22
Hayleys Advantis Group	Ceybank Unit Trust	200,000	8,302	5,638	5,074
	Pyramid Unit Trust	200,000	8,066	5,518	5,848
	Comtrust Equity Fund	200,000	5,042	3,392	3,732
		600,000	21,410	14,548	14,654
Amaya Leisure PLC	Royal Ceramic Lanka PLC	521,600	–	59,984	51,899
		521,600	–	59,984	51,899
Total		–	21,439	74,556	66,575
Loans and Receivables					
Haycarb Group		–	–	85,498	89,057
		–	–	85,498	89,057

B. Other Current Financial Assets

	Available-for-sale instruments			Financial instruments at fair value through profit or loss		Total
	Unquoted equity shares Rs. '000	Quoted equity shares Rs. '000	Quoted debt securities Rs. '000	Foreign exchange forward contract Rs. '000	Quoted equity shares Rs. '000	Rs. '000
Consolidated						
Balance as at 01st April, 2011	5,799	34	3,060	29,726	22,429	61,048
Additions	–	8,780	–	–	40,535	49,315
Acquisition through business combination	–	–	–	–	18,974	18,974
Disposals	(500)	(34)	(60)	(26,722)	(11,240)	(38,556)
Change in fair value	–	(1,815)	–	110,601	(23,864)	84,922
Balance as at 31st March, 2012	5,299	6,965	3,000	113,605	46,834	175,703
Disposals	–	(4,064)	(3,000)	(2,166)	(8,866)	(18,096)
Change in fair value	–	342	–	(110,476)	2,265	(107,869)
Balance as at 31st March, 2013	5,299	3,243	–	963	40,233	49,738

Financial instruments at fair value through profit or loss
Quoted equity shares
Rs. '000

Company	
Balance as at 01st April, 2011	20,709
Additions	33,856
Disposals	(7,562)
Change in fair value	(14,763)
Balance as at 31st March, 2012	32,240
Disposals	(8,866)
Change in fair value	(596)
Balance as at 31st March, 2013	22,778

Investment Details

Investor	Investee	No. of Shares	As at 1st April, 2011 Rs. '000	2012 Rs. '000	2013 Rs. '000
Unquoted equity shares - AFS					
Mabroc Teas (Pvt) Ltd.	Cambron Exports (Pvt) Ltd		500	–	–
	Mabroc International (Pvt) Ltd.		732	732	732
	Mabroc Japan Co.		4,567	4,567	4,567
	Total		5,799	5,299	5,299
Quoted equity shares - FVTPL					
Hayleys PLC	Aitken Spence Hotel Holdings PLC	112	11	8	8
	ACL Cables PLC	260	11,962	7,966	17
	Asiri Hospitals PLC	49	11	–	17
	Blue Diamond Jewellery Worldwide PLC	–	–	–	–
	Central Industries PLC	7,957	865	630	497
	Ceylinco Insurance Co. PLC	–	55	–	–
	Aviva NDB Insurance PLC	–	15	10	–
	Ceylon Cold Stores PLC	252	63	23	34
	DFCC Bank PLC	338	58	38	44
	Kelani Tyres PLC	17,200	905	456	593
	Lanka ORIX Leasing Co. PLC	1,520	182	82	87
	Lanka Tiles PLC	–	2	–	–
	National Development Bank PLC	20,681	3,528	2,543	3,412
	Seylan Bank PLC	–	7	–	–
	Three Acre Farms PLC	1,840	3,044	938	78
	Overseas Realty PLC	70,000	–	945	980
	Pan Asia Power PLC	1,600,000	–	4,160	4,320
	Access Engineering Ltd.	400,000	–	10,680	7,880
	Hatton National Bank PLC - Non-Voting	15,000	–	1,417	1,977
	Hatton National Bank	5,000	–	765	837
	Environmental Resources Investment PLC	5,000	–	85	78
	Hunters & Company PLC	1,500	–	525	463
	Seylan Bank PLC	350	–	–	108
	Textured Jersey Lanka PLC	136,100	–	968	1,347
		2,283,159	20,709	32,239	22,778
Hayleys Advantis Group	Textured Jersey Lanka PLC	160,000	–	1,152	1,584
	Union Bank PLC	100,000	–	1,750	1,660
	Hatton National Bank PLC	–	–	4,064	–
		260,000	–	6,966	3,244

Investor	Investee	No. of Shares	As at 1st April, 2011 Rs. '000	2012 Rs. '000	2013 Rs. '000
Dean Foster (Pvt) Ltd.	ACL Cables PLC	4,120	387	258	270
	Asiri Hospitals PLC	270	2	2	3
	Bairaha Farms PLC	900	361	117	135
	Blue Diamonds Jewellery Worldwide PLC	13	–	–	–
	Central Industries PLC	900	86	63	56
	Ceylinco Sec & Fin Services PLC	1,300	14	13	12
	Aviva NDB Insurance PLC	30	9	6	11
	Lanka ORIX Leasing Co. PLC	3,280	392	177	187
	Three Acre Farms PLC	2,000	336	104	85
	Kelani Tyres PLC	2,000	105	53	69
	Vanik Incorporation PLC - voting	7,500	6	6	6
	- non-voting	5,000	4	4	4
	- UR 007	–	16	–	–
	Seylan Bank PLC	43	–	3	3
	Browns Investments PLC	186,200	–	614	614
	Textured Jersey Lanka PLC	136,100	–	980	1,347
		349,656	1,720	2,400	2,801
Amaya Leisure PLC	The Fortress Resorts PLC	90,075	–	1,549	1,351
	LB Finance PLC	20	–	3	3
	Free Lanka Capital Holdings PLC	5,320,000	–	10,640	13,300
		5,410,095	–	12,192	14,654
	Total		22,429	46,834	40,233
Quoted debt securities - AFS					
Mabroc Teas (Pvt) Ltd.	Vanik Incorporation PLC - Debenture		60	–	–
	Seylan Bank PLC - Debentures		3,000	3,000	–
	Total		3,060	3,000	–
Foreign exchange forward contracts - FVTPL					
	Dipped Products Group		19,097	3,004	838
	Haycub Group		10,629	–	125
	Nirmalapura Wind Power (Pvt) Ltd.		–	110,601	–
	Total		29,726	113,605	963
Quoted equity shares - AFS					
Mabroc Teas (Pvt) Ltd.	Sampath Bank PLC		34	–	–
Advanties Group	Textured Jursey Lanka PLC	160,000	–	1,152	1,584
	Union Bank PLC	100,000	–	1,750	1,660
	Hatton National Bank PLC		–	4,064	–
	Total		34	6,966	3,244

C. Other Financial Liabilities

	2013 Rs. '000	2012 Rs. '000	Balance as at 1st April 2011 Rs. '000
Consolidated			
Financial instruments at fair value through profit or loss			
Foreign exchange forward contracts	–	81,617	2,042
	–	81,617	2,042
Total other current financial liabilities	–	81,617	2,042
Total other non-current financial liabilities	–	–	–

20. Other Non-Current Assets

	Consolidated		
	2013 Rs. '000	2012 Rs. '000	1st April 2011 Rs. '000
Cost	371,607	337,447	298,270
Provision for impairment	(180,960)	(148,717)	(131,250)
	190,647	188,730	167,020

21. Inventories

	Consolidated			Company		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Raw materials & consumables	4,203,077	3,691,944	3,189,473	1,282	920	1,396
Produce stocks	1,851,907	2,840,832	845,719	–	–	–
Nurseries	26,071	–	–	–	–	–
Work-in-progress	762,502	884,446	705,573	–	–	–
Finished goods	3,701,818	3,064,395	3,678,802	–	–	–
Goods-in-transit	189,582	221,502	262,030	–	–	–
	10,734,957	10,703,118	8,681,597	1,282	920	1,396
Provision for unrealised profit and write-down of inventories	(369,376)	(305,507)	(209,566)	–	–	–
	10,365,582	10,397,611	8,472,031	1,282	920	1,396

- (i) Carrying amount of inventories pledged as security for Bank facilities obtained amounted to Rs. 1,745 mn (2012 - Rs. 1,517 mn).
(ii) Inventory carried at net realisable value as at 31st March, 2013 - Rs. 189 mn (2012- Rs. 45 mn).

22. Trade and Other Receivables/Other Current Assets

22.1 Trade and other Receivables

As at 31st March,	Consolidated			Company		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Trade receivables	10,276,760	7,978,120	7,271,845	–	–	–
Bills receivable	2,043,961	2,880,153	2,409,518	–	–	–
Payments in advance, deposits	3,576,058	3,803,202	2,788,691	57,759	79,376	44,545
Impairment for trade and other receivables	(655,002)	(837,797)	(818,972)	(32,182)	(32,182)	(30,736)
	15,241,777	13,823,678	11,651,082	25,577	47,194	13,809
Duty rebate receivable	7,668	5,651	–	–	–	–
Advances made under employee share ownership schemes	657	135	3,701	–	–	–
Employee Loans	37,765	36,204	–	–	–	–
	15,287,867	13,865,668	11,654,783	25,577	47,194	13,809

A. Movement in the Provision for Impairment

	Consolidated Rs. '000	Company Rs. '000
Balance as at 1st April, 2011	(818,972)	(30,736)
Charge for the year	(18,824)	(1,446)
Balance as at 31st March, 2012	(837,797)	(32,182)
Reversal for the year	182,795	–
Balance as at 31st March, 2013	(655,002)	(32,182)

B. The Aging Analysis of Trade Receivables is as follows:

	Total Rs. '000	Neither past due nor Impaired Rs. '000	0-60 days Rs. '000	61-120 days Rs. '000	121-180 days Rs. '000	181-365 days Rs. '000	> 365 days Rs. '000
Balance as at 31st March, 2013	15,287,867	7,321,253	6,884,997	686,571	129,981	16,461	248,605

C. Currency-wise Analysis of Trade and Other Receivables

	Consolidated			Company		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Rupees	7,972,264	7,902,262	9,265,309	25,577	47,194	13,809
Australian Dollars	220,329	101,316	175,953			
Pounds Sterling	147,083	164,086	205,654			
United States Dollars	3,903,565	2,878,157	1,600,687			
Euro	2,035,904	2,327,166	179,423			
Thai Baht	346,283	217,751	131,834			
Indian Rupees	148,263	34,657	–			
Other	514,176	240,273	95,923			
	15,287,867	13,865,668	11,654,783	25,577	47,194	13,809

22.2 Other Current Assets

Prepayments	907,905	484,818	450,917	14,670	5,245	4,749
Pre paid staff benefit	71,002	66,181	31,488			
VAT receivables	253,224	73,668	39,615			
	1,232,130	624,667	522,020	14,670	5,245	4,749

23. Stated Capital

		Company		
		2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Issued & fully-paid - ordinary shares of Rs. 10/- each				
At the beginning of the year	- 75,000,000 (1st April, 2011 - 75,000,000)	1,575,000	1,575,000	1,575,000
At the end of the year	- 75,000,000 (31st March, 2012 - 75,000,000)	1,575,000	1,575,000	1,575,000

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 meetings of the Company.

B. Employee Share Trust Loan

The Hayleys PLC. Employees' Share Trust was set up by a special resolution adopted by the shareholders at an Extraordinary General Meeting of the Company. The Trust was allotted 2,400,000 ordinary shares of Rs. 10/- each on 9th February, 1998 at the market price of Rs. 210/- per share, payment for the shares being made by the Trustees from the proceeds of an interest-free loan of Rs. 504 mn, granted by the Company. This loan is repayable by the Trustees utilising part of the net income of the Trust.

The market value of the shares held by the Trust as at 31st March, 2013 was Rs. 2,048 mn (31st March, 2012 - Rs. 2,468 mn).

C. Treasury Shares

Treasury shares represent the ordinary shares of Hayleys PLC that were held by group companies. These shares were disposed during 2011/12 for a consideration of Rs. 2,596 mn and the details of the shareholdings as at 01st April, 2011 were as follows:

Company	No. of shares held	Value Rs.
Dipped Products PLC	3,536,159	156,101
Dean Foster (Pvt) Ltd.	2,922,413	214,000
Toyo Cushion Lanka (Pvt) Ltd.	232,737	11,370
Volanka Exports (Pvt) Ltd.	183,275	17,431
	6,874,584	398,902

24. Other Capital Reserves and Retained Earnings

A. Other Capital Reserves

	Capital profit on redemption of debentures Rs. '000	Fixed asset replacement reserve Rs. '000	Capital reserve on sale of property, plant & equipment Rs. '000	Capital redemption reserve fund Rs. '000	Debenture redemption reserve fund Rs. '000	Reserve on amalgamation Rs. '000	Total Rs. '000
Consolidated							
Balance as at 1st April, 2011	109	11,750	66,734	39,886	1,047	296,824	416,350
Changes in ownership interests in subsidiaries	–	–	22,662	17,323	–	3,616	43,601
Transfers						–	–
Balance as at 31st March, 2012	109	11,750	89,396	57,209	1,047	300,440	459,951
Changes in ownership interests in subsidiaries	–	–	8	54	–	147,843	147,905
Transfers				2,440			2,440
Balance as at 31st March, 2013	109	11,750	89,404	59,703	1,047	448,283	610,296

	Capital profit on redemption of debentures Rs. '000	Fixed asset replacement reserve Rs. '000	Capital reserve on sale of property, plant & equipment Rs. '000	Debenture redemption reserve fund Rs. '000	Total Rs. '000
Company					
Balance as at 31st March, 2011	109	11,750	320	1,047	13,226
Balance as at 31st March, 2012	109	11,750	320	1,047	13,226
Balance as at 31st March, 2013	109	11,750	320	1,047	13,226

B. Retained Earnings

	Consolidated			Company		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Holding company	1,805,332	1,759,448	1,015,717	1,805,332	1,759,448	1,015,717
Subsidiaries	6,859,401	5,732,308	3,540,764	–	–	–
Equity accounted investees	70,347	86,313	122,639	–	–	–
	8,735,080	7,578,069	4,679,120	1,805,332	1,759,448	1,015,717

25. Interest-Bearing Borrowings

A. Total Non-Current Interest-Bearing Borrowings

	Consolidated			Company		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Finance lease obligations	637,603	649,431	631,822	–	–	–
Debentures	40,000	40,000	40,000	–	–	–
Long-term loans	4,993,551	4,522,905	3,869,334	910,000	1,386,667	1,680,000
Total Non-current interest-bearing borrowings	5,671,153	5,212,336	4,541,156	910,000	1,386,667	1,680,000

B. Current Portion of Interest-Bearing Borrowings

	Consolidated			Company		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Finance lease obligations	24,794	34,043	27,026	–	–	–
Debentures	–	–	–	–	–	–
Long-term loans	1,559,747	1,972,278	1,721,655	476,667	506,667	720,000
Total current interest-bearing borrowings	1,584,541	2,006,321	1,748,681	476,667	506,667	720,000

The amount of undrawn borrowing facilities that may available for future operations and capital commitments, given in page 30 to the Financial Statements.

C. Finance Lease Obligations

	Consolidated		
	Gross lease liability Rs. '000	Finance charges unamortised Rs. '000	Net lease obligations Rs. '000
Balance as at 1st April, 2011	2,809,000	(2,150,151)	658,848
New leases obtained	32,728	–	–
Reassessment of lease liability	(40,769)	–	–
Acquisitions through business combinations	31,819	–	–
Repayments	(81,680)	–	–
Balance as at 31st March, 2012	2,751,097	(2,067,623)	683,474
New leases obtained	16,558	–	–
Reassessment of lease liability	(33,453)	–	–
Repayments	(84,488)	–	–
Balance as at 31st March, 2013	2,649,714	(1,987,181)	662,533

D. Currency-wise Analysis of Finance Lease Obligations

As at 31st March,	Consolidated		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Rupees	646,745	671,322	642,395
Taka	–	12,152	16,453
Thai Baht	15,788	–	–
	662,533	683,474	658,848

E. Analysis of Finance Lease Obligations by Year of Repayment

	Consolidated		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Finance lease obligations repayable within 1 year from year-end			
Gross liability	106,889	117,379	112,142
Finance charges unamortised	(82,096)	(83,336)	(85,116)
Net lease obligations repayable within 1 year from year-end (i)	24,794	34,043	27,026
Finance lease obligations repayable between 1 and 5 years from year-end			
Gross liability	365,702	375,962	353,467
Finance charges unamortised	(318,809)	(319,702)	(300,670)
Net lease obligations (i)	46,894	56,260	52,796
Finance lease obligations repayable after 5 years from year-end			
Gross liability	2,184,489	2,263,341	2,340,129
Finance charges unamortised	(1,593,780)	(1,670,170)	(1,761,103)
Net lease obligations (i)	590,709	593,171	579,026
Net lease liability repayable later than 1 year from year-end	637,603	649,431	631,822

Liability to make lease payment as above was previously titled as 'Net Liability to lessor'. The change was in terms of the Statement of Recommended Practice (SoRP) issued by The Institute of Chartered Accountants of Sri Lanka on 19th December, 2012. Group has reassessed the above liability as of 1st January, 2011 as per the provisions of SoRP and the impact to the Financial Statements is given in Note 5.

Kelani Valley Plantations PLC

According to the reassessment, the base rental payable per year has increased from Rs. 19.60 mn to Rs. 56.84 mn to be in line with the present rental and the implicit interest rate applicable for the lease liability has increased from 4% to 13% recognising the historical change in average GDP deflator.

Talawakelle Tea Estates PLC

According to the reassessment, the base rental payable per year has increased from Rs. 7.22 mn to Rs. 22.73 to be in line with the present rental and the implicit interest rate applicable for the lease liability has increased from 4% to 13% recognising the historical change in average GDP deflator.

F. Debentures

	Consolidated		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
At beginning of the year	40,000	40,000	40,000
Repayments during the year	—	—	(95,000)
At end of the year	40,000	40,000	40,000
Repayable after one year	40,000	40,000	40,000

4,000,000 (par value Rs. 10/-) unquoted debentures, were issued to LVL Energy Fund (Pvt) Ltd. at 15%, by Neluwa Cascade Hydro Energy (Pvt) Ltd. to finance its Hydropower Project capital requirements. These debentures are redeemable/convertible to preference shares.

G. Currency-wise Analysis of Debentures

	Consolidated		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Rupees	40,000	40,000	40,000
	40,000	40,000	40,000

H. Analysis of Debentures by Year of Repayment

	Consolidated		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Long-term loans repayable between 2 and 5 years from year-end	40,000	40,000	40,000
	40,000	40,000	40,000

I. Long-Term Borrowings

	CONSOLIDATED			COMPANY		
	Total long-term borrowings Rs. '000	Repayable within one year Rs. '000	Repayable after one year Rs. '000	Total long-term borrowings Rs. '000	Repayable within one year Rs. '000	Repayable after one year Rs. '000
Balance as at 1st April, 2011	5,590,989	1,721,655	3,869,334	2,400,000	720,000	1,680,000
Acquisitions through business combinations	27,446	—	—	—	—	—
Effect of movements in exchange rates	151,960	—	—	—	—	—
Transfer to short-term borrowings	91,477	—	—	—	—	—
New loans obtained	2,557,233	—	—	—	—	—
Repayments	(1,923,922)	—	—	(506,667)	—	—
Balance as at 31st March, 2012	6,495,183	1,972,278	4,522,905	1,893,333	506,667	1,386,667
Acquisitions through business combinations	96,668	—	—	—	—	—
Effect of movements in exchange rates	(24,021)	—	—	—	—	—
New loans obtained (i)	2,074,754	—	—	—	—	—
Repayments	(2,089,286)	—	—	(506,666)	—	—
Balance as at 31st March 2013	6,553,298	1,559,747	4,993,551	1,386,667	476,667	910,000

(i) Hotel Services PLC, Haycarb Group, Hayleys Advantis Group, Amaya Leisure PLC have obtained loans during the year amounting to Rs. 800 mn, Rs. 480 mn, Rs. 250 mn, Rs. 75 mn, respectively.

J. Currency-wise Analysis of Long-Term Borrowings

As at 31st March,	Consolidated			Company		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Rupees	4,362,585	4,070,155	4,183,276	1,386,667	1,893,333	2,400,000
Australian Dollars	6,079	—	—	—	—	—
Sterling Pounds	50,756	—	—	—	—	—
United States Dollars	1,816,273	2,041,812	613,831	—	—	—
Euro	157,460	154,082	161,974	—	—	—
Taka	10,335	11,850	—	—	—	—
Thai Baht	149,810	217,285	631,908	—	—	—
Other	—	—	—	—	—	—
	6,553,298	6,495,183	5,590,989	1,386,667	1,893,333	2,400,000

K. Analysis of Long-Term Borrowings by Year of Repayment

As at 31st March,	Consolidated			Company		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Long-term loans repayable between 1 and 2 years from year-end	1,679,838	1,041,123	1,731,742	466,667	476,667	753,000
Long-term loans repayable between 2 and 5 years from year-end	2,915,599	2,400,402	1,705,430	443,333	910,000	927,000
Long-term loans repayable later than 5 years from year-end	398,125	1,081,380	432,162	—	—	—
	4,993,561	4,522,905	3,869,334	910,000	1,386,667	1,680,000

L. Long-Term Borrowings Repayable after One Year

Company	Lender/rate of interest (p.a.)	31.03.2013 Rs. '000	31.03.2012 Rs. '000	01.04.2011 Rs. '000	Repayment	Security
Hayleys PLC	HNB (AWPLR - 1%)	710,000	1,100,000	1,330,000	To be paid bi-annually	None
	DFCC (AWPLR +0.5%)	200,000	286,667	350,000	Quarterly instalments	None
H J S Condiments Ltd.	NDB (8.79%)	—	—	3,300	60 monthly instalments starting from March, 2008 till February, 2013	Mortgage over land and building
	BOC (6.5%)	—	1,686	4,067	60 monthly instalments starting from February, 2009 till January, 2014	Mortgage over plant and machinery
Venigross Pvt) Ltd.	NDB (6.5%)	—	—	4,624	Monthly Instalments ending August, 2012	Mortgage over land and building
Kalupahana Power Co. (Pvt) Ltd.	NDB (AWDR + 4%)	—	—	22,000	Quarterly instalments ending March, 2013	Mortgage over heater at Weliveriya Primary Mortgage over sub, leasehold rights of Kalupahana Power Co (Pvt) Ltd. and machinery equipment of the Company

Company	Lender/rate of interest (p.a.)	31.03.2013 Rs. '000	31.03.2012 Rs. '000	01.04.2011 Rs. '000	Repayment	Security
ICO Guanti SpA	Alessandria Financing 1.95% (Euro 1,000,000)	133,022	125,722	134,823	Repayment over 2 years as per agreed schedule	None
	BNL (6.5%) - Euro 100,000)	–	–	9,236	Monthly instalments ending July, 2011	None
Dipped Products (Thailand) Ltd.	Thai Military Bank Public Company Ltd. MLR - 0.75% (Baht 150,000,000)	–	9,567	124,592	Monthly instalments ending June 2012	Mortgage over land, building and machinery
	HSBC - Thailand Minimum of 4.25% 1 month LIBOR+ 2% (USD 4 mn)	265,250	409,491	305,452	Monthly instalments ending July 2015	Mortgage over land, building and machinery and corporate guarantee by Parent Company.
Mabroc Teas (Pvt) Ltd.	Union Bank 5%	5,724	–	–	954 x 18 instalment ending 31.08.2013	Primary mortgage over blending machine.
Kelani Valley Plantations PLC	NDB (11.51%)	–	3,008	7,518	Monthly instalments ending August, 2013	Primary mortgage of Rs. 255 mn over the leasehold rights of Panawatta and Pedro Estates have been pledged and a letter of undertaking from DPL Plantations (Pvt) Ltd. was given to subordinate management fee and dividends in a default situation of term loan.
	NDB (11.51%)	1,853	6,300	10,748	Monthly instalments ending May, 2014	
	NDB (6.5%)	–	1,500	6,000	Monthly instalments ending May, 2013	
	DFCC Bank (9.42%)	34,533	45,733	56,933	Monthly instalments ending March, 2017	Primary mortgage over the leasehold rights of Halgolla, We- Oya, Polatagama and Enderapola Estates and a letter of undertaking from DPL Plantations (Pvt.) Ltd. was given to subordinate management fee and dividends in a default situation of the term loan.
	DFCC Bank (6.5%)	4,164	8,706	13,249	Monthly instalments ending November, 2014	
	DFCC Bank (11.64%)	40,000	51,428	62,857	Monthly instalments ending June, 2017	
	DFCC Bank (6.5%)	7,633	12,722	17,809	Monthly instalments ending June, 2015	Primary mortgage of Rs: 348 mn over the leasehold right of Halgolla, We-Oya, Polatagama and Enderapola Estates and letter of undertakings from DPL Plantation (Pvt) Ltd. was given to subordinate management fee and dividends in a default situation of term loan.
	DFCC Bank (6.5%)	3,334	5,001	6,669	Monthly instalments ending December, 2015	
	DFCC Bank (6.5%)	347	2,427	4,507	Monthly instalments ending February, 2014	
	Seylan Bank (12%)	–	–	18,126		
Toyo Cushion Lanka (Pvt) Ltd.	HNB	3,335	11,603	22,312	Monthly, ending 19.12.2014	Stocks and debtors
Haycarb Holding (Australia) Pty Ltd.	Capital Finance (Fixed - 9.75%) (LIBOR + 4%)	3,857	5,317	–	35 equal instalments + one final payment commencing 2006/07	Mortgage over vehicles
Recogen Ltd.	DFCC (6.5%)	–	2,500	12,500	Monthly instalments over five years commencing 07.01.2008	Corporate guarantee by Haycarb

Company	Lender/rate of interest (p.a.)	31.03.2013 Rs. '000	31.03.2012 Rs. '000	01.04.2011 Rs. '000	Repayment	Security
Haycarb PLC	Commercial Bank (LIBOR + 3.75%)	69,904	90,531	–	Monthly instalments over 5 years commencing June, 2011	None
	HSBC (LIBOR + 3.5%)	76,134	92,052	–	Monthly instalments over 5 years commencing June, 2011	None
	Commercial Bank (LIBOR + 5.25%)	88,094	–	–	47 equal monthly instalments commencing November, 2013	None
	Standard Chartered Bank (LIBOR + 4%)	126,890	–	–	60 equal monthly instalments commencing September, 2012	Mortgage over the share certificate of Haycarb Value Added Products (Pvt) Ltd. amounting to Rs. 250 mn
Shizuka Co. Ltd.	Bangkok Bank (LIBOR + 4% p.a.)	57,025	–	–	60 monthly instalments commencing October, 2010	Mortgage over company land and guaranteed by related person.
Lakdiyatha (Pvt) Ltd.	Hatton National Bank (LIBOR + 4.75%)	47,876	55,913	–	Monthly instalments over seven years commencing 01.01.2013	Development agreement entered between Sri Lanka Tourism Development Authority and Lakdiyatha (Pvt) Ltd.
CK Regen Systems Co. Ltd.	Kasikorn Ban, Thailand MLR - 0.05%	31,500	62,894	–	Monthly instalments over five years commencing 10.01.2011	Mortgage over Land & Building.
PT Mapalus Makawanua Charcoal Industry	Bank Panin Manado - Fixed - 8%	41,882	57,128	–	Monthly instalments over five years commencing September, 2011	Mortgage over Land & Building.
Haycarb Holding Bitung Ltd.	Commercial Bank (LIBOR + 4%)	81,452	–	–	Payable in 59 monthly instalments of UD \$ 13,300 each and a final instalment of US \$ 15,300	Corporate guarantee for US \$ 80,000 from Haycarb PLC.
Logiventures Pvt Ltd.	HSBC - AWPLR+2%)	202,000	–	–	Payable in 83 monthly instalments of Rs. 3 mn and 1 instalment of Rs.1 mn	Land
Logiventures (Pvt) Ltd.	HSBC (LIBOR + 4%)	–	–	9,205	Repayment over 3 years as per agreed schedule	Corporate Guarantee
Hayleys Agriculture Holdings Ltd.	Hatton Nation Bank PLC PLR plus 2%	144,200	–	–	Monthly Instalment Rs. 8.1 mn	None
TTEL Hydro Power (Pvt) Ltd.	Sampath Bank PLC 3 months average AWDR + 4% p.a.	87,386	102,532	115,766	12 monthly instalments commence from January, 2010 repayable within 8 years	Primary mortgage bond over leasehold rights for Rs. 132.3 mn project assets.

Company	Lender/rate of interest (p.a.)	31.03.2013 Rs. '000	31.03.2012 Rs. '000	01.04.2011 Rs. '000	Repayment	Security
Neluwa Cascade Hydro Power (Pvt) Ltd.	NTB - (3m TB + 1.3%)	10,000	40,000	80,000	24 quarterly instalment commencing December, 2008	Primary mortgage bond over project land and assets for Rs. 180 mn supported by a corporate guarantee from Hayleys Industrial Solutions (Pvt) Ltd. for Rs. 180 mn.
Hayleys Industrial Solutions Ltd.	NDB Bank (AWPLR + 1.99%)	56,250	93,750	131,250	48 monthly instalments commencing from 31st October, 2011	Rs. 150 mn corporate guarantee from Hayleys PLC.
Bhagya Hydro Power (Pvt) Ltd.	Sampath Bank (AWDR + 5%)	7,275	17,235	22,215	95 monthly instalments commencing September, 2007 of Rs. 410,000/- and a final instalment of Rs. 550,000/-	Loan agreement for Rs. 39.5 mn. primary concurrent mortgage for Rs. 78 mn over free hold properties of the project.
	Seylan Bank (AWDR + 5%)	7,620	7,911	12,642	95 monthly instalments from September, 2007 of Rs. 430,000/- and a final instalment of Rs. 422,000/-.	Rs. 39.5 mn to be secured by a primary concurrent mortgage over freehold land and project assets.
Hayleys MGT Knitting Mills PLC	Commercial Bank - 6.5%	472	3,545	–	71 monthly instalments of US\$ 2,545 (Rs. 280,000/-)	Corporate guarantee.
	Commercial Bank - 6.5%	11,506	14,925	–	96 monthly instalments of US\$ 2,886 (Rs. 312,500/-)	Mortgage over machinery.
	Commercial Bank 1 month (LIBOR + 5%)	–	20,582	75,759	48 monthly instalments of US\$ 25,000 each.	Primary mortgage over machinery.
	Bank of Ceylon 3 months (LIBOR + 5%)	–	28,868	59,462	42 monthly Instalments of US\$ 31,250 each.	Primary mortgage over machinery.
	HSBC - 1 Month (LIBOR + 4.75%)			65,421	48 monthly instalments US \$ 31250 each	None
TTEL Sommerset Hydro Power Company (Pvt) Ltd.	HNB (AWDR + 4%)	32,592	51,146	66,314	12 monthly instalments commence from December, 2008 repayable within 7 years	Registered primary mortgage bond for Rs. 112 over lease rights of the property. Corporate Guarantee of TTEL and HISL for Rs. 112 mn in the proportionate of 51% and 49% respectively.
Lignocell Pvt Ltd.	HNB	–	5,000	–	24 monthly instalments	None

Company	Lender/rate of interest (p.a.)	31.03.2013 Rs. '000	31.03.2012 Rs. '000	01.04.2011 Rs. '000	Repayment	Security
Talawakelle Tea Estates PLC	NDB Bank 9.42%	58,498	70,203	–	96 monthly instalment ending 31.12.2018	Primary Mortgage over leasehold rights of Somerset, Great Western, Holyrood, Logie and Dessford estates.
	NDB Bank 13.25%	115,270	144,705	340,562	60 monthly instalments ending 30.11.2017	
	NDB Bank 13.07%	91,671	96,497	–	60 monthly instalments ending 30.06.2023	
	NDB Bank 13.07%	13,500	15,000	–	60 monthly instalments ending 30.09.2023	
	Sampath Bank (10.24%)	64,129	77,173	140,217	92 monthly instalments ending 30.11.2018	Primary mortgage bond for Rs. 100 mn over leasehold right of Mattakelle Estate
	Sampath Bank (10.24%)	50,000	50,000	–	48 Monthly instalments ending 30.09.2018	Primary mortgage bond for Rs. 30 mn over leasehold rights of Clarendon Estate. Secondary mortgage over leasehold right to the value of Rs. 20 mn of Deniyaya estate.
	Commercial Bank	–	–	4,115	Monthly instalments commencing September, 2011	Primary floating mortgage for Rs. 109 mn over leasehold rights of Radella, Palmerstone and Handford Estates.
	Hatton National Bank (AWDR + 4%)	14,000	–	–	96 monthly instalments ending 30.01.2018	
Ravi Industries Ltd.	HNB 3M (Euro+3.75)	1,672	4,106	5,976	Quarterly instalments from December, 2010	None
	HNB LKR 13%	6,175	18,399	–	Equal monthly instalments from September, 2012	Primary mortgage over specific machinery.
	USD	17,291	–	–	Equal monthly instalments from September, 2012	
	PABC 3M (Euro + 3.75)	7,508	10,327	–	Equal monthly instalments from October, 2011	Primary mortgage over specific machinery.
	PABC (Libor + 4.25)	7,394	10,118	–	Equal monthly instalments from March, 2012	Primary mortgage over specific machinery.
Volanka Ltd.	DFCC 4%	64,286	78,574	95,000	One year mercy period loan repayment starting from January, 2012	Primary mortgagee over an allotment of land with buildings
Rileys Ltd.	NDB Bank 16%	–	–	2,680	33 monthly instalments from August, 2009	None
Alumex Ltd.	Commercial Bank 6.5%+AWPLR	4,108	11,260	18,413	2007 April to 2014 October	Mortgage over land.
Alutec Extrusions (Pvt) Ltd.	Commercial Bank 6.5% + AWPLR	18,018	39,593	56,776	November, 2010 to October, 2014	Mortgage over land & building .
Alumex (Pvt) Ltd.	LOLC 6.5% + AWPLR	13,542	19,792	32,292	June, 2010 to June, 2016	Mortgage over machinery.
Alutec Extrusions (Pvt) Ltd.	Commercial Bank/ (AWPLR +1.5%)	17,695	–	–	36 monthly instalments - end May, 2016	None

Company	Lender/rate of interest (p.a.)	31.03.2013 Rs. '000	31.03.2012 Rs. '000	01.04.2011 Rs. '000	Repayment	Security
Alumex (Pvt) Ltd.	Commercial Bank 1%+AWPLR	–	928	4,108	48 monthly instalments	Mortgage over vehicle.
Hotel Services PLC	Bank of Ceylon (AWPLR + 0%)	1,200,000	400,000	–	7-year including 1 & 1/2 year grace period	Mortgage on leasehold right of the land.
Haychem Bangladesh	CBCL/15% p.a.	7,155	9,057	–	60 monthly equal instalments	Registered mortgage over land and building.
Haycolour Ltd.	HNB (14.12%)	–	480	–	Rs. 280,000 monthly instalments	None
	DFCC (9.75%)	–	–	3,839	Monthly instalments over 5 years	None
Amaya Hills	NDB/AWPLR + 2%	9,844	17,172	–	48 monthly instalments commencing from March, 2011	Amaya Hills Property.
Amaya Lake	NDB/AWPLR + 2%	14,316	21,760	–	48 monthly instalments commencing from January, 2011	Amaya Hills Property.
Nirmalapura Wind Power	HSBC/LIBO + 3.25%	604,374	594,369		48 monthly instalments	Mortgage over land.
		4,993,551	4,522,905	3,869,334		

26. Deferred Income

A. Grants (i)

	Consolidated Rs. '000
Balance as at 1st April, 2011	792,868
Grants received during the year	37,582
Amortised during the year	(52,780)
Balance as at 31st March, 2012	777,670
Grants received during the year	58,114
Amortised during the year	(52,562)
Balance as at 31st March, 2013	783,222

(i) Grants received for the Group is as follows:

Plantation Sector - Received from the Plantation Reform Project (PRP), Plantation Human Development Trust, Ministry of Community Development, Asian Development Bank, Social Welfare Project, Estate Infrastructures Development Project, Plantation Development Support Project, Ceylon Electricity Board, Tea Board and Rubber Development Division of the Ministry of Plantations Industry.

Haycarb Group - Received from the Ceylon Chamber of Commerce under the promotion of Eco-efficient Productivity Project.

Hunas Falls Hotels PLC - Received from the Ceylon Chamber of Commerce as a grant to finance the project on conversion of the diesel fired boiler to Dendro Thermal Power.

Agriculture Sector - Received from USAID for construction of which was constructed of Gherkin Storage Facilities (Vats) in Padiyathalawa - Eastern Province.

27. Deferred Taxation

A. Deferred Tax Asset

	Consolidated		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Net deferred tax liability	682,995	647,378	630,797
Deferred tax asset	352,206	239,301	166,777
Deferred tax liability	1,035,201	886,679	797,574

B. Net Deferred Tax Liability

	Consolidated Rs. '000
Balance as at 1st April, 2011	630,797
Amount reversal during the year	(78,214)
Acquisition through business combinations	68,264
Effect of movements in exchange rates	26,531
Balance as at 31st March, 2012	647,378
Amount originating during the year	37,535
Effect of movements in exchange rates	(1,918)
Balance as at 31st March, 2013	682,995

C. Net deferred tax liabilities are attributable to the following as at the year end:

	Consolidated		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Deferred tax assets			
Tax effect of defined benefit obligation	(586,740)	(412,539)	(317,386)
Tax effect of tax loss carried forward	(283,214)	(41,312)	(59,856)
Tax effect of provisions	(33,343)	(20,527)	(33,812)
Others	-	(6,282)	(132)
	(903,297)	(480,659)	(411,186)
Deferred tax liabilities			
Tax effect of property, plant & equipment	1,586,292	1,128,037	1,041,983
Net deferred tax liabilities	682,995	647,378	630,797

28. Employee Benefit Obligations

	Consolidated			Company		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Present value of unfunded gratuity	4,285,224	3,956,872	3,414,621	372,714	335,194	265,128
Total present value of the obligation	4,285,224	3,956,872	3,414,621	372,714	335,194	265,128

	Consolidated	Company
	2013 Rs. '000	2012 Rs. '000
Balance as at 1st April, 2011	3,335,442	259,857
Amortisation of transitional liability		
Acquisition through business combinations	48,721	–
Effect of movements in exchange rates	906	–
Benefits paid by the plan	(344,783)	(3,218)
Current service costs	257,589	15,190
Interest cost	301,266	17,825
Actuarial losses	227,761	29,651
Balance as at 31st March, 2012	3,921,370	333,279
Amortisation of transitional liability		
Exchange difference	18,879	–
Benefits paid by the plan	(416,613)	(30,970)
Current service costs	324,815	19,802
Interest cost	405,873	38,822
Actuarial losses	30,900	11,781
Balance as at 31st March 2013	4,285,224	372,714

	Consolidated		Company	
	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000	2012 Rs. '000
The expense is recognised in the following line items in the Income Statement				
Cost of sales	22,294	20,946	854	805
Administrative expenses	739,295	860,138	69,551	75,835
	761,589	881,084	70,405	76,640

LKAS 19 - 'Employee Benefits' requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefit that employees have earned in return for their service in the current and prior periods and discount that benefit using the Projected Unit Credit Method in order to determine the present value of the retirement benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables and financial variables that will influence the cost of the benefit. The following key assumptions were made in arriving at the above figure:

Rate of discount	11%
Salary increase	10%

Assumptions regarding future mortality are based on a 67/70 mortality table, issued by the Institute of Actuaries, London.

The demographic assumptions underlying the valuation are with respect to retirement age, early withdrawals from service and retirement on medical grounds.

The Group's and Company's employee benefit obligations would have been Rs. 3,597 mn (2012 - Rs. 3,425 mn) and Rs. 217 mn (2012 - 305 mn) respectively, as at the Balance Sheet date had the Group calculated its retirement benefit obligation as per the requirements of the Payments of Gratuity Act No. 12 of 1983, applying the basis of computation given in page 201.

Sensitivity Analysis - Salary/Discount Rate

Values appearing in the Financial Statements are very sensitive to the changes in financial and non-financial assumptions used. A sensitivity was carried out as follows:

A one percentage point change in the discount rate

	Consolidated		Company	
	+1%	-1%	+1%	-1%
Effect on the present value of defined benefit obligation	3,890,259	4,482,877	365,615	390,609

29. Trade and Other Payables/Provisions

29.1 Trade and Other Payables

	Consolidated			Company		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Trade payables	4,081,647	3,255,361	3,168,951	—	—	—
Bills payable	1,716,121	2,245,297	1,284,092	—	—	—
Other payables including accrued expenses	5,086,014	4,084,935	3,465,899	241,076	131,044	75,833
Unclaimed dividends	76,170	80,063	124,001	41,054	38,862	35,147
	10,959,952	9,665,656	8,042,943	282,130	169,906	110,980

(i) Currency-wise Analysis of Trade and Other Payables

	Consolidated			Company		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Rupees	6,574,293	6,243,354	6,867,362	282,130	169,906	110,980
Pounds Sterling	25,776	8,690	11,552	—	—	—
United States Dollars	2,859,060	2,435,792	1,136,012	—	—	—
Euro	952,437	760,229	4,643	—	—	—
Thai Baht	408,405	157,983	4,800	—	—	—
Indian Rupees	7,205	12,260	14,553	—	—	—
Other	132,776	47,348	4,021	—	—	—
	10,959,952	9,665,656	8,042,943	282,130	169,906	110,980

29.2 Provisions

	Maintenance warranties Rs. '000	Other Rs. '000	Total Rs. '000
As at 1st April, 2011	13,914	17,915	31,829
Arising during the year	10,585	5,362	15,947
Utilised	—	(5,657)	(5,657)
Unused amounts reversed	(5,533)	—	(5,533)
As at 31st March, 2012	18,966	17,620	36,586
Arising during the year	—	7,750	7,750
Utilised	(1,419)	(5,685)	(7,104)
As at 31st March, 2013	17,547	19,685	37,232

30. Income Tax

	Consolidated			Company		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000

A. Income Tax Recoverable

At the end of the year (See Note B)	228,895	147,762	170,917	3,840	4,644	5,501
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	Consolidated	Company
	2013 Rs. '000	2013 Rs. '000

B. Income Tax Payable

Net Movement as at 1st April, 2011	228,135	(5,501)
Subsidiaries'/parents' taxation on current year's profit	842,824	5,216
Irrecoverable economic service charge	19,726	–
Under provision in respect of previous years	3,829	125
Tax on dividend	126,559	–
Acquisition of subsidiary	261	–
Exchange gain	(4,868)	–
Payments made during the year	(1,066,718)	(4,484)
Net movement for the year ended 31st March, 2012	149,748	(4,644)
Subsidiaries'/parents' taxation on current year's profit	1,134,736	17,489
Irrecoverable economic service charge	2,012	–
Over provision in respect of previous years	(582)	–
Tax on dividend	232,169	–
Acquisition of subsidiary	20	–
Exchange loss	44	–
Payments made during the year	(1,175,911)	(5,010)
Net movement for the year ended 31st March, 2013	342,237	7,835

	Consolidated			Company		
	Net movement for the year Rs. '000	Income tax recoverable Rs. '000	Income Tax payable Rs. '000	Net movement for the year Rs. '000	Income tax recoverable Rs. '000	Income Tax payable Rs. '000
Balance as at 01st April, 2011	228,135	170,917	399,052	(5,501)	5,501	–
Balance as at 31st March, 2012	149,748	147,762	297,510	(4,644)	4,644	–
Balance as at 31st March, 2013	342,237	228,895	571,132	7,835	3,840	11,675

31. Short-Term Interest-Bearing Borrowings

	Consolidated			Company		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000	2013 Rs. '000	2012 Rs. '000	2012 Rs. '000
Rupees	11,087,832	9,125,659	4,128,312	4,667,302	2,232,831	1,032,426
Australian Dollars	83,622	–	5,151	–	–	–
Sterling Pounds	–	2,043	7,808	–	–	–
United States Dollars	3,582,289	5,256,583	5,015,629	–	–	–
Euro	872,654	75,421	977,859	–	–	–
Thai Baht	551,030	–	228,760	–	–	–
Indonesian Rupiah	44,037	–	–	–	–	–
Bangladesh Taka	86,254	50,581	38,727	–	–	–
	16,307,719	14,510,287	10,402,246	4,667,302	2,232,831	1,032,426

32. Contingent Liabilities and Commitments

A. Contingent Liabilities and Commitments

Company

The contingent liability as at 31st March, 2013 on guarantees given by Hayleys PLC., to third parties amounted to Rs. 780.25 mn. (2012 - Rs. 30.25 mn) of this sum Rs. 780 mn (2012 - Rs. 30 mn) relate to facilities obtained by subsidiaries. Details of other guarantees are given in Note 25 to the Financial Statements.

Group

Contingent liability as at 31st March, 2013 on bills discounted amounted to USD 1,108,991 in respect of Hayleys MGT Knitting Mills PLC.

The contingent liability as at 31st March, 2013 on guarantees given by Haycarb PLC to third parties amounted to Rs. 545.62 mn (2012 - Rs. 586.23 mn). Of this sum, Rs. 308.17 mn (2012 - Rs. 271.62 mn) relates to facilities obtained by its subsidiaries.

The contingent liabilities as at 31st March, 2013 on guarantees given by Dipped Products PLC to third parties amounted to Rs. 866.78 mn (2012 - 726.30 mn). Total of this sum relates to facilities obtained by its subsidiaries.

B. Commitments

(i) In terms of the operating lease agreements entered into, minimum future lease payments payable for the Group is as follows:

	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Repayable within one year	6,961	5,704	3,691
Repayable after one year less than 5 years	24,870	27,545	16,393
Repayable after 5 years	718,209	723,171	727,849
	750,040	756,420	747,933

33. Foreign Currency Translation

The principal exchange rates used for translation purposes were:

	Average		As at 31st March,		1st April
	2013	2012	2013	2012	2011
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
United States Dollar	129.83	113.33	126.89	127.85	110.46
Australian Dollar	134.06	119.39	132.28	133.10	114.17
Pounds Sterling	205.07	181.59	192.07	204.33	177.86
Thai Baht	4.22	3.71	4.34	4.16	3.64
Bangladesh Taka	1.61	1.47	1.62	1.56	1.52
Euro	167.17	157.00	162.13	170.66	156.15
Indian Rupee	2.38	2.37	2.33	2.50	2.48

34. Functional Currency

The Group's functional currency is Sri Lankan Rupee, except in the following subsidiaries and equity accounted investees where the functional currency is different as they operate in different economic environments.

Company	Functional Currency
Hayleys MGT Knitting Mills PLC	USD
Haychem (Bangladesh) Ltd.	Taka
PT Mapalus Makawanua Charcoal Industry	Rupiah
Haycarb Holdings Bitung Ltd.	USD
Eurocarb Products Ltd.	Sterling Pounds
Haycarb Holdings Australia (Pty) Ltd.	Australian Dollars
Haymark Inc.	USD
Carbokarn Company Ltd.	Thai Baht
Haylex BV Group	Euro, Yen & USD
Dipped Products (Thailand) Ltd.	Thai Baht
CK Regen Systems Co. Ltd.	Thai Baht
ICO Guanti SpA	Euro
PT Tulus Lanka Coir Industries	Rupiah
Civaro Freight India (Pvt) Ltd.	Indian Rupees
Hayleylines Ltd.	USD
Logiwiz Logistics India (Pvt) Ltd.	Indian Rupees
Shizuka Co. Ltd.	Thai Baht
Charles Fibre (Pvt) Ltd.	Indian Rupees

35. Events Occurring after the Reporting Date

No other circumstances have arisen since the reporting date, which would require adjustments to, or disclosure in the Financial Statements other than following:

- (i) Hotel Services (Ceylon) PLC signed an arrangement with DEG-Deutsche Investitions-und-Entwicklungsgesellschaft mbH, a German financial Institution to borrow USD 10,000,000 and the proceeds are to be received upon the completion of security documents which is under process.
- (ii) Directors have proposed the payment of a final dividend of Rs. 4.50 per share for the year ended 31st March, 2013 which will be declared at the Annual General meeting to be held on 28th June, 2013. In accordance with Sri Lanka Accounting Standard No. 10 - 'Events after Reporting Period', the proposed final dividend has not been recognised as a liability as at the Balance Sheet date.

36. Companies with Different Accounting Years

The Financial Statements of Worldcall Telecommunications Lanka (Pvt) Ltd., Hayleys Plantation Services Ltd., Haylex BV Group, Talawakelle Tea Estates PLC, Haychem Bangladesh Ltd., Kelani Valley Plantation Group (excluding Mabroc Group), Carbokarn Co. Ltd. Haycarb Holdings Australia Group, Haymark Inc, PT Mapalus Makawanua Charcoal Industry, Haycarb Holdings Bitung Ltd., ICO Guanti SpA, Dipped Products (Thailand) Ltd., Shizuka Co. Ltd. and CK Regen System Co. Ltd. which have been drawn up to 31st December as per their reporting requirements, have been consolidated..

These Companies have been consolidated based on the Financial Statements drawn up to 31st December in compliance with LKAS 27 on 'Consolidated and Separate Financial Statements'.

37. Acquisition of Subsidiaries

A. The acquisition had the following effect on the Groups' assets and liabilities.

	2013 Acquisition of Shizuka Co. Ltd. Rs. '000	2013 Acquisition of Mountain Hawk (Pvt) Ltd. Rs. '000	2013 Total Rs. '000	2012 Total Rs. '000
Property, plant and equipment	441,255	90,554	531,809	2,165,102
Investment property	–	–	–	432,000
Non-current financial assets	–	–	–	21,646
Inventories	26,499	–	26,499	35,228
Trade and other receivables	1,066	489	1,555	247,626
Current financial assets	–	–	–	114,911
Borrowings	(96,668)	–	(96,668)	(52,851)
Retirement benefit obligations	–	–	–	(48,721)
Deferred tax liability	–	–	–	(68,264)
Trade and other payables	(9,623)	(7,747)	(17,370)	(187,984)
Income tax payable	(20)	–	(20)	(261)
Net identifiable assets and liabilities	362,509	83,296	445,805	2,658,432
Share of net assets accounted under equity accounted investees	–	(29,657)	(29,657)	(201,883)
Minority shareholders' interests	–	–	–	(726,238)
Investments	–	–	–	–
Dividend	–	–	–	12,399
Goodwill/(negative goodwill) acquired/ loss on disposal	138,595	(9,907)	128,688	1,667,645
	501,104	43,732	544,836	3,410,355

B.

Satisfied by

Cash consideration	501,104	43,732	544,836	3,410,355
Analysis of cash and cash equivalents on acquisition of subsidiary				
Cash consideration	(84,358)	(44,750)	(129,108)	(3,460,823)
Short term borrowings	(14,482)	1,018	(13,464)	76,962
Cash at bank and in hand acquired	(402,264)	–	(402,264)	(26,494)
	(501,104)	(43,732)	(544,836)	(3,410,355)

C. Carbokarn Company Ltd., which is a 50% owned subsidiary of Haycarb PLC, acquired 100% issued share capital of Shizuka Company Ltd. during the year.

D. During the year Hayleys Advantis Ltd. acquired the controlling interest in Mountain Hawk (Pvt) Ltd.

38. Disposal of Equity Accounted Investees

Civaro Fiji (Pvt) Ltd. was disposed during the year, details of which is given in Note 18 to the Financial Statements.

	2013 Disposal of Civaro Fiji (Pvt) Ltd.
Share of net assets disposed	11,691
Loss on disposal	(4,671)
	7,020
Satisfied by;	
Cash Consideration	7,020

39. Related Party Transactions

(a) Parent and Ultimate Controlling Party

Company does not have an identifiable parent of its own.

(b) Transactions with Key Management Personnel

(i) Loans to Directors

No loans have been given to the Directors of the Company.

(ii) Key Management Personnel Compensation

Key management personnel comprises the Directors of the Company and details of compensation are given in Note 10 to the Financial Statements, and the post retirement benefits obligations changed for the year amounting to Rs. 31 mn.

(iii) Other Transactions with Key Management Personnel

- The names of Directors of Hayleys PLC., who are also directors of subsidiary and equity accounted investees companies are stated on page 304 and 305.
- Details of Directors shareholdings are given in Annual Report of the Directors on the Affairs of the Company on page 303. There were no other transactions with key management personnel other than those disclosed in Note 39 to these Statements.
- The undermentioned Directors of Hayleys PLC Ltd., have leased the following residential premises to the undernoted companies in the Group:

Lessor	Premises	Lessee	Monthly Rental Rs.
A.M. Pandithage	No. 119, Kynsey Road, Colombo 08	Hayleys PLC	5,000
S.C. Ganegoda	No. 28, Campbell Place, Dehiwala	Haylays PLC	2,500
J.A.G. Anadarajah	No. 66 B/7, Sri Maha Vihara Road, Dehiwala	Hayleys PLC	2,826

(c) Transactions with Subsidiaries, Equity Accounted Investees and Other Related Companies

Relationships with subsidiaries and equity accounted investees are explained in Note 18 Business segment classification is also given under group companies on pages 22 to 117.

- (i) Companies within the Group engage in trading transactions under normal commercial terms and conditions.
- (ii) Hayleys PLC. provides office space to its group companies and charges rent. In addition, the Company incurs common expenses such as on export shipping, secretarial, legal data processing, personnel and administration functions. Such costs are allocated to group companies. During the year, payments were made to group companies for the purchase of goods and services. Details are given below:

Business segment	2013 Rs. '000 Subsidiaries			2012 Rs. '000 Subsidiaries		
	Rent	Common expenses	Purchase of goods and services	Rent	Common expenses	Purchase of goods and services
Fibre	4,887	76,546	1,548	6,500	71,417	779
Hand protection	17,986	76,466	12,658	16,318	70,271	2,796
Purification products	22,284	75,198	135	19,001	63,672	612
Textiles	1,052	70,145	296	3,129	42,121	174
Construction materials	16,844	68,791	36	13,912	57,299	26
Agriculture	71	17,551	0	63	12,562	0
Plantations	15,765	53,713	434	12,827	31,789	311
Industry inputs	10,368	35,150	3,411	16,477	42,836	3,544
Power & energy	1,365	2,603	0	19	1,533	0
Transportation & logistics	84,879	84,560	13,305	44,732	44,571	5,931
Consumer products	17,512	48,919	755	16,312	27,355	323
Leisure & aviation	3,580	66,254	10,280	11,571	21,621	8,603
Investments & services	12,722	16,586	12,143	555	1,745	9,743
	209,316	692,482	55,001	161,415	488,794	32,842

Details of inter-company balances are given below:

Company	2013 Rs. '000		2012 Rs. '000		As at 01st April 2011 Rs. '000		As at 01st April 2011 Rs. '000 Equity Accounted Investees
	Subsidiaries		Subsidiaries		Subsidiaries		
Business segment	Receivable	Payable	Receivable	Payable	Receivable	Payable	Receivable
Fibre	74,052	–	66,301	(50,000)	32,783	–	–
Hand protection	8,442	–	25,311	(425,000)	33,987	–	–
Purification products	11,143	–	3,131	–	11,699	–	–
Textiles	258,748	–	99,376	–	8,812	–	–
Construction materials	1,778	–	3,861	–	9,668	–	–
Agriculture	37,424	10	26,785	–	2,665	–	751
Plantations	7,934	(486,748)	7,656	(104,964)	4,941	–	–
Industry inputs	45,470	(618)	6,583	–	41,563	–	–
Power & energy	86,477	(0)	21,472	–	2,203	–	27
Transportation & logistics	23,794	(6,024)	6,513	(25,415)	14,830	–	–
Consumer products	25,872	(626)	15,538	(19,191)	236,939	(18,638)	–
Leisure & aviation	860,597	–	12,392	(74,083)	131	(68,193)	6
Investments & services	4,719	(174,603)	219	(128,597)	267	(64,260)	–
	1,446,449	(668,608)	295,886	(827,250)	400,527	(151,091)	784

Group	2013 Rs. '000 Equity Accounted Investees		2012 Rs. '000 Equity Accounted Investees		As at 01st April 2011 Rs. '000 Equity Accounted Investees	
	Receivable	Payable	Receivable	Payable	Receivable	Payable
Transportation & Logistics	1,334	(30,131)	–	(21,155)	3,723	(52,563)
Total	1,334	(30,131)	–	(21,155)	3,723	(52,563)

Transactions with Other Related Companies

Company	Relationship	Name of Director	Nature of Transaction	Amount
Sampath Bank PLC	Common Directors	Mr. Dammika Perera	Interest	115,118
		Mr. Ranil Pathirana	Bank Facility	1,463,585
			Outstanding	678,479
Diesel & Motor Engineering PLC	Common Directors	Mr. Mohan Pandithage	Purchase of Goods & Services	8,293
Delmege Group	Common Directors	Mr. Dammika Perera	Purchase of Goods & Services	28,860
		Mr. Nimal Perera	Sale of Goods & Services	6,143
Hirdaramani International Export (Pvt) Ltd.	Common Directors	Mr. Ranil Pathirana	Sale of Goods & Services	16,952
LB Finance PLC	Common Directors	Mr. Dammika Perera	Interest	4,331
			Lease Rental Paid	7,334
Pan Asia Bank PLC	Common Directors	Mr. Nimal Perera	Interest	28,564
		Mr. Mangala Goonethileke	Bank Facility	424,144
			Outstanding	129,842
Royal Ceramics PLC	Common Directors	Mr. Dammika Perera	Purchase of Goods & Services	41,281
		Mr. Nimal Perera		
		Mr. Mangala Goonerthileke		
Union Bank PLC	Common Directors	Dr. Harsha Cabraal PC	Lease Rental Paid	580

(iii) Details of guarantees given in respect of related parties are given in Note 18 to the Financial Statements.

(iv) No provision was made in respect of related party receivables.

(v) No security has been obtained for related party receivables and all related party dues are payable on demand.

(vi) Interest on related party dues are decided based on the inter-bank lending rates, associated risk and purpose for which funds are used.

(vii) There are no related parties or related party transactions other than those disclosed in Note 39 to the Financial Statements.

40. Discontinued Operations

Assets and Liabilities of Discontinued Operations

As at 31st March,	Consolidated		
	2013 Rs. '000	2012 Rs. '000	1st April, 2011 Rs. '000
Assets classified as held for sale			
Property, plant & equipment	–	917	10,117
Inventories	–	1,302	1,302
Trade and other receivable	1,906	2,033	3,964
Cash in hand and bank	1,115	610	610
Total assets	3,021	4,862	15,993
Liabilities directly associated with assets classified as held for sale			
Trade and other payables	332	2,174	2,370
Current portion of long-term interest-bearing borrowings	–	–	212
Short-term interest bearing borrowings	–	–	–
Total liabilities	332	2,174	2,582

41. Segment Analysis

The segment information is based on two segmental formats. The business segment is considered as the primary format and based on the management structure of the Group. The Management are of the view that the Chairman is considered the chief operating decision maker and resources are allocated and performance assessed based on the sectors. Therefore each sector which falls under the purview of a different GMC member is considered a separate segment. The geographical format is considered as a secondary format and is based on the location of office in which the business is recorded.

	Fibre		Hand Protection		Purification Products		Textile		Construction Materials		Plantations		Agriculture	
For the year ended 31st March,	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<i>In Rs. '000</i>														
Revenue														
Total	5,355,809	5,420,648	14,674,542	13,498,897	10,161,258	8,508,896	5,738,056	5,206,976	2,472,683	2,254,953	9,777,463	8,668,799	7,913,097	8,042,339
Intra Group	(519,103)	(842,893)	–		(292,614)		–		–		(825,529)	(752,128)	(510,794)	(386,493)
External	4,836,706	4,577,755	14,674,542	13,498,897	9,868,644	8,508,896	5,738,056	5,206,976	2,472,683	2,254,953	8,951,934	7,916,671	7,402,303	7,655,846
Segment results	–													
Inter segment adjustments														
Profit before net finance cost	322,144	28,669	1,372,603	883,552	1,305,572	811,230	(260,183)	(734,955)	412,927	178,546	1,138,711	627,645	760,928	1,216,190
Net finance cost	(177,851)	(149,356)	(46,848)	(149,395)	(128,213)	(172,864)	(188,329)	(115,256)	(38,016)	(67,054)	(172,777)	(155,452)	(60,304)	(371,387)
Share of associate company profits														(5,620)
Profit before tax	144,293	(120,687)	1,325,755	734,157	1,177,359	638,366	(448,512)	(850,211)	374,911	111,492	965,934	472,193	700,624	839,183
Depreciation	88,040	85,116	437,004	368,957	188,181	117,488	248,502	235,227	71,166	85,914	184,722	172,379	112,077	91,201
Impairment of assets														
Amortisation of intangible assets														
Total assets (excluding associates)	6,391,888	5,935,322	9,635,225	9,613,768	7,624,438	5,703,250	3,213,903	4,454,809	1,717,987	1,576,560	9,344,267	8,618,365	6,809,749	7,168,120
Investment in associates														
Capital expenditure	141,687	142,356	468,638	567,945	320,379	681,047	53,036	197,990	59,741	107,427	746,923	439,905	132,327	181,029
Non-interest bearing liabilities														
Deferred taxation	13,942	16,625	56,564	52,666	19,632	14,635	190,008	189,039	78,782	79,605	309,464	211,734	15,088	10,284
Retirement benefit obligations	307,118	302,727	1,486,695	1,383,934	153,493	133,385	154,529	163,852	54,981	49,438	890,560	833,032	271,687	223,363
Trade and other payables	374,274	635,373	2,376,697	1,933,627	637,770	465,870	836,055	856,758	377,618	360,094	340,028	286,222	1,979,434	2,189,643
Cash Flow														
Segment cash flows from operating activities	408,717	(19,187)	1,782,120	228,968	1,024,656	(449,779)	74,790	718,284	406,050	132,160	1,259,021	449,370	125,079	(311,945)
Segment cash flows from investing activities	(55,737)	(79,235)	(324,065)	665,990	(798,562)	(756,872)	(64,392)	(169,994)	(48,456)	(84,978)	(682,076)	(959,745)	345,192	(337,657)
Segment cash flows from financing activities	(56,185)	18,094	(858,132)	(424,352)	(49,086)	263,161	717,518	(231,945)	(259,636)	(46,543)	(178,046)	117,214	(22,310)	(629,750)

Consumer Products		Leisure and Aviation		Industry Inputs		Power & Energy		Transportation & Logistics		Investments & Services		Non-Segment Adjustments		Group Total	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
4,509,140	4,285,215	2,062,892	1,634,686	1,730,833	1,292,709	700,688	329,671	11,343,068	8,644,290	347,680	233,759	-	-	76,787,209	68,021,838
-	-	-	-	-	-	-	-	-	-	(337,317)	(233,612)	-	-	(2,485,357)	(2,215,126)
4,509,140	4,285,215	2,062,892	1,634,686	1,730,833	1,292,709	700,688	329,671	11,343,068	8,644,290	10,363	147	-	-	74,301,852	65,806,714
262,563	279,086	59,766	85,936	234,773	161,535	448,903	125,400	980,819	592,266	888,204	1,037,713	(1,264,698)	(1,177,655)	6,663,032	4,115,158
(113,403)	(70,073)	(80,272)	6,909	(44,911)	(15,828)	(144,554)	(94,592)	75,229	62,069	(517,875)	(265,782)	-	-	(1,638,124)	(1,558,061)
-	-	(5,057)	6,005	-	-	-	-	5,409	3,421	-	-	-	-	352	3,806
149,160	209,013	(25,563)	98,850	189,862	145,707	304,349	30,808	1,061,457	657,756	370,331	771,931	(1,264,698)	(1,177,655)	5,025,260	2,560,903
10,259	8,663	159,137	186,903	6,040	4,722	127,477	80,251	104,113	86,260	34,921	33,301	-	-	1,771,639	1,556,382
2,104,491	1,534,543	6,945,215	4,278,404	1,373,839	1,090,721	2,419,085	2,512,104	5,729,296	4,208,470	15,859,749	13,026,013	(4,479,258)	(3,909,837)	74,689,874	65,566,724
-	-	-	-	-	-	-	-	20,930	61,744	247,873	243,888	-	-	268,803	305,632
15,689	40,590	2,498,950	315,730	3,470	22,228	25,917	1,836,065	474,563	106,209	102,197	30,542	-	-	5,043,518	4,669,061
17	-	307,195	253,041	-	-	9,825	5,142	34,684	28,908	-	25,000	-	-	1,035,201	886,679
40,090	34,307	62,364	53,830	64,134	70,924	1,087	678	390,485	318,949	408,001	352,951	-	-	4,285,224	3,921,370
622,539	700,553	955,888	469,729	319,971	241,748	134,690	51,216	1,704,236	1,198,660	300,752	276,163	-	-	10,959,952	9,665,656
(244,584)	(457,163)	(84,468)	(31,603)	(59,035)	57,336	592,071	551,890	483,046	669,712	(994,230)	1,569,852	(2,541,713)	(635,442)	7,314,946	2,472,453
(14,000)	183,844	(2,064,388)	(463,558)	(13,842)	(12,211)	(222,284)	(1,834,616)	(642,914)	(105,150)	(498,873)	(1,971,939)	400,991	813,258	(4,683,405)	(5,112,863)
(74,950)	-	2,162,790	404,338	(62,976)	(68,620)	(393,149)	1,298,480	88,613	(605,863)	(902,756)	(758,392)	(4,086,491)	(998,509)	(3,974,796)	(1,662,687)

Secondary Segments (Geographical Segments)

As at 31st March,

	Consolidated	
	2013 Rs. '000	2012 Rs. '000
Sri Lanka	6,977,510	4,683,683
Australia	29,542	49,107
Thailand	240,278	70,459
Bangladesh	61,481	35,409
Japan	22,061	37,885
India	6,063	(19,847)
Indonesia	304,058	34,448
Continental Europe	255,890	288,395
United Kingdom	9,762	91,582
United States of America	21,085	21,692
	7,927,730	5,294,276
Non-segment expense	(1,264,698)	(1,177,655)
	6,663,032	4,115,158

As at 31st March,

	Consolidated			
	Total Assets		Capital Expenditure	
	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000	2012 Rs. '000
Sri Lanka	64,605,982	57,484,374	4,598,963	4,232,035
Australia	336,475	311,145	59	7,916
Thailand	3,804,019	2,631,286	289,436	270,768
Bangladesh	330,644	156,056	10,158	–
Japan	238,646	324,673	–	–
India	83,931	87,243	1,970	633
Indonesia	1,872,570	665,892	124,243	152,200
Continental Europe	2,928,635	2,701,154	15,108	1,847
United Kingdom	418,231	984,938	3,581	3,663
United States of America	75,750	220,153	–	–
	74,694,883	65,566,914	–	–
Investment in equity accounted investee	263,803	305,632	–	–
	74,958,686	65,872,546	5,043,518	4,669,062

42. Financial Risk Management

The Group has exposure to the following risk from financial instruments:

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

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further, quantitative disclosures are included throughout these Consolidated Financial Statements.

Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework, which includes developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify, quantify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by the Management Audit System Review Department (MASRD). MASRD undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group Audit Committee.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily from trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade and Other Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases, bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Management; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis. Outstanding customer receivables are regularly monitored at the individual sector and Group Management Committee (GMC) level. Further, SLESIC cover or other forms of credit insurance is obtained for most exports or in the instance this is not obtained, specific GMC approval is obtained prior to the export.

More than 85 percent of the Group's customers have been transacting with the Group for over five years, and no impairment loss has been recognised against these customers. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Group's wholesale customers. Customers that are graded as 'high risk' are placed on a restricted customer list and future sales are made on a prepayment basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs. 15.3 mn (2012 - Rs. 13.9 mn) which is recorded at Note 22.

Investments

Credit risk from invested balances with the financial institutions are managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

Cash and Cash Equivalents

The Group held cash and cash equivalents of Rs. 2,126 mn at 31st March, 2013 (2012 - 1,755 mn) which represents its maximum credit exposure on these assets.

Respective credit ratings of banks in which group cash balances held are as follows:

- People's Bank - AAA(Ika)
- Standard Chartered Bank - AAA(Ika)
- Hong Kong and Shanghai Banking Corporation Ltd. - AAA(Ika)
- Commercial Bank of Ceylon PLC - AA+(Ika)
- Sampath Bank PLC - AA(Ika)
- Nations Trust Bank PLC - A(Ika)
- Pan Asia Banking Corporation PLC Bank - BBB(Ika)
- Hatton National Bank PLC - AA-(Ika)
- Bank of Ceylon - AA+(Ika)
- DFCC Bank - AA+(Ika)

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Group Treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. The liquidity requirements of business units and subsidiaries are met through short-term loans from Group Treasury to cover any short-term fluctuations and longer-term funding to address any structural liquidity requirements. The Group Treasury monitors the cash flows in subsidiary and Group level and obtains adequate bank facilities to meet the funding requirements. The Group does not concentrate on a single financial institution, thereby minimising the exposure to liquidity risk. The Group aims to fund investment activities of the individual and group level by funding the long-term investment with long-term financial sources in terms of equity, debenture or long-term loans. Short-term investments are funded using short-term loans. Group is currently evaluating the possibility of obtaining capital from overseas. Further, the Group will also issue Debentures in local market to collect funds for future expansion requirements.

The monthly liquidity position is monitored by the Treasury. All liquidity policies and procedures are subject to review and approval by Group Treasury. Daily reports cover the liquidity position of both the Group and operating subsidiaries.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Balance as at	On demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total
Interest-bearing loans and borrowings	4,468,933	4,473,065	8,950,262	4,682,320	988,834	23,563,414
Trade and other payables	2,739,988	5,479,976	2,739,988	–	–	10,959,952
	7,208,921	9,953,041	11,690,250	4,682,320	988,834	34,523,366

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks. The operational risk raised from all of the Group's operations such as legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance when this is effective

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The sensitivity analyses in the following sections relate to the position as at 31st March, 2013 and 2012.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant as at 31st March, 2013 and 2012.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group mainly borrows in the short term to fund its working capital requirement which are linked to floating interest rates. For other funding needs the Group maintains a proper mix of interest rate based on the basis of the predictability of future cash flows. Group Treasury closely monitors the interest rate fluctuations in the market and advises the sectors on a daily basis.

Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

	Increase/decrease in interest rate	Effect on profit before tax Rs. '000
2013	+ 105	(43,915)
	- 105	43,915
2012	+ 73	(25,741)
	- 73	25,741

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk on sales, purchases and borrowings and net investments in foreign subsidiaries that are denominated in a currency other than the respective functional currencies of the Group. These currencies primarily are the Euro, US Dollars (USD), Bangladesh Taka, Pound Sterling (GBP), Indonesia (Rupiah) and Thailand (Baht).

The Group hedges its exposure to fluctuations on the translation of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps and forwards contracts. Group Treasury closely monitors the exchange rate fluctuations and advises the sectors on a daily basis.

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in the US Dollar and Euro exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

The Group's exposure to foreign currency changes for all other currencies is not material.

		Increase/decrease in interest rate	Effect on profit before tax Rs. '000
2013	USD	+ 5%	(217,703)
	Euro	+ 5%	2,668
	USD	- 5%	217,703
	Euro	- 5%	(2,668)
2012	USD	+ 5%	(342,801)
	Euro	+ 5%	66,872
	USD	- 5%	342,801
	Euro	- 5%	(66,872)

Commodity Risk

The Group is affected by the volatility of certain commodities. Its operating activities require the ongoing purchase and manufacturing process. Due to the significantly increased volatility of the price of the underlying, the management has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. The sectors constantly monitor the raw material price levels of Charcoal, Rubber, Aluminium and Yarn for downwards trends and invest in bulk purchase when low prices are prevalent. Management may revise the selling price based on the commodity prices whenever possible.

Equity Price Risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the GMC.

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, reserves, retained earnings and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

At present employees hold 9.14% of ordinary shares, through the share trust vest and/or are exercised.

The net debt to adjusted equity ratio at the reporting date was as follows:

Consolidated	2013 Rs. '000	2012 Rs. '000	2011 Rs. '000
Interest-bearing borrowing	5,671,153	5,212,336	4,541,156
Current portion of long-term interest-bearing borrowings	1,584,541	2,006,321	1,748,681
Short-term interest bearing borrowings	16,307,719	14,510,287	10,402,246
	23,563,413	21,728,944	16,692,083
Equity	33,670,798	28,448,869	23,739,022
Equity and debts	57,234,211	50,177,813	40,431,105
Gearing Ratio	41%	43%	41%

Company	2013 Rs. '000	2012 Rs. '000	2011 Rs. '000
Interest-bearing borrowing	910,000	1,386,666	1,680,000
Current portion of long-term interest-bearing borrowings	476,667	506,667	720,000
Short-term interest-bearing borrowings	4,667,302	2,232,831	1,032,426
	6,053,969	4,126,164	3,432,426
Equity	8,146,781	6,922,825	6,178,290
Equity and debts	14,200,750	11,048,989	9,610,716
Gearing ratio	43%	37%	36%

Collateral

The Group has pledged part of its land and building, plant and machinery, stock and debtors as collateral for long-term borrowings. At 31st March, 2013 and 2012, the fair values of the long-term loan were Rs. 3,488 mn and Rs. 2,762 mn, respectively. The counterparties have an obligation to return the securities to the Group on settlement of the loan. There are no other significant terms and conditions associated with the use of collateral.