

Richard Pieris and Company PLC

Interim Financial Statements

Six months ended 30th September 2013

Corporate Information

Legal Form

A quoted public Company with limited liability, incorporated in Sri Lanka under the Companies Ordinance No. 51 of 1938 on 11th May 1940. The Company registration number is PQ 138.

Stock Exchange Listing

The Ordinary shares of the Company are listed in the Colombo Stock Exchange of Sri Lanka.

Board of Directors

Dr. Sena Yaddhige - *Chairman/ Managing Director/ CEO*

Mr. J. H. Paul Ratnayake - *Director*

Prof. Lakshman R. Watawala - *Director*

Prof. Susantha D. Pathirana - *Director*

Mr. W. J. Viville P. Perera - *Director*

Mr. S.S.G. Liyanage – *Director*

Dr. S.A.B. Ekanayake – *Director*

Head/Registered Office

No. 310, High Level Road,
Nawinna, Maharagama,
Sri Lanka.

Telephone : + (94) 114310500

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Website : www.arpico.com

E-mail : cpu@arpico.com

Secretaries

Richard Pieris Group Services (Private) Limited
No. 310, High Level Road,
Nawinna, Maharagama,
Sri Lanka.

Auditors

Ernst & Young
Chartered Accountants
No. 201, De Saram Place,
Colombo 10,
Sri Lanka.

Consolidated Statement of Financial Position

As at 30th September	Group		31st March
	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000
Assets			
Non-current assets			
Property, plant and equipment	12,874,409	11,425,103	11,768,456
Leasehold properties	547,412	570,248	562,124
Investment properties	140,404	139,708	140,404
Intangible assets	508,047	516,820	508,893
Biological assets	568,037	507,191	568,037
Investment in an associates	34,000	66,942	24,990
Other non-current financial assets	1,761,595	144,582	590,002
	<u>16,433,904</u>	<u>13,370,594</u>	<u>14,162,906</u>
Current assets			
Inventories	3,708,552	3,538,600	3,745,361
Trade and other receivables	4,393,432	4,094,369	4,526,248
Tax receivables	143,570	161,602	142,680
Other current financial assets	74,181	56,622	47,777
Cash and short-term deposits	4,711,079	4,054,835	4,648,564
	<u>13,030,814</u>	<u>11,906,028</u>	<u>13,110,630</u>
Total assets	<u>29,464,718</u>	<u>25,276,622</u>	<u>27,273,536</u>
Equity and liabilities			
Equity			
Stated capital	1,735,822	1,635,078	1,637,236
Retained earnings	6,237,983	5,599,180	6,234,927
Investment fund reserve	3,122	-	2,222
Other components of equity	88,470	76,896	75,057
Equity attributable to equity holders of the parent	<u>8,065,397</u>	<u>7,311,154</u>	<u>7,949,442</u>
Non-controlling interests	2,094,263	2,160,347	2,217,100
Total equity	<u>10,159,660</u>	<u>9,471,501</u>	<u>10,166,542</u>
Non-current liabilities			
Insurance provision	103,358	30,703	67,575
Interest bearing loans and borrowings	4,449,787	2,226,854	3,368,878
Net liability to the lessor payable after one year	622,874	633,057	628,159
Provisions	121,979	77,120	115,172
Government grants	564,172	568,553	564,992
Deferred tax liabilities	238,143	135,712	227,839
Employee benefit liabilities	1,949,239	1,929,896	1,797,278
	<u>8,049,552</u>	<u>5,601,895</u>	<u>6,769,893</u>
Current liabilities			
Trade and other payables	5,025,164	4,397,622	4,630,882
Interest bearing loans and borrowings	951,788	767,435	962,843
Net liability to the lessor payable during the year	10,254	10,149	10,078
Income tax payable	115,391	132,069	161,504
Short term borrowings	5,152,909	4,895,951	4,571,794
	<u>11,255,506</u>	<u>10,203,226</u>	<u>10,337,101</u>
Total liabilities	<u>19,305,058</u>	<u>15,805,121</u>	<u>17,106,994</u>
Total equity and liabilities	<u>29,464,718</u>	<u>25,276,622</u>	<u>27,273,536</u>

The above figures are subject to audit.

I certify that the financial statements comply with the requirements of the Companies Act No. 7 of 2007.



Jagath Dissanayake
Group Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.



W J Viville P Perera
Director



S S G Liyanage
Director

07th November 2013

Statement of Financial Position

As at 30th September	Company		31st March
	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000
Assets			
Non-current assets			
Property, plant and equipment	34,853	38,959	38,382
Investment properties	1,250,698	694,252	690,641
Investment in subsidiaries	2,931,342	3,116,413	2,906,343
Other non-current financial assets	71,375	71,375	71,375
Deferred tax assets	36,953	36,953	36,953
	<u>4,325,221</u>	<u>3,957,952</u>	<u>3,743,694</u>
Current assets			
Trade and other receivables	196,274	466,839	522,185
Amounts due from subsidiaries	1,910,876	1,545,494	1,763,350
Other current financial assets	48,598	56,622	47,777
Tax Receivables	-	5,649	-
Cash and short-term deposits	376,616	31,075	332,280
	<u>2,532,364</u>	<u>2,105,679</u>	<u>2,665,592</u>
Total assets	<u>6,857,585</u>	<u>6,063,631</u>	<u>6,409,286</u>
Equity and liabilities			
Equity attributable to equity holders of the parent			
Stated capital	1,735,822	1,635,078	1,637,236
Retained earnings	469,168	789,600	517,072
Other components of equity	27,112	35,137	26,291
Total equity	<u>2,232,102</u>	<u>2,459,815</u>	<u>2,180,599</u>
Non-current liabilities			
Interest bearing loans and borrowings	623,410	190,000	683,390
Employee benefit liabilities	58,236	65,516	54,328
	<u>681,646</u>	<u>255,516</u>	<u>737,718</u>
Current liabilities			
Trade and other payables	196,333	306,084	279,889
Interest bearing loans and borrowings	219,960	79,583	219,960
Amount due to subsidiaries	426,705	456,648	436,366
Income tax payable	2,355	-	1,932
Short term borrowings	3,098,484	2,505,985	2,552,822
	<u>3,943,837</u>	<u>3,348,300</u>	<u>3,490,969</u>
Total liabilities	<u>4,625,483</u>	<u>3,603,816</u>	<u>4,228,687</u>
Total equity and liabilities	<u>6,857,585</u>	<u>6,063,631</u>	<u>6,409,286</u>

The above figures are subject to audit.

I certify that the financial statements comply with the requirements of the Companies Act No. 7 of 2007.



Jagath Dissanayake
Group Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.



W J Viville P Perera
Director



S S G Liyanage
Director

Consolidated Income Statement

	3 months ended			6 months ended		
	30th September			30th September		
	2013	2012	%	2013	2012	%
	Rs. '000	Rs. '000	Variance	Rs. '000	Rs. '000	Variance
Continuing operations						
Revenue	8,449,932	8,900,312	-5%	16,686,133	17,049,284	-2%
Cost of sales	<u>(6,514,477)</u>	<u>(6,675,779)</u>	-2%	<u>(13,035,155)</u>	<u>(12,888,859)</u>	1%
Gross profit	1,935,455	2,224,533	-13%	3,650,978	4,160,425	-12%
Other operating income	141,005	90,927	55%	263,883	195,362	35%
Distribution costs	(404,143)	(342,775)	18%	(792,858)	(683,063)	16%
Administrative expenses	(996,443)	(955,009)	4%	(1,938,673)	(1,830,257)	6%
Other operating expenses	<u>(5,833)</u>	<u>(12,365)</u>	-53%	<u>(31,545)</u>	<u>(25,997)</u>	21%
Profit from operations	670,041	1,005,311	-33%	1,151,785	1,816,470	-37%
Finance cost	(262,877)	(259,699)	-	(514,561)	(513,138)	-
Finance income	<u>129,011</u>	<u>48,317</u>	167%	<u>229,663</u>	<u>135,691</u>	69%
Profit from operations after finance cost	536,175	793,929	-32%	866,887	1,439,023	-40%
Share of results of associates	<u>10,498</u>	<u>18,788</u>	-44%	<u>10,684</u>	<u>29,988</u>	-64%
Profit before tax	546,673	812,717	-33%	877,571	1,469,011	-40%
Income tax expense	<u>(191,483)</u>	<u>(147,235)</u>	30%	<u>(302,169)</u>	<u>(322,373)</u>	-6%
Profit for the period from continuing operation	355,190	665,482	-47%	575,402	1,146,638	-50%
Discontinued Operations						
Profit/ (Loss) after tax for the period from discontinued operations	<u>11</u>	<u>394</u>	-97%	<u>(670)</u>	<u>(394)</u>	70%
Profit for the period	<u>355,201</u>	<u>665,876</u>		<u>574,732</u>	<u>1,146,244</u>	
Attributable to:						
Equity holders of the parent	295,970	571,588	-48%	481,155	994,382	-52%
Minority interest	<u>59,231</u>	<u>94,288</u>	-37%	<u>93,577</u>	<u>151,862</u>	-38%
	<u>355,201</u>	<u>665,876</u>	-47%	<u>574,732</u>	<u>1,146,244</u>	-50%
Earnings per share						
Basic (Rs.)	0.15	0.29		0.25	0.51	
Diluted (Rs.)	0.15	0.28		0.24	0.50	

Figures in brackets indicate deductions.

The above figures are subject to audit.

Company Income Statement

	3 months ended 30th September			6 months ended 30th September		
	2013 Rs. '000	2012 Rs. '000	% Variance	2013 Rs. '000	2012 Rs. '000	% Variance
Revenue	540,080	332,406	62%	800,035	604,494	32%
Cost of sales	-	-		-	-	
Gross profit	540,080	332,406	62%	800,035	604,494	32%
Administrative expenses	(86,686)	(77,348)	12%	(192,373)	(157,054)	22%
Profit from operations	453,394	255,058	78%	607,662	447,440	36%
Finance cost	(111,398)	(102,362)	9%	(216,918)	(193,387)	12%
Finance income	42,912	4,586	836%	50,874	9,117	458%
Profit before tax	384,908	157,282	145%	441,618	263,170	68%
Income tax expense	-	(70)	-100%	-	(194)	-100%
Profit for the period	384,908	157,212	145%	441,618	262,976	68%
Earnings per share						
Basic (Rs.)	0.20	0.08		0.23	0.14	
Diluted (Rs.)	0.19	0.08		0.22	0.13	

Figures in brackets indicate deductions.

The above figures are subject to audit.

Statement of Comprehensive Income

Six months ended 30th September	Group		Company	
	2013 Rs.000'	2012 Rs.000'	2013 Rs.000'	2012 Rs.000'
Profit for the period	<u>574,732</u>	<u>1,146,244</u>	<u>441,618</u>	<u>262,976</u>
Other comprehensive income				
Exchange differences on translation of foreign operations	18,387	1,833	-	-
Net gain/ (loss) on available for sale financial assets	(1,162)	4,681	821	4,681
Other comprehensive income for the period	<u>17,225</u>	<u>6,514</u>	<u>821</u>	<u>4,681</u>
Total comprehensive income for the period	<u>591,957</u>	<u>1,152,758</u>	<u>442,439</u>	<u>267,657</u>
Attributable to:				
Equity holders of the parent	494,568	1,002,586		
Non-controlling interests	<u>97,389</u>	<u>150,172</u>		
	<u>591,957</u>	<u>1,152,758</u>		

Cash Flow Statements

For the six months ended 30th September	Group		Company	
	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000	2012 Rs. '000
Cash flows from operating activities				
Profit before tax and minority interest from continuing operations	877,571	1,469,011	441,618	263,170
Loss before tax from discontinued operations	(670)	(394)	-	-
Adjustments to reconcile profit before tax to net cash flows	921,298	857,442	180,622	205,745
Operating profit before working capital changes	<u>1,798,199</u>	<u>2,326,059</u>	<u>622,240</u>	<u>468,915</u>
Working capital adjustments	544,720	(715,898)	87,401	(666,782)
Cash generated from operations	<u>2,342,919</u>	<u>1,610,161</u>	<u>709,641</u>	<u>(197,867)</u>
Interest paid	(514,561)	(513,138)	(216,918)	(193,387)
Interest received	229,663	135,691	50,874	9,117
Income tax paid	(338,869)	(296,995)	(312)	(15,496)
Defined benefit plan costs paid	(95,473)	(124,494)	(3,160)	(1,029)
Net cash from operating activities	<u>1,623,679</u>	<u>811,225</u>	<u>540,125</u>	<u>(398,662)</u>
Net cash flows used in investing activities	<u>(2,665,646)</u>	<u>(316,638)</u>	<u>(590,534)</u>	<u>(435,995)</u>
Net cash inflow / (outflow) before financing	<u>(1,041,967)</u>	<u>494,587</u>	<u>(50,409)</u>	<u>(834,657)</u>
Net cash flows from/ (used in) financing activities	523,367	(99,215)	(450,917)	(158,275)
Net increase / (decrease) in cash and cash equivalents	<u>(518,600)</u>	<u>395,372</u>	<u>(501,326)</u>	<u>(992,932)</u>
Cash and cash equivalents at the beginning of the period	<u>76,770</u>	<u>(1,236,488)</u>	<u>(2,220,542)</u>	<u>(1,481,978)</u>
Cash and cash equivalents at the end of the period	<u>(441,830)</u>	<u>(841,116)</u>	<u>(2,721,868)</u>	<u>(2,474,910)</u>
Analysis of cash and cash equivalents at the end of the period				
Bank and cash balances	4,711,079	4,054,835	376,616	31,075
Short term borrowings	(5,152,909)	(4,895,951)	(3,098,484)	(2,505,985)
	<u>(441,830)</u>	<u>(841,116)</u>	<u>(2,721,868)</u>	<u>(2,474,910)</u>

Figures in brackets indicate deductions.

The above figures are subject to audit.

Statement of Changes in Equity

Group	Attributable to equity holders of the parent							Total equity
	Stated capital	Revenue reserves	Available -for-sale reserve	Foreign	Investment	Total	Non controlling interest	
				currency translation reserve	fund reserve			
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
As at 1st April 2012	1,633,853	4,603,788	30,456	38,236	-	6,306,333	1,994,660	8,300,993
Profit for the period	-	994,382	-	-	-	994,382	151,862	1,146,244
Other comprehensive income	-	-	4,681	3,523	-	8,204	(1,690)	6,514
Total comprehensive income	-	994,382	4,681	3,523	-	1,002,586	150,172	1,152,758
Exercise of options	1,225	-	-	-	-	1,225	-	1,225
Dividends paid	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-
Subsidiary dividend to minority shareholders	-	-	-	-	-	-	-	-
Adjustments due to changes in holding	-	1,010	-	-	-	1,010	15,515	16,525
At 30th September 2012	1,635,078	5,599,180	35,137	41,759	-	7,311,154	2,160,347	9,471,501
As at 1st April 2013	1,637,236	6,234,927	34,859	40,198	2,222	7,949,442	2,217,100	10,166,542
Profit for the period	-	481,155	-	-	-	481,155	93,577	574,732
Other comprehensive income	-	-	(1,162)	14,575	-	13,413	3,812	17,225
Total comprehensive income	-	481,155	(1,162)	14,575	-	494,568	97,389	591,957
Exercise of options	98,586	-	-	-	-	98,586	-	98,586
Dividends paid	-	(489,522)	-	-	-	(489,522)	-	(489,522)
Adjustments due to changes in holding	-	11,423	-	-	-	11,423	(79,754)	(68,331)
Transfers during the year	-	-	-	-	900	900	-	900
Subsidiary dividend paid	-	-	-	-	-	-	(140,472)	(140,472)
At 30th September 2013	1,735,822	6,237,983	33,697	54,773	3,122	8,065,397	2,094,263	10,159,660
Company								
As at 1st April 2012	1,633,853	526,624	30,456	-	-	2,190,933	-	2,190,933
Profit for the period	-	262,976	-	-	-	262,976	-	262,976
Other comprehensive income	-	-	4,681	-	-	4,681	-	4,681
Total comprehensive income	-	262,976	4,681	-	-	267,657	-	267,657
Exercise of options	1,225	-	-	-	-	1,225	-	1,225
Dividends paid	-	-	-	-	-	-	-	-
At 30th September 2012	1,635,078	789,600	35,137	-	-	2,459,815	-	2,459,815
As at 1st April 2013	1,637,236	517,072	26,291	-	-	2,180,599	-	2,180,599
Profit for the period	-	441,618	-	-	-	441,618	-	441,618
Other comprehensive income	-	-	821	-	-	821	-	821
Total comprehensive income	-	441,618	821	-	-	442,439	-	442,439
Exercise of options	98,586	-	-	-	-	98,586	-	98,586
Dividends paid	-	(489,522)	-	-	-	(489,522)	-	(489,522)
At 30th September 2013	1,735,822	469,168	27,112	-	-	2,232,102	-	2,232,102

Figures in brackets indicate deductions.
The above figures are subject to audit.

Segmental Results

30th September	Gross turnover		Inter segmental		Intra segmental		Revenue from external customers		Operating profits		Assets	
	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000	2012 Rs. '000	2013 Rs. '000	2012 Rs. '000
Rubber	1,529,373	1,528,379	(50,066)	(41,864)	(462)	(6,985)	1,478,845	1,479,530	190,671	208,868	2,363,110	2,372,862
Tyre retrading	1,952,265	2,142,269	(8,219)	(16,900)	(592,486)	(681,163)	1,351,560	1,444,206	185,748	178,183	1,749,436	1,974,548
Plastics & Distribution	2,923,565	4,342,323	(215,555)	(244,701)	(236,008)	(1,301,673)	2,472,002	2,795,949	378,132	332,015	3,970,184	4,017,026
Retail	7,741,569	7,724,060	-	(935)	(114,866)	(114,867)	7,626,703	7,608,258	350,963	561,586	7,042,045	6,862,778
Financial Services	200,108	105,339	-	-	-	-	200,108	105,339	1,896	(38,483)	2,237,064	6,859,966
Services & Others	947,626	704,293	(818,568)	(698,286)	(90,449)	-	38,609	6,007	(154,801)	(92,682)	7,351,305	1,225,766
Plantations	4,078,653	4,271,216	(430,086)	(493,461)	(130,261)	(167,760)	3,518,306	3,609,995	199,176	666,983	16,695,239	13,820,895
Inter segment eliminations	-	-	-	-	-	-	-	-	-	-	(11,977,665)	(11,924,161)
Group	19,373,159	20,817,879	(1,522,494)	(1,496,147)	(1,164,532)	(2,272,448)	16,686,133	17,049,284	1,151,785	1,816,470	29,430,718	25,209,680

Figures in brackets indicate deductions.

The above figures are subject to audit.

Notes to the Financial Statements

For the six months ended 30th September	2013 Rs.	2012 Rs.	Year ended 31st March 2013 Rs.
1. Net asset value per share - Group	4.12	3.77	4.10
Net asset value per share - Company	1.14	1.27	1.12
Market price per share			
Highest	7.30	9.10	9.10
Lowest	5.90	5.50	5.50
Last traded	6.50	8.90	6.60

2. Stated capital of Richard Pieris and Company PLC amounts to Rs.1,735,821,182 represented by 1,958,087,630 ordinary shares.
3. A first interim dividend of Rs.0.25 per share for the financial year ending 31 March 2014 was declared on 16th August 2013 and was paid on 30th August 2013.
4. Application of new/revised Sri Lanka Financial Reporting Standards (SLFRS/ LKAS)

The Group adopted Sri Lanka Accounting Standards comprising LKAS and SLFRS effective from 01st January 2012. Accordingly the condensed Interim Financial Statements of the group for period ended 30th June 2013 have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS.

Prior to the adoption of SLFRS, the Group prepared the Interim Financial Statements in accordance with previous Sri Lanka Accounting Standards and where necessary, comparative figures have been re-stated to confirm with SLFRS/ LKAS.
5. The presentation and classification of the financial statements of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current year.
6. There has been no significant change in the nature of the contingent liabilities, which were disclosed in the Annual Report for the year ended 31st March 2013.
7. Discontinued operations comprise the results of subsidiaries of the Group whose commercial operations have been discontinued.
8. There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the Financial Statements.
9. The percentage of shares held by the public as at 30th September 2013 was 44.60% (31st March 2013 - 45.03%).

Notes to the Financial Statements

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

As at	30-9-2013	31-3-2013
1 Dr. Sena Yaddehige -Chairman/Managing Director/CEO	18,850,005	-
2 Mr. J H Paul Ratnayake	3,250,005	3,250,005
3 Prof. Lakshman R Watawala	40,000	40,000
4 Prof. Susantha D. Pathirana	-	-
5 Mr. W.J. Vivile P. Perera	4,500	4,500
6 Mr. S S G Liyanage	3,942,825	3,708,505
7 Dr. S A B Ekanayake	-	-

11 Twenty largest shareholders of the Company are as follows:

As at	30-9-2013	%	31-3-2013	%
	Number of shares		Number of shares	
1 Skyworld Overseas Holdings Limited	516,388,590	26.63%	516,388,590	26.64%
2 Camille Consulting Corp.	316,935,120	16.35%	316,935,120	16.35%
3 HSBC International Nominees Ltd-SSBT- Deutsche Bank	225,353,787	11.62%	225,353,787	11.62%
4 Sezeka Limited	174,447,000	9.00%	174,447,000	9.00%
5 Employees Provident Fund	145,978,610	7.53%	137,181,379	7.08%
6 Rockport Limited	99,506,865	5.13%	99,506,865	5.13%
7 Mr. D.W.R.Rutnam	25,759,500	1.33%	25,759,500	1.33%
8 The Executor of the Estate of Late Mrs L.B. S. Pieris	22,782,045	1.18%	22,782,045	1.18%
9 Dhanasiri Recreation Pvt Ltd	21,975,142	1.13%	20,209,699	1.04%
10 Mr. H.A. Pieris	20,701,015	1.07%	20,751,015	1.07%
11 Dr. Sena Yaddehige	18,850,005	0.97%	-	0.00%
12 Mercantile Investments and Finance PLC	15,785,995	0.81%	15,785,995	0.81%
13 Kalday (Pvt) Ltd.	12,126,030	0.63%	12,126,030	0.63%
14 Mr. K. R. Dharmendra	7,576,900	0.39%	7,576,900	0.39%
15 Mr. R.C. Peries	7,098,780	0.37%	7,188,780	0.37%
16 Seylan Bank PLC - Account No: 03	7,000,000	0.36%	7,000,000	0.36%
17 Dr C.M. Fernando	6,660,570	0.34%	6,660,570	0.34%
18 Employees Trust Fund Board	6,419,095	0.33%	6,419,095	0.33%
19 National Savings Bank	5,323,900	0.27%	5,323,900	0.27%
20 HSBC INTL NOM LTD - SSBT - CULLEN EMERGING MARKETS	5,084,842	0.26%	-	0.00%
	1,661,753,791	85.71%	1,627,396,270	83.95%

12 All values included in these financial statements are in Rs.'000s unless otherwise stated.

13. Notes to the reconciliation of equity as at 30th June 2012 and total comprehensive income for the year ended 30th June 2013

The Group adopted Sri Lanka Accounting Standards comprising LKAS and SLFRS effective from 01st January 2012. Accordingly the condensed Interim Financial Statements of the group for period ended 30th September 2013 have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS.

Prior to the adoption of SLFRS, the Group prepared the Interim Financial Statements in accordance with previous Sri Lanka Accounting Standards and where necessary, comparative figures have been re-stated to conform with SLFRS/LKAS. The resulting adjustments are described below.

A Revenue

As per SLFRS/LKAS the Group recorded Nation Building Tax (NBT) on a gross basis from the date of transition which was set off against Revenue under SLAS.

As per SLAS 32 the Profit & Loss of the perennial crop has been recognized in the financial period of harvesting, thus the unsold stock were treated as part of revenue. In terms of LKAS 18, the scope of revenue recognition was changed, therefore the revenue is recognized based on the date of auction where the recognition criterion are met and the quantity sold at auction is treated as sales.

B Cost of Sales

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

C Other Operating Income

As per SLAS, the Group was permitted to recognize foreign exchange gains under Other Operating Income. However, under SLFRS/LKAS the Group is required to treat this under Other Comprehensive Income. According to LKAS 41 the Group has recorded the fair value gain of Biological Assets for the year ended 31st March 2012.

As per SLAS Finance Income has been classified under Other Operating Income. Under SLFRS/LKAS the Group is required to classify Finance Income separately.

D Selling & Distribution Expenses

According to SLFRS/LKAS the Group recognized NBT under Selling & Distribution Expenses.

E Administrative Expenses

The Group has elected to reassess useful life of certain items of Property Plant & Equipments (PPE) as at the date of transition. The impact of depreciation due to review of useful lives of assets were recognized under Administrative Expenses.

F Other Operating Expenses

As per SLAS the Group recognized fair value losses of mark to market adjustment of Available for Sale Investments (AFS) under Other Operating Expenses. However as per SLFRS/LKAS the Group is required to treat such losses under Other Comprehensive Income.

G Finance Cost/ Finance Income

Under SLAS the Group has set off certain components of Finance Income against Finance Cost. As per SLFRS/LKAS the Group reclassified the Finance Income separately.

H Income Tax

A Deferred Tax effect arose due to the increase of the Taxable temporary difference as a result of reassessment of the useful Life of PPE and Fair valuation of Biological Assets which was remeasured under SLFRS/LKAS.

I Property Plant & Equipment - PPE

As per SLFRS/LKAS the Group reclassified certain items of Investment Properties and Biological Assets which were previously presented under PPE.

Further, the Group elected to reassess certain items of PPE as at the date of transition and the carrying values were adjusted accordingly.

J Intangible Assets

With the adoption of SLFRS/LKAS the Group has written off intangible Assets which did not meet the definition criterion for Intangible Assets under LKAS 38.

K Biological Assets

According to LKAS 41 managed agricultural activities were recorded at Fair Value, which was ascertained by a Professionally Qualified Valuer.

L Other non current financial assets

Other Investment of the company were reclassified as other non current financial assets as per the requirement of SLFRS/LKAS.

M Inventories

As per SLAS produce stocks were valued at its estimated selling price. However under SLFRS/LKAS inventories measured at the lower of cost or NRV which remeasured accordingly.

N Trade and Other Receivables

According to SLFRS/LKAS certain components of bad debt provision were remeasured.

O Tax Receivables

With the implementation of SLFRS/LKAS, the presentation of tax receivable was reclassified and set off against Tax Payable

P Other Current Financial Assets

With the implementation of SLFRS/LKAS, the Group reclassified its Short term Investments as Other Current Financial assets which were previously presented under Short term Investments.

Q Capital Reserves

According to SLFRS/LKAS the Group identified Capital Reserves which are of a revenue nature and reclassified under Revenue Reserves

R Revenue Reserves

Certain components of Capital Reserves were reclassified as Revenue Reserves and Fair value gain of mark to market adjustment of Available for Sale Investments was reclassified from Revenue Reserves to Other component of equity.

Further, as per SLFRS/LKAS the Group has assessed the useful lives of PPE and accounted under deemed cost through retained earnings accordingly.

S Other Component of Equity

This includes Available for Sale Investments reserve and Foreign currency translation reserve which were reclassified with adoption of SLFRS/LKAS.

T Provisions

As per SLFRS/LKAS Warranty provisions presented under Trade Payables reclassified separately.

U Deferred Tax Liability

The deferred tax effects arose due to increase of the taxable temporary differences as a result of reassessment of useful life of Property Plant & Equipment and Fair valuation of Biological assets were adjusted accordingly.

V Trade Payables

As per SLFRS/LKAS Warranty Provisions and Deposits were reclassified accordingly.

Further the impact of straightlining of rental payables were adjusted as per requirements of SLFRS/LKAS.

Reconciliation of Total Comprehensive Income for the quarter ended 30th September 2012

	Notes	Group			Company		
		SLAS for the period ended 30.09.2012	Re-measurement	SLFRS for the period ended 30.09.2012	SLAS for the period ended 30.09.2012	Re-measurement	SLFRS for the period ended 30.09.2012
		Rs.000'	Rs.000'	Rs.000'	Rs.000'	Rs.000'	Rs.000'
Continuing operations							
Revenue	A	16,783,836	265,448	17,049,284	604,494	-	604,494
Cost of sales	B	(12,819,832)	(69,027)	(12,888,859)	-	-	-
Gross profit		<u>3,964,004</u>	<u>196,421</u>	<u>4,160,425</u>	<u>604,494</u>	<u>-</u>	<u>604,494</u>
Other operating income	C	360,483	(165,121)	195,362	4,681	(4,681)	-
Selling and distribution expenses	D	(552,210)	(130,853)	(683,063)	-	-	-
Administrative expenses	E	(1,774,317)	(55,940)	(1,830,257)	(148,518)	(8,536)	(157,054)
Other operating expenses	F	(30,142)	4,145	(25,997)	-	-	-
Operating profit		<u>1,967,818</u>	<u>(151,348)</u>	<u>1,816,470</u>	<u>460,657</u>	<u>(13,217)</u>	<u>447,440</u>
Finance costs	G	(503,769)	(9,369)	(513,138)	(184,270)	(9,117)	(193,387)
Finance Income	G	-	135,691	135,691	-	9,117	9,117
Share of profit of an associate		29,988	-	29,988	-	-	-
Profit before tax from continuing operations		<u>1,494,037</u>	<u>(25,026)</u>	<u>1,469,011</u>	<u>276,387</u>	<u>(13,217)</u>	<u>263,170</u>
Income tax expense	H	(319,502)	(2,871)	(322,373)	(194)	-	(194)
Profit for the year from continuing operations		<u>1,174,535</u>	<u>(27,897)</u>	<u>1,146,638</u>	<u>276,193</u>	<u>(13,217)</u>	<u>262,976</u>
					-	-	-
Discontinued operations							
Loss after tax for the year from discontinued operations		(394)	-	(394)	-	-	-
Profit for the year		<u>1,174,141</u>	<u>(27,897)</u>	<u>1,146,244</u>	<u>276,193</u>	<u>(13,217)</u>	<u>262,976</u>
Attributable to:							
Equity holders of the parent		1,015,070	(20,688)	994,382			
Non-controlling interests		159,071	(7,209)	151,862			
		<u>1,174,141</u>	<u>(27,897)</u>	<u>1,146,244</u>			
Other comprehensive income							
Net loss on available for sale financial assets	F	-	4,681	4,681	-	4,681	4,681
Other comprehensive income for the year, net of tax		<u>-</u>	<u>4,681</u>	<u>4,681</u>	<u>-</u>	<u>4,681</u>	<u>4,681</u>
Total comprehensive income for the year, net of tax		<u>1,174,141</u>	<u>(23,216)</u>	<u>1,150,925</u>	<u>276,193</u>	<u>(8,536)</u>	<u>267,657</u>

Reconciliation of Equity as at 30th September 2012

Notes	Group				Company			
	SLAS as at 30.09.2012	Reclassification	Remeasurements	SLFRS as at 30.09.2012	SLAS as at 30.09.2012	Reclassification	Remeasurements	SLFRS as at 30.09.2012
	Rs.000'	Rs.000'	Rs.000'	Rs.000'	Rs.000'	Rs.000'	Rs.000'	Rs.000'
Assets								
Non-current assets								
Property, plant and equipment	I	11,111,974	(178,000)	491,129	11,425,103	38,959	-	38,959
Leasehold Properties		570,248	-	-	570,248	-	-	-
Investment properties	I	-	139,628	80	139,708	686,533	-	694,252
Intangible assets	J	536,939	-	(20,119)	516,820	-	7,719	-
Biological Assets	I/K	-	38,372	468,819	507,191	-	-	-
Investment in subsidiaries		-	-	-	-	3,116,413	-	3,116,413
Investment in an associates		66,942	-	-	66,942	-	-	-
Other non-current financial assets	L	-	144,582	-	144,582	-	71,375	71,375
Other Investments	L	144,582	(144,582)	-	-	71,375	(71,375)	-
Deferred tax assets		-	-	-	-	36,953	-	36,953
		<u>12,430,685</u>	<u>-</u>	<u>939,909</u>	<u>13,370,594</u>	<u>3,950,233</u>	<u>-</u>	<u>3,957,952</u>
Current assets								
Inventories	M	3,660,198	-	(121,598)	3,538,600	-	-	-
Trade and other receivables	N	4,090,142	(100)	4,327	4,094,369	466,839	-	466,839
Tax Receivables	O	162,334	-	(732)	161,602	5,649	-	5,649
Amount due from subsidiaries		-	-	-	-	1,545,494	-	1,545,494
Other current financial assets	P	-	56,622	-	56,622	-	56,622	56,622
Short term investments	P	56,622	(56,622)	-	-	56,622	(56,622)	-
Cash and short-term deposits		<u>4,054,735</u>	<u>100</u>	<u>-</u>	<u>4,054,835</u>	<u>31,075</u>	<u>-</u>	<u>31,075</u>
		<u>12,024,031</u>	<u>-</u>	<u>(118,003)</u>	<u>11,906,028</u>	<u>2,105,679</u>	<u>-</u>	<u>2,105,679</u>
Total assets		<u>24,454,716</u>	<u>-</u>	<u>821,906</u>	<u>25,276,622</u>	<u>6,055,912</u>	<u>-</u>	<u>7,719</u>
Equity and liabilities								
Equity								
Stated capital		1,635,078	-	-	1,635,078	1,635,078	-	1,635,078
Capital reserves	Q	126,901	(126,901)	-	-	10,574	(10,574)	-
Revenue reserves	R	5,026,415	91,764	481,001	5,599,180	836,204	(24,563)	789,600
Foreign currency translation	S	41,759	(41,759)	-	-	-	-	-
Other components of equity	S	-	76,896	-	76,896	-	35,137	35,137
Equity attributable to equity holders of the parent		<u>6,830,153</u>	<u>-</u>	<u>481,001</u>	<u>7,311,154</u>	<u>2,481,856</u>	<u>-</u>	<u>2,459,815</u>
Non-controlling interests		<u>2,020,642</u>	<u>-</u>	<u>139,705</u>	<u>2,160,347</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity		<u>8,850,795</u>	<u>-</u>	<u>620,706</u>	<u>9,471,501</u>	<u>2,481,856</u>	<u>-</u>	<u>(22,041)</u>
Non-current liabilities								
Insurance Provision		30,703	-	-	30,703	-	-	-
Interest bearing loans and borrowings		2,226,854	-	-	2,226,854	190,000	-	190,000
Net liability to the lessor payable after one year		633,057	-	-	633,057	-	-	-
Provisions	T/V	-	77,120	-	77,120	-	-	-
Government grants		568,553	-	-	568,553	-	-	-
Deferred tax liabilities	U	74,845	-	60,867	135,712	-	-	-
Employee benefit liabilities		<u>1,929,896</u>	<u>-</u>	<u>-</u>	<u>1,929,896</u>	<u>65,516</u>	<u>-</u>	<u>65,516</u>
		<u>5,463,908</u>	<u>77,120</u>	<u>60,867</u>	<u>5,601,895</u>	<u>255,516</u>	<u>-</u>	<u>255,516</u>
Current liabilities								
Trade and other payables	V	4,331,939	(74,650)	140,333	4,397,622	273,854	2,470	306,084
Current portion of interest bearing loans and borrowings		767,435	-	-	767,435	79,583	-	79,583
Current portion of net liability to the lessor		10,149	-	-	10,149	-	-	-
Deposits	V	2,470	(2,470)	-	-	2,470	(2,470)	-
Amounts due to subsidiaries		-	-	-	-	456,648	-	456,648
Income tax payable		132,069	-	-	132,069	-	-	-
Short Term Borrowings		<u>4,895,951</u>	<u>-</u>	<u>-</u>	<u>4,895,951</u>	<u>2,505,985</u>	<u>-</u>	<u>2,505,985</u>
		<u>10,140,013</u>	<u>(77,120)</u>	<u>140,333</u>	<u>10,203,226</u>	<u>3,318,540</u>	<u>-</u>	<u>29,760</u>
Total liabilities		<u>15,603,921</u>	<u>-</u>	<u>201,200</u>	<u>15,805,121</u>	<u>3,574,056</u>	<u>-</u>	<u>29,760</u>
Total equity and liabilities		<u>24,454,716</u>	<u>-</u>	<u>821,906</u>	<u>25,276,622</u>	<u>6,055,912</u>	<u>-</u>	<u>7,719</u>

