



Aitken Spence Hotel Holdings PLC

Interim Statement - Third Quarter

(Nine months ended 31st December 2012)

Consolidated Income Statement

	Quarter ended 31st December			Nine months ended 31st December		
	2012 Rs.' 000 Un audited	2011 Rs.' 000 Un audited	Change %	2012 Rs.' 000 Audited	2011 Rs.' 000 Un audited	Change %
Gross Revenue	2,939,301	2,433,374	21%	8,030,201	6,369,097	26%
Revenue Tax	(115,447)	(106,522)	8%	(338,505)	(307,152)	10%
Net Revenue	2,823,854	2,326,852	21%	7,691,696	6,061,945	27%
Other operating Income	(25,346)	20,073	(226%)	(7,299)	50,513	(114%)
Staff Costs	(416,397)	(348,548)	19%	(1,232,530)	(954,796)	29%
Depreciation	(174,010)	40,501	(530%)	(497,813)	(315,837)	58%
Amortisation	(16,636)	4,262	(490%)	(46,344)	(31,937)	45%
Other Operating Expenses - Direct	(590,022)	(529,578)	11%	(1,664,102)	(1,410,140)	18%
Other Operating Expenses - Indirect	(880,840)	(703,089)	25%	(2,643,829)	(2,178,332)	21%
Profit / (Loss) from Operations	720,603	810,473	(11%)	1,599,779	1,221,416	31%
Finance Income	56,574	49,723	14%	171,896	134,345	28%
Finance Expenses	(67,512)	(47,593)	42%	(183,284)	(139,725)	31%
Net Finance Income/(Expenses)	(10,938)	2,130	(614%)	(11,388)	(5,380)	112%
	709,665	812,603	(13%)	1,588,391	1,216,036	31%
Share of Profit of equity accounted investees net of tax	18,177	12,437	46%	54,796	32,451	69%
Profit / (Loss) before Tax	727,842	825,040	(12%)	1,643,187	1,248,487	32%
Income Tax Expense	(97,981)	(90,058)	9%	(340,673)	(208,700)	63%
Profit / (Loss) for the period	629,861	734,982	(14%)	1,302,514	1,039,787	25%
Attributable to:						
Equity Holders of the Parent	436,705	494,951	(12%)	835,862	683,048	22%
Non -controlling interests	193,156	240,031	(20%)	466,652	356,739	31%
	629,861	734,982	(14%)	1,302,514	1,039,787	25%
Earnings per share for the period - Rs. (Basic / Diluted)	1.29	1.46		2.45	2.00	

The Chief Financial Officer certifies that the Financial Statements have been prepared in compliance with the requirement of the Companies Act No. 07 of 2007.

Colombo
13th February 2013

Company Income Statement

	Quarter ended 31st December			Nine months ended 31st December		
	2012 Rs.' 000 Un audited	2011 Rs.' 000 Un audited	Change %	2012 Rs.' 000 Audited	2011 Rs.' 000 Un audited	Change %
Gross Revenue	211,992	190,899	11%	497,658	430,891	15%
Revenue Tax	(4,607)	(3,906)	18%	(10,877)	(9,460)	15%
Net Revenue	207,385	186,993	11%	486,781	421,431	16%
Other operating Income	79,566	563	14,033%	320,498	475,324	-33%
Staff Costs	(36,908)	(37,007)	-	(99,997)	(88,025)	14%
Depreciation	(23,951)	(21,552)	11%	(70,973)	(63,614)	12%
Amortisation	(35)	-	-	(35)	-	-
Other Operating Expenses - Direct	(38,594)	(37,166)	4%	(98,637)	(90,518)	9%
Other Operating Expenses - Indirect	(75,921)	(58,522)	30%	(193,984)	(157,427)	23%
Profit / (Loss) from Operations	111,542	33,309	235%	343,653	497,171	(31%)
Finance Income	22,152	34,845	(36%)	81,365	103,837	(22%)
Finance Expenses	(12,380)	(9,273)	34%	(38,022)	(27,892)	36%
Net Finance Income/(Expenses)	9,772	25,572	(62%)	43,343	75,945	(43%)
Profit / (Loss) before Tax	121,314	58,881	106%	386,996	573,116	(32%)
Income Tax Expense	(5,931)	(30,913)	(81%)	(18,294)	(48,294)	(62%)
Profit / (Loss) for the period	115,383	27,968	313%	368,702	524,822	(30%)
Earnings per share for the period - Rs. (Basic / Diluted)	0.33	0.07		1.06	1.53	

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Colombo
13th February 2013

Consolidated Statement of Comprehensive Income

	GROUP			
	Quarter ended 31st December		Nine months ended 31st December	
	2012	2011	2012	2011
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
	Un audited	Un audited	Audited	Un audited
Profit for the period	629,861	734,982	1,302,514	1,039,787
Other Comprehensive Income				
Foreign Currency translation differences of foreign operations	(117,132)	111,763	(59,737)	87,944
Share of other comprehensive income of equity -accounted investees	-	-	140,811	-
Net change in fair value of available for sale financial assets	(11,923)	-	(13,685)	(899)
Other comprehensive income for the period net of tax	(129,055)	111,763	67,389	87,045
Total comprehensive income for the period net of tax	500,806	846,745	1,369,903	1,126,832
Attributable to:				
Equity Holders of the Parent	368,465	568,107	930,661	747,367
Non -controlling interests	132,341	278,638	439,242	379,465
	500,806	846,745	1,369,903	1,126,832

Statement of Comprehensive Income- Company

	COMPANY			
	Quarter ended 31st December		Nine months ended 31st December	
	2012	2011	2012	2011
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
	Un audited	Un audited	Audited	Un audited
Profit for the period	115,383	27,968	368,702	524,822
Other Comprehensive Income				
Net change in fair value of available for sale financial assets	-	-	-	(1,353)
Other comprehensive income for the period net of tax	-	-	-	(1,353)
Total comprehensive income for the period net of tax	115,383	27,968	368,702	523,469

Note : As required by SLFRS/LKAS, the other Comprehensive Income includes movements in currency translation of foreign operations, gains/losses on fair valuation of available for sale financial assets, share of other comprehensive income of equity accounted investees etc. Translations of similar nature were routed directly through the Equity Statement under SLAS.

Consolidated Statement of Financial Position

As at	31.12.2012 Rs.' 000 Audited	31.12.2011 Rs.' 000 Un audited	31.03.2012 Rs.' 000 Audited	31.03.2011 Rs.' 000 Audited
ASSETS				
Non Current Assets				
Property, plant and equipment	11,621,879	9,904,164	11,114,493	8,879,249
Leasehold property	2,502,093	1,411,369	2,588,900	1,400,526
Intangible Assets	30,137	-	108	-
Investment in equity accounted investees	1,287,149	1,017,393	1,086,496	960,878
Long Term Investment	219,182	224,927	233,207	222,395
Deferred Tax Assets	125,229	63,350	130,018	48,399
	15,785,669	12,621,203	15,153,222	11,511,447
Current Assets				
Inventories	223,395	197,957	205,892	165,478
Trade and Other Receivable	1,078,661	740,922	1,177,104	850,918
Amount due from Ultimate Holding Company	-	344,524	35,800	503,588
Amount due from Parent's Group Entities	333,674	307,489	375,346	358,403
Deposits & Prepayments	541,513	322,086	230,245	253,364
Current Tax Receivable	6,272	12,586	9,045	9,036
Short Term Deposits	2,342,682	2,256,791	2,421,676	2,011,208
Cash and Cash Equivalents	767,936	290,753	142,077	102,325
	5,294,133	4,473,108	4,597,185	4,254,320
Assets held for Sale	-	-	-	9,826
TOTAL ASSETS	21,079,802	17,094,311	19,750,407	15,775,593
EQUITY AND LIABILITIES				
Equity Attributable to equity holders of the Parent				
Stated Capital	3,554,587	3,554,587	3,554,587	3,554,587
Reserves	2,632,938	1,786,089	2,538,139	1,721,770
Retained Earnings	5,525,120	4,219,081	4,935,978	3,746,925
	11,712,645	9,559,757	11,028,704	9,023,282
Non Controlling Interests	2,417,364	1,603,978	2,189,351	1,372,489
Total Equity	14,130,009	11,163,735	13,218,055	10,395,771
Non Current Liabilities				
Interest - bearing borrowings	2,936,381	2,826,248	2,790,308	3,007,565
Government grants	806	962	923	1,079
Deferred Tax Liabilities	252,392	114,937	232,764	105,351
Employee Benefits	59,577	51,368	53,591	41,495
	3,249,156	2,993,515	3,077,586	3,155,490
Current Liabilities				
Trade Creditors	364,175	328,673	359,814	242,840
Other Provisions & Payables	1,566,985	1,028,372	1,189,247	935,495
Amount due to Ultimate Holding Company	143,576	138,386	204,779	59,861
Amount due to Parent's Group Entities	55,879	98,487	108,181	99,849
Interest bearing Borrowings	1,012,075	834,998	978,216	748,475
Current Tax Payable	380,522	180,382	226,380	56,601
Short term Bank Borrowings	177,425	327,763	388,149	81,211
	3,700,637	2,937,061	3,454,766	2,224,332
Total Liabilities	6,949,793	5,930,576	6,532,352	5,379,822
TOTAL EQUITY AND LIABILITIES	21,079,802	17,094,311	19,750,407	15,775,593
Net Asset value per share Rs.	34.34	27.94	32.30	26.34

The Chief Financial Officer certifies that the Financial Statements have been prepared in compliance with the requirement of the Companies Act No. 07 of 2007.



D.H.S Jayawardena
Chairman



J.M.S Brito
Managing Director



C.M.S Jayawickrama
Director / Chief Financial Officer

Colombo
13th February 2013

Company Statement of Financial Position

As at	31.12.2012 Rs.' 000 Audited	31.12.2011 Rs.' 000 Un audited	31.03.2012 Rs.' 000 Audited	31.03.2011 Rs.' 000 Audited
ASSETS				
Non Current Assets				
Property, plant and equipment	1,614,003	1,376,414	1,666,302	1,423,109
Intangible Assets	594	-	-	-
Investments in Subsidiaries and Joint Ventures	1,776,778	1,776,564	1,776,778	1,469,819
Investment in equity accounted investees	903,519	887,967	902,007	855,740
Deferred Tax Assets	2,302	15,012	5,545	41,731
	4,297,196	4,055,957	4,350,632	3,790,399
Current Assets				
Inventories	22,339	21,448	17,915	14,997
Trade and Other Receivable	129,404	134,008	173,796	120,661
Amount due from Ultimate Holding Company	-	63,677	-	503,588
Amount due from Parent's Group Entities	2,654,311	1,637,168	1,888,607	1,184,451
Deposits & Prepayments	8,805	15,690	6,491	7,478
Current Tax Receivable	2,131	3,930	2,129	2,131
Short Term Deposits	638,720	1,281,197	1,252,523	1,246,503
Cash and Cash Equivalents	24,799	29,863	13,840	8,966
	3,480,509	3,186,981	3,355,301	3,088,775
TOTAL ASSETS	7,777,705	7,242,938	7,705,933	6,879,174
EQUITY AND LIABILITIES				
Equity Attributable to equity holders of the parent				
Stated Capital	3,554,587	3,554,587	3,554,587	3,554,587
Reserves	660,050	356,650	660,050	358,003
Retained Earnings	2,859,284	2,601,786	2,740,835	2,259,959
Total Equity	7,073,921	6,513,023	6,955,472	6,172,549
Non Current Liabilities				
Interest - bearing borrowings	238,442	371,642	371,642	466,492
Employee Benefits	19,079	16,748	16,515	14,598
	257,521	388,390	388,157	481,090
Current Liabilities				
Trade Creditors	20,324	23,760	22,209	16,532
Other Provisions & Payables	195,665	178,382	209,906	124,682
Amount due to Ultimate Holding Company	35,352	15,207	29,725	18,998
Amount due to Parent's Group Entities	381	222	810	28,416
Interest bearing Borrowings	177,600	98,367	94,850	14,067
Current Tax Payable	6,525	3,355	1,150	22,840
Short term Bank Borrowings	10,416	22,232	3,654	-
	446,263	341,525	362,304	225,535
Total Liabilities	703,784	729,915	750,461	706,625
TOTAL EQUITY AND LIABILITIES	7,777,705	7,242,938	7,705,933	6,879,174
Net Asset value per share (Rs.)	20.54	18.88	20.19	17.86

The Chief Financial Officer certifies that the Financial Statements have been prepared in compliance with the requirement of the Companies Act No. 07 of 2007.



D.H.S Jayawardena
Chairman



J.M.S Brito
Managing Director



C.M.S Jayawickrama
Director / Chief Financial Officer

Colombo
13th February 2013

Statement of Changes in Equity

For the nine months ended 31st December 2012

GROUP	Attributable to the Equity Holders of the parent								
	Stated Capital	Reserves	Foreign Currency Translation Reserve	Available for Sale Reserve	Revaluation Reserve	Retained Earnings	Total Interest	Non Controlling Interest	Total Equity
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Balance as at 01st April 2011	3,554,587	20,840	268,696	12,713	1,419,521	3,746,925	9,023,282	1,372,489	10,395,771
Profit for the period	-	-	-	-	-	683,048	683,048	356,739	1,039,787
Other Comprehensive Income	-	-	65,370	(1,051)	-	-	64,319	22,726	87,045
Total Comprehensive Income	-	-	65,370	(1,051)	-	683,048	747,367	379,465	1,126,832
Effect of Acquisitions Disposals and Changes to percentage holdings	-	-	-	-	-	(27,897)	(27,897)	-	(27,897)
Preference Dividend declared -2010/11	-	-	-	-	-	(14,850)	(14,850)	-	(14,850)
Ordinary Dividend declared -2010/11	-	-	-	-	-	(168,145)	(168,145)	-	(168,145)
Dividends of Subsidiaries	-	-	-	-	-	-	-	(147,976)	(147,976)
Balance as at 31st December 2011 - Un audited	3,554,587	20,840	334,066	11,662	1,419,521	4,219,081	9,559,757	1,603,978	11,163,735
Balance as at 01st April 2012	3,554,587	20,840	718,643	11,662	1,786,994	4,935,978	11,028,704	2,189,351	13,218,055
Profit for the period	-	-	-	-	-	835,862	835,862	466,652	1,302,514
Other Comprehensive Income	-	-	(34,365)	(11,647)	140,811	-	94,799	(27,410)	67,389
Total Comprehensive Income	-	-	(34,365)	(11,647)	140,811	835,862	930,661	439,242	1,369,903
Share Issue Expenses of equity accounted investees	-	-	-	-	-	(307)	(307)	-	(307)
Effect of Acquisitions Disposals and Changes to percentage holdings	-	-	-	-	-	3,840	3,840	-	3,840
Preference Dividend declared -2011/12	-	-	-	-	-	(14,850)	(14,850)	-	(14,850)
Ordinary Dividend declared -2011/12	-	-	-	-	-	(235,403)	(235,403)	-	(235,403)
Dividends of Subsidiaries	-	-	-	-	-	-	-	(211,229)	(211,229)
Balance as at 31st December 2012 - Audited	3,554,587	20,840	684,278	15	1,927,805	5,525,120	11,712,645	2,417,364	14,130,009

Statement of Changes in Equity

For the nine months ended 31st December 2012

	Stated Capital	Reserves	Foreign Currency Translation Reserve	COMPANY Available for Sale Reserves	Revaluation Reserves	Retained Earnings	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Balance as at 01st April 2011	3,554,587	20,840	-	1,353	335,810	2,259,959	6,172,549
Profit for the period	-	-	-	-	-	524,822	524,822
Other Comprehensive Income	-	-	-	(1,353)	-	-	(1,353)
Total Comprehensive Income	-	-	-	(1,353)	-	524,822	523,469
Preference Dividend declared -2010/11	-	-	-	-	-	(14,850)	(14,850)
Ordinary Dividend declared -2010/11	-	-	-	-	-	(168,145)	(168,145)
Balance as at 31st December 2011 - Un audited	3,554,587	20,840	-	-	335,810	2,601,786	6,513,023
Balance as at 01st April 2012	3,554,587	20,840	-	-	639,210	2,740,835	6,955,472
Profit for the period	-	-	-	-	-	368,702	368,702
Other Comprehensive Income	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	-	-	368,702	368,702
Preference Dividend declared -2011/12	-	-	-	-	-	(14,850)	(14,850)
Ordinary Dividend declared -2011/12	-	-	-	-	-	(235,403)	(235,403)
Balance as at 31st December 2012 - Audited	3,554,587	20,840	-	-	639,210	2,859,284	7,073,921

Cash Flow Statement

<i>For the Nine months ended</i>	GROUP		COMPANY	
	31.12.2012 Rs.' 000 Audited	31.12.2011 Rs.' 000 Un audited	31.12.2012 Rs.' 000 Audited	31.12.2011 Rs.' 000 Un audited
Cash flow from operating activities				
Profit before Taxation	1,643,187	1,248,487	386,996	573,116
Adjustments for				
Depreciation of Property Plant and equipment	497,813	315,837	70,973	63,614
Amortisation	46,344	31,937	35	-
Amortisation of Government Grant	(117)	(117)	-	-
Provision for doubtful debts	(32,766)	(10,943)	(1,746)	3,095
Interest Expense	183,284	139,725	38,022	27,892
Interest Income	(171,896)	(134,345)	(81,365)	(103,837)
Profit on disposal of Investment	-	-	-	(8,825)
Profit/ (Loss) on sale of Property , Plant and equipment	(901)	(4,300)	-	(953)
Provision for Employee Benefits	13,999	10,010	3,718	2,793
Share of (Profit)/Loss of equity accounted investees net of tax	(54,796)	(32,451)	-	-
Effect of changes in percentage Holdings and acquisition/disposal of Subsidiaries	(151)	(16,010)	-	-
	2,124,000	1,547,830	416,633	556,895
Operating profit before working capital changes				
(Increase) / Decrease in Inventories	(17,503)	(32,479)	(4,424)	(6,451)
(Increase) / Decrease in Trade and other receivables	57,703	120,713	(22,332)	(16,441)
(Increase) / Decrease in Amount due from ultimate Holding Company	35,800	159,064	-	439,911
(Increase) / Decrease in Amount due from Parents Group Entities	41,672	50,914	(765,704)	(452,717)
(Increase) / Decrease in Deposits and Prepayments	(311,268)	(68,722)	(2,314)	(8,212)
Increase / (Decrease) in Trade Creditors	4,361	85,833	(1,885)	7,228
Increase / (Decrease) in Provisions and other Payables	377,738	83,033	(14,241)	53,700
Increase / (Decrease) in Amount due to ultimate Holding Company	(61,203)	78,525	5,627	(3,791)
Increase / (Decrease) in Amount due to Parents Group Entities	(52,302)	(1,362)	(429)	(28,194)
Cash Generated/ (used in) from Operations	2,198,998	2,023,349	(389,069)	541,928
Interest Paid	(183,284)	(139,725)	(38,022)	(27,892)
Gratuity Paid	(7,161)	(2,164)	(1,154)	(643)
Income Tax Paid	(159,341)	(91,174)	(9,678)	(42,859)
Net Cash generated / (used in) from operating activities	1,849,212	1,790,286	(437,923)	470,534

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Cash Flow Statement

For the nine months ended	GROUP		COMPANY	
	31.12.2012 Rs.' 000 Audited	31.12.2011 Rs.' 000 Un audited	31.12.2012 Rs.' 000 Audited	31.12.2011 Rs.' 000 Un audited
Net Cash generated / (used in) from operating activities	1,849,212	1,790,286	(437,923)	470,534
Cash Flows from Investing Activities				
Investments made during the period	(1,512)	(68,341)	(1,512)	(68,342)
Subsidiaries Acquired during the period	-	(268,624)	-	(271,631)
Purchase of Property Plant and Equipment	(1,074,011)	(938,122)	(18,674)	(16,937)
Purchase of Intangible Assets	(6,057)	-	(629)	-
Proceeds from sale of Property, Plant & equipment	1,140	9,209	-	970
Proceeds from retirement of Assets held for sale	-	9,826	-	9,826
Interest received from deposits	245,402	134,345	149,835	103,837
Net cash used in investing activities	(835,038)	(1,121,707)	129,020	(242,277)
Cash Flows from financing activities				
Proceeds from Long term borrowings	2,353,015	350,000	-	-
Repayment of Long term borrowings	(2,159,223)	(537,818)	(50,450)	(10,550)
Dividends paid	(250,253)	(182,995)	(250,253)	(182,995)
Dividends paid by subsidiary companies	(211,229)	(138,132)	-	-
Net cash flow (used in) from financing activities	(267,690)	(508,945)	(300,703)	(193,545)
Net Increase / (Decrease) in cash & cash equivalents	746,484	159,634	(609,606)	34,712
Cash & cash equivalents at the beginning of the period adjusted for effect of exchange rate change	2,186,709	2,060,147	1,262,709	1,254,116
Cash & cash equivalents at the end of the period	2,933,193	2,219,781	653,103	1,288,828
Analysis of cash & cash Equivalents at the end of the period				
Cash at Bank and in Hand	767,936	290,753	24,799	29,863
Short term deposits	2,342,682	2,256,791	638,720	1,281,197
Bank Overdrafts	(177,425)	(327,763)	(10,416)	(22,232)
	2,933,193	2,219,781	653,103	1,288,828

Notes to condensed interim financial statements

1. Reporting Entity

Aitken Spence Hotel Holdings PLC (the 'Company') is a Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company is located at No. 315, Vauxhall Street, Colombo 02.

The condensed consolidated interim financial statements of the Company for the nine months ended 31st December 2012 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in associates and jointly controlled entities. The group primarily is involved in Hoteliering.

Audit of the Interim Financial Statements

The Interim Financial Statements of the Company and its controlled entities for the nine months ended 31st December 2012 were audited by M/S KPMG. However, the audit and the opinion were limited only to the nine months ended 31st December 2012 and not extended to the prior year comparatives.

The restated financial position of the Company and its controlled entities as at 31st March 2011 and 31st March 2012 respectively based on Sri Lanka Accounting Standards effective from 1st January 2012 were also audited by KPMG.

1.1. Basis of preparation

1.1.1 Statement of compliance

The condensed interim financial statements have been prepared in accordance with the Sri Lanka Accounting Standards – LKAS 34 – Interim Financial Reporting and the option 1 of the ruling on the comparative figures in the Interim Financial Statements issued by the Institute of Chartered Accountants of Sri Lanka.

Interim financial statements for all the periods presented have been prepared and presented based on the Sri Lanka Accounting Standards (SLFRSs/ LKAS) effective from 1st January 2012. Financial Statements of the equity accounted investees have been prepared based on the Sri Lanka Accounting Standards that existed immediately prior to 1st January 2012

The financial position as at 31st March 2012 is restated and presented based on the Sri Lanka Accounting Standards (SLFRSs/ LKAS) effective from 1st January 2012 as required by the Sri Lanka Accounting Standards SLFRS 1 – First-time Adoption of Sri Lanka Accounting Standards (SLFRSs). Financial Statements for the year ended 31st March 2012 which were prepared in accordance with the Sri Lanka Accounting Standards that existed immediately prior to 1st January 2012 (SLASs), are available upon request from the Company's registered office located at "Aitken Spence Tower II", 315 Vauxhall Street, Colombo 2., or on the company website www.aitkenspencehotels.com.

Notes to the financial statements gives an explanation of how the transition to SLFRS/ LKAS has affected the reported financial position and the financial performance of the Group for the periods 1st April 2011, 31st December 2011 and 31st March 2012.

The condensed consolidated and Company interim financial statements were approved by the Board of Directors on 13th February 2013.

1.1.2 Basis of measurement

The consolidated interim financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position.

- Available for sale financial assets are measured at fair value.
- Investment property is measured at fair value.
- The defined benefit asset is recognized as the net total of the plan assets, plus unrecognized past service cost, less the present value of the defined benefit obligation.

1.1.3 Functional and presentation currency

These condensed consolidated interim financial statements are presented in Sri Lankan rupees which is the Company's functional currency. All financial information presented has been rounded to the nearest thousand.

Notes to condensed interim financial statements

1.2 Basis of Consolidation

The following changes have been made effective from 01st April 2012 when preparing of consolidated financial statements.

- 1.2.1** Losses within a subsidiary are attributed to the non controlling interests even if that results in a deficit balance.
- 1.2.2** A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.
- 1.2.3** If the Group loses control over subsidiary it.
- Derecognizes the assets (including goodwill) and liabilities of the Subsidiary
 - Derecognizes the carrying amount of any non controlling interests
 - Derecognizes the cumulative translation differences, recorded in equity
 - Recognizes the fair value of the consideration received
 - Recognizes any surplus or deficit in profit or loss
 - Recognizes the fair value of any investments retained
- 1.2.4** The Group measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognized amount of any non-controlling interests in the acquire, less the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured as the acquisition date. If the excess is negative a bargain purchase gain is recognized immediately in the profit or loss.
- 1.2.5** In a business combination achieved in stages. The Group re measures its previously held equity interest at fair value in the acquire at each acquisition date and recognizes the resulting gain or loss if any profit or loss.

1.2.6 Upon loss of joint control, the Group measures and recognizes its remaining investment at its fair value. Any differences between the carrying amount of the former jointly controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal are recognized in profit or loss. When the remaining investment constitutes significant influence it is accounted for as investment in an associate.

1.2.7 Upon Loss of significant influence over associate, the group measures and recognizes any retaining investment at fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

1.3 Significant Accounting policies

The changes to accounting policies set out below have been applied consistently to all periods presented in these interim condensed financial statements.

The presentation and classification of the financial statements of the previous year have been amended, where relevant to be comparable with the current period.

1.3 Significant Accounting policies

The changes to accounting policies set out below have been applied consistently to all periods presented in these interim condensed financial statements.

The presentation and classification of the financial statements of the previous year have been amended, where relevant to be comparable with the current period.

1.3.1 Component depreciation

The Group identified significant parts of assets which have different useful lives separately and depreciated using their respective useful lives. The resultant difference in the carrying value of property plant and equipment due to the depreciation adjustments was made to the retained earnings and profit or loss account respectively.

Notes to condensed interim financial statements

1.3.2 Computer software

Computer software which does not form part of the purchased cost of the asset was identified as intangible assets and the resultant transfer from property plant and equipment to intangible asset have been made in the statement of financial position. Intangible assets will be amortised over its useful life.

1.4 Financial Assets

1.4.1 Initial Recognition and measurement

The Group classifies non derivative financial assets within the scope of LKAS 39 into financial assets at fair value through profit or loss, Loans and receivables, held to maturity investments and available for sale financial assets.

All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group account for the fair value changes between trade date and settlement date.

1.4.2 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 terms.

Financial Assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in the income statement.

1.4.3 Loans and Receivables

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

1.4.4 Held to maturity

Non derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity. Held to maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held to maturity financial assets are measured at amortised cost using effective interest method less any impairment losses.

1.4.5 Available for sale financial assets

Available for sale financial Assets are non derivative financial assets that are designated as available for sale or are not classified in any of the previous categories. The Group investments in equity securities and certain debt securities are classified as available for sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein , other than impairment losses and foreign currency differences on available for sale debt instruments are recognized in other comprehensive income and presented in the fair value reserve equity. When an investment is derecognized the gain or loss accumulated in equity is reclassified to profit or loss.

1.5 Financial liabilities

1.5.1 Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, other payables or as derivatives as appropriate and determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and in the case of other payables add directly attributable transaction costs.

The financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

1.5.2 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 loss.

Notes to condensed interim financial statements

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

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

1.5.3 Preference Shares

Preference Share capital is classified as equity if it is non redeemable or redeemable only at the company's option and any dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the company's shareholders.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit and loss as accrued.

1.5.4 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 realize the assets and settle the liabilities simultaneously.

1.5.5 Fair value of financial instruments

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.

1.6 Operating Segment

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 Group to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

1.7 Standards Issued but not yet Effective

Standards issued but not yet effective up to the date of issuance of the Group's interim financial statements are not taken into consideration when preparing condensed consolidated interim Accounts. 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.

1.7.1 First Time Adoption of SLFRS/ LKAS

In preparing these financial statements, the opening statement of financial position was prepared as at 1st April 2011, the date of transition to SLFRS/ LKAS.

SLFRS 1 First-Time Adoption of Sri Lanka Financial Reporting Standards allows first-time adopters certain exemptions.

SLFRS 3 Business combinations has been applied to acquisitions of subsidiaries occurred after 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 SLFRS/LKAS.

SLAS carrying amounts of assets and liabilities which are required to be recognized under SLFRS/ LKAS are stated at their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with SLFRS/ LKAS. Assets and liabilities that do not qualify for recognition under SLFRS are excluded from the opening SLFRS statement of financial position.

Freehold land and buildings other than investment property, were carried in the statement of financial position prepared in accordance with SLAS on the basis of valuations performed prior to 31st March 2012. The Group has elected to regard those values as deemed cost at the date of the revaluation since they were broadly comparable to fair value.

Notes to condensed interim financial statements

2.1 Reconciliation of Consolidated Income Statement for the nine months ended 31.12.2011

	Quarter ended 31.12.2011			Nine months ended 31.12.2011		
	As per SLAS Rs.' 000 Un audited	Remeasurements Rs.' 000	As per SLFRS/ LKAS Rs.' 000 Un audited	As per SLAS Rs.' 000 Un audited	Remeasurements Rs.' 000	As per SLFRS/ LKAS Rs.' 000 Un audited
Gross Revenue	2,433,374	-	2,433,374	6,369,097	-	6,369,097
Revenue Tax	(106,522)	-	(106,522)	(307,152)	-	(307,152)
Net Revenue	2,326,852		2,326,852	6,061,945		6,061,945
Other Operating Income	20,073	-	20,073	50,513	-	50,513
Staff Costs	(348,548)	-	(348,548)	(954,796)	-	(954,796)
Depreciation	42,598	(2,097)	40,501	(309,566)	(6,271)	(315,837)
Amortisation	42,62	-	4,262	(31,937)	-	(31,937)
Other Operating Expenses - Direct	(529,578)	-	(529,578)	(1,410,140)	-	(1,410,140)
Other Operating Expenses - Indirect	(688,515)	(14,574)	(703,089)	(2,168,449)	(9,883)	(2,178,332)
Profit / (Loss) From Operations	827,144	(16,671)	810,473	1,237,570	(16,154)	1,221,416
Finance Income	49,723	-	49,723	134,345	-	134,345
Finance Expenses	(47,593)	-	(47,593)	(139,725)	-	(139,725)
Net Finance Income/(Expenses)	2,130	-	2,130	(5,380)	-	(5,380)
	829,274	(16,671)	812,603	1,232,190	(16,154)	1,216,036
Share of Profit of equity accounted investees net of tax	12,437	-	12,437	32,451	-	32,451
Profit / (Loss) Before Tax	841,711	(16,671)	825,040	1,264,641	(16,154)	1,248,487
Income Tax Expense	(89,099)	(959)	(90,058)	(208,124)	(576)	(208,700)
Profit / (Loss) for the period	752,612	(17,630)	734,982	1,056,517	(16,730)	(1,039,787)
Attributable To:						
Equity Holders of the Parent	507,351	(12,400)	494,951	697,524	(14,476)	683,048
Non -Controlling Interests	245,261	(5,230)	240,031	358,993	(2,254)	356,739
	752,612	(17,630)	734,982	1,056,517	(16,730)	1,039,787

Notes to condensed interim financial statements

2.2 Reconciliation of Consolidated Statement of Comprehensive Income for the nine months ended 31.12.2011

	Quarter ended 31.12.2011			Nine months ended 31.12.2011		
	As per SLAS Rs.' 000	Remeasurements Rs.' 000	As per SLFRS/ LKAS Rs.' 000 Un audited	As per SLAS Rs.' 000	Remeasurements Rs.' 000	As per SLFRS/ LKAS Rs.' 000 Un audited
Profit for the period	-	734,982	734,982	-	1,039,787	1,039,787
Other Comprehensive Income						
Foreign Currency translation differences of foreign operations	-	111,763	111,763	-	87,944	87,944
Net Change in fair value of available for sale financial assets	-	-	-	-	(899)	(899)
Other Comprehensive Income for the period net of tax	-	111,763	111,763	-	87,045	87,045
Total Comprehensive Income for the period net of tax	-	846,745	846,745	-	1,126,832	1,126,832
Attributable to:						
Equity Holders of the Parent	-	568,107	568,107	-	747,367	747,367
Non -controlling interests	-	278,638	278,638	-	379,465	379,465
	-	846,745	846,745	-	1,126,832	1,126,832

Notes to condensed interim financial statements

2.3 Reconciliation of Consolidated Statement of Financial Position as at 31.12.2011

	Note	Equity as at 31.12.2011	
		As per SLAS Rs.' 000 Un audited	As per SLFRS /LKAS Rs.' 000 Un audited
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	3	10,003,161	9,904,164
Leasehold Property		1,411,369	1,411,369
Investment in Subsidiaries and Joint Ventures		-	-
Investment in Equity accounted investees		1,017,393	1,017,393
Long -Term Investments	5.1	212,781	224,927
Deferred Tax Assets		63,911	63,350
		12,708,615	12,621,203
Current Assets			
Inventories		197,957	197,957
Trade and Other Receivables	5.2	752,116	740,922
Amounts due from Ultimate Holding Company		344,524	344,524
Amount due from Parent's Group Entities		307,489	307,489
Deposits & Prepayments		322,086	322,086
Current Tax Receivable		12,586	12,586
Short Term Deposits		2,256,791	2,256,791
Cash and Cash Equivalents		290,753	290,753
		4,484,302	4,473,108
TOTAL ASSETS		17,192,917	17,094,311
EQUITY AND LIABILITIES			
Equity Attributable to Equity Holders of the Company			
Stated Capital		3,554,587	3,554,587
Reserves		1,774,427	1,786,089
Retained Earnings		4,361,218	4,219,081
		9,690,232	9,559,757
Non Controlling Interests		1,824,440	1,603,978
Total Equity		11,514,672	11,163,735
Non-Current Liabilities			
Interest - Bearing Borrowings	6	2,651,248	2,826,248
Government Grants		962	962
Deferred Tax Liabilities		126,200	114,937
Employee Benefits		51,368	51,368
		2,829,778	2,993,515
Current Liabilities			
Trade Creditors		328,673	328,673
Other Provisions and Payables	6	939,778	1,028,372
Amounts due to Ultimate Holding Company		138,386	138,386
Amounts due to Parent's Group Entities		98,487	98,487
Interest Bearing Borrowings		834,998	834,998
Current Tax Payable		180,382	180,382
Short term Bank Borrowings		327,763	327,763
		2,848,467	2,937,061
TOTAL LIABILITIES		5,678,245	5,930,576
TOTAL EQUITY AND LIABILITIES		17,192,917	17,094,311

Notes to condensed interim financial statements

2.4 Reconciliation of Consolidated Statement of Financial Position as at 31.03.2012 and 31.03.2011

	Note	Equity as at 31.03.2012			Equity as at 01.04.2011		
		As per SLAS Rs.' 000 Audited	Remeasurements Rs.' 000	As per SLFRS /LKAS Rs.' 000 Audited	As per SLAS Rs.' 000 Audited	Remeasurements Rs.' 000	As per SLFRS/ LKAS Rs.' 000 Audited
ASSETS							
Non-Current Assets							
Property, Plant & Equipment	3	11,215,701	(101,208)	11,114,493	8,949,807	(70,558)	8,879,249
Leasehold Property		2,588,900	-	2,588,900	1,400,526	-	1,400,526
Intangible Assets	4	-	108	108	-	-	-
Investment in Equity accounted investees		1,086,496	-	1,086,496	960,878	-	960,878
Long -Term Investments	5.1	221,061	12,146	233,207	210,702	11,693	222,395
Deferred Tax Assets		130,716	(698)	130,018	49,019	(620)	48,399
		15,242,874	(89,652)	15,153,222	11,570,932	(59,485)	11,511,447
Current Assets							
Inventories		205,892	-	205,892	165,478	-	165,478
Trade and Other Receivables	5.2	1,192,473	(15,369)	1,177,104	852,003	(1,085)	850,918
Amounts due from Ultimate Holding Company		35,800	-	35,800	503,588	-	503,588
Amount due from Parent's Group Entities		375,346	-	375,346	358,403	-	358,403
Deposits & Prepayments		230,245	-	230,245	253,364	-	253,364
Current Tax Receivable		9,045	-	9,045	9,036	-	9,036
Short Term Deposits		2,421,676	-	2,421,676	2,009,855	1,353	2,011,208
Cash and Cash Equivalents		142,077	-	142,077	102,325	-	102,325
		4,612,554	(15,369)	4,597,185	4,254,052	268	4,254,320
Assets held for Sale		-	-	-	9,826	-	9,826
TOTAL ASSETS		19,855,428	(105,021)	19,750,407	15,834,810	59,217	15,775,593
EQUITY AND LIABILITIES							
Equity Attributable to Equity Holders of the Company							
Stated Capital		3,554,587	-	3,554,587	3,554,587	-	3,554,587
Reserves		2,526,477	11,662	2,538,139	1,709,057	12,713	1,721,770
Retained Earnings		5,061,261	(125,283)	4,935,978	3,854,852	(107,927)	3,746,925
		11,142,325	(113,621)	11,028,704	9,118,496	(95,214)	9,023,282
Non Controlling Interests		2,395,420	(206,069)	2,189,351	1,581,004	(208,515)	1,372,489
Total Equity		13,537,745	(319,690)	13,218,055	10,699,500	(303,729)	10,395,771
Non-Current Liabilities							
Interest - Bearing Borrowings	6	2,615,308	175,000	2,790,308	2,832,565	175,000	3,007,565
Government Grants		923	-	923	1,079	-	1,079
Deferred Tax Liabilities		245,595	(12,831)	232,764	114,589	(9,238)	105,351
Employee Benefits		53,591	-	53,591	41,495	-	41,495
		2,915,417	162,169	3,077,586	2,989,728	165,762	3,155,490
Current Liabilities							
Trade Creditors		359,814	-	359,814	242,840	-	242,840
Other Provisions and Payables	6	1,136,747	52,500	1,189,247	856,745	78,750	935,495
Amounts due to Ultimate Holding Company		204,779	-	204,779	59,861	-	59,861
Amounts due to Parent's Group Entities		108,181	-	108,181	99,849	-	99,849
Interest Bearing Borrowings		978,216	-	978,216	748,475	-	748,475
Current Tax Payable		226,380	-	226,380	56,601	-	56,601
Short term Bank Borrowings		388,149	-	388,149	81,211	-	81,211
		3,402,266	52,500	3,454,766	2,145,582	78,750	2,224,332
TOTAL LIABILITIES		6,317,683	214,669	6,532,352	5,135,310	2,44,512	5,379,822
TOTAL EQUITY AND LIABILITIES		19,855,428	(105,021)	19,750,407	15,834,810	(59,217)	15,775,593

Notes to condensed interim financial statements

2.5 Reconciliation of Company Income Statement for the nine months ended 31.12.2011

	Quarter ended 31.12.2011			Nine months ended 31.12.2011		
	As per SLAS Rs.' 000 Un audited	Remeasurements Rs.' 000	As per SLFRS/ LKAS Rs.' 000 Un audited	As per SLAS Rs.' 000 Un audited	Remeasurements Rs.' 000	As per SLFRS/ LKAS Rs.' 000 Un audited
Gross Revenue	190,899	-	190,899	430,891	-	430,891
Revenue Tax	(3,906)	-	(3,906)	(9,460)	-	(9,460)
Net Revenue	186,993		186,993	421,431		421,431
Other operating Income	563	-	563	475,324	-	475,324
Staff Costs	(37,007)	-	(37,007)	(88,025)	-	(88,025)
Depreciation	(21,416)	(136)	(21,552)	(63,206)	(408)	(63,614)
Other Operating Expenses - Direct	(37,166)	-	(37,166)	(90,518)	-	(90,518)
Other Operating Expenses - Indirect	(59,715)	1,193	(58,522)	(160,405)	2,978	(157,427)
Profit / (Loss) from Operations	32,252	1,057	33,309	494,601	2,570	497,171
Finance Income	34,845	-	34,845	103,837	-	103,837
Finance Expenses	(9,273)	-	(9,273)	(27,892)	-	(27,892)
Net Finance Income/(Expenses)	25,572	-	25,572	75,945	-	75,945
Profit / (Loss) before Tax	57,824	1,057	58,881	570,546	2,570	573,116
Income Tax Expense	(30,831)	(82)	(30,913)	(48,245)	-	(48,294)
Profit / (Loss) for the period	26,993	975	27,968	522,301	2,570	524,822

2.6 Reconciliation of Company Statement of Comprehensive Income for the nine months ended 31.12.2011

	Quarter ended 31.12.2011			Nine months ended 31.12.2011		
	As per SLAS Rs.' 000	Remeasurements Rs.' 000	As per SLFRS/ LKAS Rs.' 000 Un audited	As per SLAS Rs.' 000	Remeasurements Rs.' 000	As per SLFRS/ LKAS Rs.' 000 Un audited
Profit for the period	-	27,968	27,968	-	524,822	524,822
Other Comprehensive Income						
Foreign Currency translation differences of foreign operations	-	-	-	-	-	-
Net Change in fair value of available for sale financial assets	-	-	-	-	(1,353)	(1,353)
Other Comprehensive Income for the period net of tax	-	-	-	-	(1,353)	(1,353)
Total Comprehensive Income for the period net of tax	-	27,968	27,968	-	523,469	523,469

Notes to condensed interim financial statements

2.7 Reconciliation of Company Statement of Financial Position as at 31.12.2011

	Note	Equity as at 31.12.2011		
		As per SLAS Rs.' 000 Un audited	Remeasurements Rs.' 000	As per SLFRS /LKAS Rs.' 000 Un audited
ASSETS				
Non-Current Assets				
Property, Plant & Equipment	3	1,368,673	7,741	1,376,414
Investment in Subsidiaries and Joint Ventures		1,776,564		1,776,564
Investment in Equity accounted investees		887,967		887,967
Deferred Tax Assets		16,039	(1,027)	15,012
		4,049,243	6,714	4,055,957
Current Assets				
Inventories		21,448		21,448
Trade and Other Receivables	5.2	129,581	4,427	134,008
Amounts due from Ultimate Holding Company		63,677		63,677
Amount due from Parent's Group Entities		1,637,168		1,637,168
Deposits & Prepayments		15,690		15,690
Current Tax Receivable		3,930		3,930
Short Term Deposits		1,281,197		1,281,197
Cash and Cash Equivalents		29,863		29,863
		3,182,554	4,427	3,186,981
TOTAL ASSETS		7,231,797	11,141	7,242,938
EQUITY AND LIABILITIES				
Equity Attributable to Equity Holders of the Company				
Stated Capital		3,554,587		3,554,587
Reserves		356,650		356,650
Retained Earnings		2,590,645	11,141	2,601,786
Total Equity		6,501,882	11,141	6,513,023
Non-Current Liabilities				
Interest - Bearing Borrowings		371,642		371,642
Employee Benefits		16,748		16,748
		388,390		388,390
Current Liabilities				
Trade Creditors		23,760		23,760
Other Provisions and Payables		178,382		178,382
Amounts due to Ultimate Holding Company		15,207		15,207
Amounts due to Parent's Group Entities		222		222
Interest Bearing Borrowings		98,367		98,367
Current Tax Payable		3,355		3,355
Short term Bank Borrowings		22,232		22,232
		341,525	-	341,525
TOTAL LIABILITIES		729,915	-	729,915
TOTAL EQUITY AND LIABILITIES		7,231,797	11,141	7,242,938

Notes to condensed interim financial statements

2.8 Reconciliation of Company Statement of Financial Position as at 31.03.2012 and 31.03.2011

	Note	Equity as at 31.03.2012			Equity as at 01.04.2011		
		As per SLAS Rs.' 000 Audited	Remeasurements Rs.' 000	As per SLFRS/ LKAS Rs.' 000 Audited	As per SLAS Rs.' 000 Audited	Remeasurements Rs.' 000	As per SLFRS/ LKAS Rs.' 000 Audited
ASSETS							
Non-Current Assets							
Property, Plant & Equipment	3	1,658,697	7,605	1,666,302	1,414,959	8,150	1,423,109
Investment in Subsidiaries and joint ventures		1,776,778	-	1,776,778	1,469,819	-	1,469,819
Investment in Equity accounted investees		902,007	-	902,007	855,740	-	855,740
Deferred Tax Assets		6,458	(913)	5,545	42,709	(978)	41,731
		4,343,940	6,692	4,350,632	3,783,227	7,172	3,790,399
Current Assets							
Inventories		17,915	-	17,915	14,997	-	14,997
Trade and Other Receivables Amounts due from Ultimate Holding Company	5.2	171,447	2,349	173,796	119,213	1,448	120,661
Amount due from Parent's Group Entities		1,888,607	-	1,888,607	1,184,451	-	1,184,451
Deposits & Prepayments		6,491	-	6,491	7,478	-	7,478
Current Tax Receivable		2,129	-	2,129	2,131	-	2,131
Short Term Deposits		1,252,523	-	1,252,523	1,245,150	1,353	1,246,503
Cash and Cash Equivalents		13,840	-	13,840	8,966	-	8,966
		3,352,952	2,349	3,355,301	3,085,974	2,801	3,088,775
TOTAL ASSETS		7,696,892	9,041	7,705,933	6,869,201	9,973	6,879,174
EQUITY AND LIABILITIES							
Equity Attributable to Equity Holders of the Company							
Stated Capital		3,554,587	-	3,554,587	3,554,587	-	3,554,587
Reserves		660,050	-	660,050	356,650	1,353	358,003
Retained Earnings		2,731,794	9,041	2,740,835	2,251,339	8,620	2,259,959
Total Equity		6,946,431	9,041	6,955,472	6,162,576	9,973	6,172,549
Non-Current Liabilities							
Interest - Bearing Borrowings		371,642	-	371,642	466,492	-	466,492
Employee Benefits		16,515	-	16,515	14,598	-	14,598
		388,157	-	388,157	481,090	-	481,090
Current Liabilities							
Trade Creditors		22,209	-	22,209	16,532	-	16,532
Other Provisions and Payables		209,906	-	209,906	124,682	-	124,682
Amounts due to Ultimate Holding Company		29,725	-	29,725	18,998	-	18,998
Amounts due to Parent's Group Entities		810	-	810	28,416	-	28,416
Interest Bearing Borrowings		94,850	-	94,850	14,067	-	14,067
Current Tax Payable		1,150	-	1,150	22,840	-	22,840
Short term Bank Borrowings		3,654	-	3,654	-	-	-
		362,304	-	362,304	225,535	-	225,535
TOTAL LIABILITIES		750,461	-	750,461	706,625	-	706,625
TOTAL EQUITY AND LIABILITIES		7,696,892	9,041	7,705,933	6,869,201	9,973	6,879,174

Notes to Condensed Interim Financial Statements

3 Notes to Reconciliations

The Group implemented component depreciation by recognising significant parts of assets which have different useful lives separately and depreciated using their respective useful lives. The impact to property plant and equipment due to this change for the Group and Company for the respective periods are as follows:

	GROUP			COMPANY		
	Statement of Financial Position			Statement of Financial Position		
	31.12.11	31.03.12	01.04.11	31.12.11	31.03.12	01.04.11
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Property Plant and Equipment	(98,997)	(101,208)	(70,558)	7,741	7,605	8,150
Retained earnings	(98,997)	(101,208)	(70,558)	7,741	7,605	8,150

- 4 The Group identified Computer Software which forms a integral part of the cost of the assets purchased as intangible asset and the resultant transfers made from property plant equipments to Intangible Assets. However there was no change to figures provided as per SLAS to SLFRS/LKAS as the carrying value of computer software as at 01.04.2011, 31.12.2011 and 31.03.2012 was nil. Computer software purchased during the year 2011/12 amounting to Rs. 108,356 is stated under Intangible Asset as at 31.03.2012.

5 Available for sale Financial assets

- 5.1 Under SLAS the Group accounted for long term investments at cost. Under SLFRS/LKAS the Group have classified investments as available for sale investment and measured at fair value

Difference between the fair value under SLFRS/LKAS and carrying value under SLAS has been recognised as a separate component of equity in the available for sale reserve.

	GROUP			COMPANY		
	31.12.11	31.03.12	01.04.11	31.12.11	31.03.12	01.04.11
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Fair Value of Investment under IFRS/LKAS	233,207	233,207	222,395	-	-	-
Fair Value of Investment under SLAS	(221,061)	(221,061)	(210,702)	-	-	-
	12,146	12,146	11,693	-	-	-

- 5.2 Under SLAS the Group accounted for trade and other receivable at the amount estimated to be realised after providing for bad and doubtful debts. Under SLFRS/LKAS trade and other receivable are stated at fair value. The resultant impact to trade and other receivables due to this change are as follows:

	GROUP			COMPANY		
	31.12.11	31.03.12	01.04.11	31.12.11	31.03.12	01.04.11
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Change in trade and other receivable	(11,194)	(15,369)	(1,085)	4,427	2,349	1,448

Notes to Condensed Interim Financial Statements

6 Re-classification of Preference Shares from equity to debt

SLFRS/LKAS requires Preference Share capital to be classified as debt if the redemption option is with the Holder. Accordingly the Group re classified preference shares of a subsidiary company from equity to debt and recognised dividends as a interest expense in income statement.

	GROUP			COMPANY		
	31.12.11 Rs.000	31.03.12 Rs.000	01.04.11 Rs.000	31.12.11 Rs.000	31.03.12 Rs.000	01.04.11 Rs.000
Increase to Interest bearing borrowings	175,000	175,000	175,000	-	-	-
Reduction in non controlling Interests	(175,000)	(175,000)	(175,000)	-	-	-
Increase in Other Payables on account of dividend on Preference Shares	88,594	52,500	78,750	-	-	-

7 Reconciliation - Cash Flow Statement

	GROUP			COMPANY		
	As per SLAS 31.12.11 Rs.' 000	As per SLFRS /LKAS 31.12.11 Rs.' 000	Remeasurements Rs.' 000	As Per SLAS 31.12.11 Rs.' 000	As per SLFRS /LKAS 31.12.11 Rs.' 000	Remeasurements Rs.' 000
Profit before taxation	1,264,641	1,248,487	(16,154)	570,546	573,116	2,570
Adjustments to Profits	293,072	299,343	6,271	(16,629)	(16,221)	408
Working Capital Movements	465,636	475,519	9,883	(11,989)	(14,967)	(2,978)
Interest Gratuity and Tax Paid	(233,063)	(233,063)	-	(71,394)	(71,394)	-
Cash Flow from investing activities	(1,121,707)	(1,121,707)	-	(242,277)	(242,277)	-
Cash Flow from financing activities	(508,945)	(508,945)	-	(193,545)	(193,545)	-
Net increase in cash and cash equivalents	159,634	(159,634)	-	34,712	34,712	-
Cash and cash equivalents						
at the beginning of the period	2,060,147	2,060,147	-	1,254,116	1,254,116	-
Cash and cash equivalents at the end of the period	2,219,781	2,219,781	-	1,288,828	1,288,828	-

Notes to Condensed Interim Financial Statements

8 Segmental Results

8.1 Revenue

<i>For the nine months ended 31st December</i>	External Rs.' 000	Intra Group Rs.' 000	GROUP	
			Total 2012 Rs.' 000	Total 2011 Rs.' 000
Sri Lanka Sector				
Resorts and Hotels	1,826,584	4,212	1,830,796	1,329,907
Others	73,853	240,233	314,086	233,925
Total Sri Lanka Sector	1,900,437	244,445	2,144,882	1,563,832
South Asian Sector	6,129,764	192,584	6,322,348	5,071,424
	8,030,201	437,029	8,467,230	6,635,256
Intra Group			(437,029)	(266,159)
Total			8,030,201	6,369,097

8.2 Profit / (Loss) before taxation

<i>For the nine months ended 31st December</i>	GROUP	
	2012 Rs.' 000	2011 Rs.' 000
Sri Lanka Sector		
Resorts and Hotels	203,844	153,184
Others	283,156	167,193
	487,000	320,377
Share of Profit of equity accounted investees net of tax	54,796	32,451
Total Sri Lanka Sector	541,796	352,828
South Asian Sector	1,101,391	885,209
Total	1,643,187	1,238,037
Amortisation of surplus on acquisition	-	10,450
	1,643,187	1,248,487

- 9** The Financial statements of the Company and those consolidated with such for the interim period have been prepared on the same basis as the most recent audited financial statements and are in compliance with LKAS 34-Interim Financial Reporting. Audited financial statements have been adjusted to be in compliance with LKAS and SLFRS standards.
- 10** The presentation and classification of the financial statements of the previous year have been amended where relevant to be comparable with those of the current period.
- 11** The company paid the final recommended ordinary dividend of Cts. 70 per ordinary share for the year ended 31st March 2012 on 10th July 2012 after it was approved at the Annual General Meeting. Total final ordinary dividend payment amounted to Rs. 235,403,007.
- 12** Six months of the period under review relates to the off season of the tourism industry both in Sri Lanka and overseas, the group operates.

Notes to Condensed Interim Financial Statements

- 13** There were no material events subsequent to the end of the interim period which require disclosure in the interim financial statements.
- 14** There were no material changes in the nature of contingent liabilities which were disclosed in the Annual Report for the year ended 31st March 2012. Contingent liabilities in respect of guarantees issued for facilities obtained by subsidiaries in the Group has increased by Rs. 2.5 billion from that was disclosed on 31st March 2012.
- 15** There was no liability to management fees or any other similar expenditure not provided for in the interim accounts.

16 Share Information

	31.12.2012	31.12.2011	31.03.2012
Market Price per Share			
- Highest	79.00	72.40	102.00
- Lowest	67.90	55.00	55.00
Last Traded Price (Rs.)	73.10	69.50	70.00
Dividend per ordinary share (Rs.)	-	-	0.70
Number of shares represented by the stated capital			
- Ordinary	336,290,010	336,290,010	336,290,010
- Preference	16,500,000	16,500,000	16,500,000

- 17** Percentage of shares held by the public as at 31st December 2012 is 25.40%

18 Share held by the Directors are as follows:

Name of the Director	Position	No of Shares	
		31.12.2012	31.03.2012
D.H.S Jayawardena	Chairman	-	-
J.M.S Brito	Managing Director	106,596	106,596
R.E.V Casie Chetty	Director	180,299	180,299
S.M Hapugoda	Director	-	-
C.M.S Jayawickrama	Director	-	-
G.P.J Goonewardena	Director	5,460	5,460
R.N Asirwatham	Director	1,000	1,000
C.H Gomez	Director	-	-
N.J. de S. Deva Aditya	Director	-	-
		293,355	293,355

Notes to Condensed Interim Financial Statements

19 Twenty Largest Shareholders as at 31st December 2012

Name of the Share Holder	No of Shares	%
Aitken Spence PLC - A/C No. 1	239,472,667	71.21 %
Employees Provident Fund	29,724,950	8.84 %
Sri Lanka Insurance Corporation Ltd. - Life Fund	8,815,100	2.62 %
HSBC INTL Nominees Ltd. JPMCB- Scottish ORL SML TR G	5,283,501	1.57 %
Ace Cargo (Pvt) Ltd	4,423,601	1.32 %
Aitken Spence Hotel Managements (Pvt) Ltd	3,530,639	1.05 %
G.C Wickremasinghe	2,852,241	0.85 %
Aitken Spence Aviation (Pvt) Ltd.	2,604,140	0.77 %
Employee Trust Fund Board	2,370,705	0.70 %
Bank of Ceylon No 01 Account	1,625,600	0.48 %
National Savings Bank	1,613,400	0.48 %
Aviva NDB Insurance PLC A/C No 07	1,461,344	0.43 %
F.A.A Mack	1,009,550	0.30 %
Ceylon Investments PLC # 01	985,900	0.29 %
The Ceylon Investments PLC # 02	973,675	0.29 %
Bank of Ceylon A/C Ceybank Century Growth Fund	941,084	0.28 %
The Ceylon Guardian Investments Trust PLC A/C # 02	929,000	0.28 %
A.T Wickremasinghe	860,004	0.26 %
M.B Sivaratnam	772,324	0.23 %
Cargo Boat Development Company PLC	733,193	0.22 %
Other Share Holders	25,307,392	7.53 %
	336,290,010	100.00 %

Corporate Information as at 31.12.2012

Directors

D.H.S Jayawardena - (Chairman)
J.M.S Brito . LLB, FCA, MBA (Managing Director)
R.E.V Casie Chetty FCA., FCMA., M.C.M.I., J.Dip. M.A
S.M Hapugoda FCIM (UK)
C.M.S Jayawickrama ACMA
G.P.J Goonewardena
R.N Asirwatham FCA
C.H Gomez
N.J. de S. Deva Aditya DL, FRSA, MEP

Secretaries

Aitken Spence Corporate Finance (Pvt) Ltd

Registered Address

No 315, Vauxhall Street
Colombo 02
Sri Lanka