Central Industries PLC

Annual Report 2011/12

CONTENTS

Corporate Information	2
Notice of Meeting	3
Chairman's Review	4
Board of Directors	6
Annual Report of the Board of Directors	8
Corporate Governance	12
Audit Committee Report	15
Report of the Remuneration Committee	16
Share Information	17
Statement of Directors' Responsibilities	18
Independent Auditor's Report	19
Income Statement	20
Balance Sheet	21
Statement of Changes in Equity	22
Cash Flow Statement	23
Notes to the Financial Statements	24
Five Year Summary	46
Form of Proxy	

Corporate Information

NAME OF COMPANY	Central Industries PLC
LEGAL FORM	A Public Limited Liability Company Incorporated in Sri Lanka.
DATE OF INCORPORATION	18th September 1984
COMPANY REGISTRATION NUMBER	PQ 121
ULTIMATE PARENT COMPANY	Central Finance Co. PLC
SUBSIDIARY COMPANIES	Central Industries Marketing (Pvt) Ltd. (Reg. No. PV 571) Polymer Technologies (Pvt) Ltd. (Reg. No. PV 2468)
DIRECTORS	S. V. Wanigasekera - Executive Chairman E. H. Wijenaike A. N. P. Wickramasuriya - Chief Executive Officer G. S. N. Peiris C. S. W. De Costa R. E. Rambukwelle A. K. Gunaratne N. J. Abeysekere L. R. De Lanerolle - Appointed with effect from 20th June 2011
CHIEF EXECUTIVE OFFICER	A. N. P. Wickramasuriya
HEAD OFFICE AND REGISTERED OFFICE	No. 312, Nawala Road, Rajagiriya Telephone: + 94 - 11 - 2806623 Fax: + 94 - 11 - 2806622 E-mail: info@nationalpvc.com Website: www.nationalpvc.com
SECRETARIES	Corporate Services (Private) Limited 216, De Saram Place, Colombo 10.
AUDITORS	KPMG Chartered Accountants, 32 A, Sir Mohamed Macan Markar Mawatha, Colombo 3.
BANKERS	Nations Trust Bank PLC Hatton National Bank PLC Commercial Bank of Ceylon PLC Sampath Bank PLC

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of Central Industries PLC will be held at No. 270, Vauxhall Street, Colombo 2, on 27th July 2012 at 10.30 a.m., for the following purposes:

1. To receive and consider the Annual Report of the Board together with the Financial Statements of the Company for the year ended 31st March 2012 and Report of the Auditors thereon.

2. To approve a first and final dividend of Rs.3.00 per share as authorized by the Directors.

3. To propose the following resolution as an ordinary resolution for the reappointment of Mr.S.V.Wanigasekera who has reached the age of 88 years.

   "IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No.07 of 2007 shall not apply to Mr.S.V.Wanigasekera who has reached the age of 88 years prior to this Annual General Meeting and that he be reappointed as a director of the Company".

4. To propose the following resolution as an ordinary resolution for the reappointment of Mr.N.J.Abeysekere who has reached the age of 71 years.

   "IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No.07 of 2007 shall not apply to Mr.N.J.Abeysekere who has reached the age of 71 years prior to this Annual General Meeting and that he be reappointed as a director of the Company".

5. To propose the following resolution as an ordinary resolution for the reappointment of Mr.A.N.P.Wickramasuriya who has reached the age of 70 years.

   "IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No.07 of 2007 shall not apply to Mr.A.N.P.Wickramasuriya who has reached the age of 70 years prior to this Annual General Meeting and that he be reappointed as a director of the Company".

6. To re-elect Mr.R.E.Rambukwelle a director who retires by rotation in terms of Article 85 of the Articles of Association of the Company.

7. To re-elect Mr.A.K.Gunaratne a director who retires by rotation in terms of Article 85 of the Articles of Association of the Company.

8. To re-appoint M/s KPMG, Chartered Accountants, as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed with by the Board of Directors and to audit the Financial Statements of the Company for the accounting period ending 31st March 2013.

9. To authorise the Directors to determine contributions to charities for the ensuing year.

By Order of the Board,
Director
Corporate Services (Private) Limited
Secretaries
Central Industries PLC

Colombo
18th June 2012

Note: Any member entitled to attend and vote is entitled to appoint a proxy instead.

A proxy need not be a member, instruments appointing proxies must be lodged with the Company not less than 48 hours before the meeting.

Chairman's Review

On behalf of the Board of Directors I am pleased to welcome you to the thirtieth Annual General Meeting of Central Industries PLC. The Annual Report and Audited Financial Statements of Central Industries PLC for the year ended 31st March 2012 have been with you for the requisite period and I propose with your permission that they be taken as read.

Performance During the Year

The significant recovery in the economy referred to last year continued into 2011/12 assisted to a great extent during the first six months by a decline in inflation lower interest rates and a stable exchange rate. Following the 2011 budget the Government introduced several significant changes in the tax structure to facilitate a more rapid growth in the economy, which was emerging from decades of civil strife. However towards the latter half of the year the surge in non-industrial imports and consumer goods and the slowing down of exports resulted in the widening of the trade deficit creating a balance of payments crisis. In order to overcome this, the rupee was depreciated by 3% in November 2011 against the US dollar and again in February 2012 by a further 13%, with the rupee reaching nearly Rs.130/- to the dollar. The rapid growth of credit and the resulting inflationary pressures were brought under control by a significant increase in interest rates and the imposition of ceilings on commercial banks' credit growth. According to the Central Bank Report for 2011 the economy as a whole grew by almost 8%. Initially the construction industry grew by 14% while domestic building material production increased by over 8%.

Though there was a slowing down of economic activity, the Company's performance increased satisfactorily when viewed in the context of this changing economic environment and revenues increased significantly by almost 25% from Rs.1.29 billion last year to Rs. 1.6 billion this year. In the Water Management segment (mainly PVC pipes, fittings, solvent cement and water tanks) revenues increased substantially and in the Electrical Products portfolio there were significant increases indicative of the fact that the 'Krypton' range of domestic electrical switches is now becoming popular mainly in rural areas.

In the year under review Profits before Tax increased by 23% to almost Rs.150 million compared to Rs.122 million last year. With the welcome reduction in taxation of profits to 28% compared to 35% last year, Profit after Tax attributable to shareholders increased by 43% to Rs.105.9 million compared to Rs.74 million last year.

Dividends

The Board is pleased to recommend a first and final dividend of Rs.3.00 per share out of the profits for the year ended 31st March 2012 compared to Rs.2.50 per share paid last year. The Stated Capital of the Company is represented by 9,884,214 ordinary shares. The dividend will be subject to a withholding tax of 10%. Our auditors KPMG, Chartered Accountants, have confirmed that this distribution satisfies the Solvency Test requirement of the Companies' Act No.7 of 2007 and a certificate to this effect has been obtained. After obtaining the approval of the shareholders at this Annual General Meeting, as required by the Colombo Stock Exchange, the dividend will be paid within seven market days of the AGM.

Marketing Activities

The Company manufactures and markets a wide range of products for the construction industry. In the core area of water management products, potable water pipes and fittings, PVC solvent cement, rigid and corrugated electrical conduits, rectangular snap-on conduit casings, flexible PVC garden hoses, rain gutters and pipes and fittings for rainwater management and sewerage applications are marketed under the Company's flagship brand 'NATIONAL PVC'. Specialized PVC compounds are also manufactured and marketed to local industries under this brand name. The Company also markets PE water tanks and septic tanks under the brand name 'NATIONAL PE', stainless steel tanks under the brand name 'NATIONAL SS' and rigid electrical conduits under the brand name 'CILTEC'.

The dealer channel for Water Management products recorded good progress during the year and was a significant contributor towards the growth in the Company's total revenue. Having revamped the trade channels with more distributors and an enhanced sales force during this year the Company continued to focus on the quality of service in this channel with suitable result oriented incentive schemes being introduced for the distributors and the Company's sales force.

The 'Krypton' electrical products of the Company also recorded reasonable growth during the year. More distributors were appointed during the year covering most major towns. The Company markets electrical switches and sockets, light dimmers, fan controllers, MCBs, RCCBs, bell pushes and bell chimes under the 'KRYPTON' brand and also introduced a range of high quality distribution boxes for domestic use. During the year under review several below-the-line promotional campaigns were launched to improve brand awareness among industry professionals and improve the product availability amongst dealers.

Human Resources

The Company places strong emphasis on the quality and welfare of its human resources. Remuneration levels of all key categories of employees are periodically reviewed by the management. During the year under review an objective based incentive scheme was introduced for all employees below executive level which should improve productivity levels while providing an enhanced remuneration package for these employees.

Chairman's Review (Contd.)

The Company operates a policy to continuously identify and fulfill training needs of employees at all levels. During the year under review a further 25% of employees received in-house training or training at professional / vocational training institutes.

Capital Investments

At the Company's present manufacturing facility in Kerawalapitiya, Rs.4 million was invested on expansion of buildings whilst Rs.13 million was invested on plant and equipment to manufacture new products and on plant and equipment to manufacture products with significant design improvements. Rs.18 million was invested in plant and equipment to enhance the production capacity of existing product lines. The Company also invested Rs.22 million on a new generator and power supply augmentation after a lapse of more than 15 years.

Last year we reported that the Company was exploring options to set up a new manufacturing facility outside the Colombo District. During this year the Company invested Rs.32 million in purchasing a property close to Yakkala and plans to carry out all future expansion of the Company's manufacturing and storage capacity at this site.

All of these investments were carried out of the Company's own internally generated funds and very short term bank borrowings thus avoiding high financing costs.

Future Outlook

We plan to establish the Company's second production and warehouse facility at the recently acquired property in Yakkala. This will be undertaken in two stages by initially transferring some production and storage facilities which utilize a large extent of space from Kerawalapitiya to the new location. New machinery which will provide additional production capacity will also be installed during this first stage, which will be undertaken during the current financial year and is estimated to cost approximately Rs.65 million. The second stage to further enhance production capacity for PVC products is planned to be implemented in the next financial year.

The Company continues to identify opportunities in the market and introduce quality products. Towards this end the Company recently pioneered the local manufacture of PVC ball valves which are fully manufactured in-house. In response to customer feedback we have also introduced a new range of electrical switches and sockets incorporating improved design features which will reduce production costs while improving product performance.

The Company also continuously evaluates changes in the industry and market with regard to technology and competition. The entry of several new PVC manufacturers has over the past years increased pressure on prices and margins in this sector. However, the Company has consistently maintained a strong emphasis on the quality of its products and service and has built strong brand image that will minimize the impact of these developments.

At the time of writing a fair degree of uncertainty prevails on the macro-economic front. In the forefront of these concerns are the recent and almost unprecedented depreciation of the Sri Lanka rupee and the rise in interest rates. The volatility and uncertainty in the exchange rate will place pressure on margins as the Company and the industry are almost fully dependent on imported raw material inputs. Your Company has consistently been a low leveraged enterprise and will be comparatively less affected by the rise in interest rates when compared with others in the industry. However high interest rates can dampen demand in the construction industry as medium and small scale investors defer new investments. Measures taken by the policy makers should help to stabilize and correct this volatility. If these weaknesses in the macro-economic environment are corrected we anticipate that the construction industry could lead the growth and resurgence of the Sri Lankan economy.

Acknowledgements

On behalf of the Board of Directors I wish to thank our customers for their trust and loyalty, our distributors for providing an admirable service in making our products available throughout the country and our bankers, company secretaries and auditors who render valuable service assistance and cooperation. On behalf of the Board and our management I specially wish to thank all our employees who are the pillars of the success of this Company for their commitment and dedication.

I wish to thank my colleagues on the Board for their wise guidance and continuing support.

Most importantly, as always, I am grateful to all of you, our shareholders. You have placed your trust in us and it is your best interests that guide our decisions in the management of the Company.

(Sgd.)

S. V. Wanigasekera
Chairman

Colombo
11th June 2012

Board of Directors

Stanley V. Wanigasekera
Executive Chairman

Stanley Wanigasekera was appointed as Chairman of the Company in July 2006 consequent to the retirement of the late Mr. Chandra Wijenaike the Founder Chairman of the Company. Having initiated the project, he has been a member of the Board since the inception of the Company in 1984. He also served as the Chairman of the parent company, Central Finance Company PLC from 24th August 2006 till 31st December 2011 and is on the Board of Tokyo Cement Company (Lanka) PLC. He has previously served as the Executive Chairman / CEO of Ceylon Tobacco Company PLC and on the Boards of Hatton National Bank PLC, Richard Peiris & Company PLC, Associated Motorways PLC and Brown & Company PLC.

He has over 55 years of finance and management experience in Sri Lanka. He is a Fellow of the Institute of Chartered Accountants of England & Wales and an Associate of the Institute of Chartered Accountants of Sri Lanka. He holds a Bachelor's Degree in Commerce from the University of London.

Newton Wickramasuriya
Chief Executive Officer

Newton Wickramasuriya was appointed CEO of the Company in 1997 and joined the Board of the Company in 1999. He holds a BSc Engineering degree from the University of Ceylon, Peradeniya and is a Chartered Engineer in UK and Sri Lanka. He is a Fellow of the Institution of Mechanical Engineers (UK) and a Fellow of the Institution of Engineers, Sri Lanka. A past President of the Institution of Engineers, Sri Lanka, and a past Chairman of the Ceylon National Chamber of Industries, he is the Chairman of Lanka Hydraulic Institute Ltd. He has served and is also presently serving on the Boards of several statutory bodies and counts over 35 years of experience in industry here and abroad.

Eranjith Harendra Wijenaike
Non - Executive Director

Eranjith Wijenaike has served on the Board of the Company since its inception. He is the Managing Director of Central Finance Company PLC as well as a Director of several companies within and outside the group including Tea Smallholder Factories PLC and Equity One PLC. He served as a founder director of Nations Trust Bank PLC for a period of 12 years and retired in December 2011. He has over 30 years experience and holds a Bachelor's Degree in Commerce and a Postgraduate Diploma in Finance and Management. He is a Member of the Chartered Institute of Management (UK).

Shamil Peiris
Non - Executive Director

Shamil Peiris has served on the Board of the Company since its inception. He is also the Director – Finance of Central Finance Company PLC. He possesses over 34 years of post qualification management experience. He is a Fellow of the Institute of Chartered Accountants of Sri Lanka, Institute of Credit Management and Society of Certified Management Accountants - Sri Lanka, Chartered Institute of Management Accountants, British Institute of Management and Association of Corporate Treasurers-UK.

Sarath De Costa
Independent Non - Executive Director

Sarath De Costa has served on the Board of the Company since 1997. He is Vice Chairman of Colombo Dockyard PLC and Chairman and Managing Director of the Amano and Tivoli group of companies. He also serves on the Boards of several other local and

Board of Directors (Contd.)

foreign companies. He was former Consul General for Sri Lanka in Japan. He is also Vice President of the Sri Lanka – Japan Business Co-operation Committee. He holds a Diploma in Foundry Engineering.

Nalin Abeysekere
Independent Non - Executive Director

Nalin Abeysekere was appointed to the Board in August 2007. He is a President's Counsel and an Advocate of the Supreme Court, a Barrister-at-law (Lincoln's Inn) and was formerly Legal Consultant to the Ministry of Finance.

Ravi Rambukwelle
Non - Executive Director

Ravi Rambukwelle has served on the Board of the Company since 2006. He is also the Director - Marketing & Operations of Central Finance Company PLC. He has over 30 years of management experience, both locally and internationally. He holds a Bachelor's Degree in Economics and Political Science from the University of Peradeniya, a Diploma in Marketing from the Chartered Institute of Marketing UK and a Diploma in Commerce from the Institute of Commerce UK. He serves as a Director in several companies within the Group, as well as outside.

Arjuna Gunaratne
Non - Executive Director

Arjuna Gunaratne has served on the Board of the Company since 2006. He is also Director – Group Co-ordination of Central Finance Company PLC. He is a Director of several Companies within the Group and also serves on the Board of Nations Trust Bank PLC. He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and of the Chartered Institute of Management Accountants of UK.

Ralph De Lanerolle
Independent Non-Executive Director

Ralph De Lanerolle has over 45 years of experience both in the public and private sectors, holding senior management positions, of which more than 18 years has been at CEO/MD level. He has worked primarily in the field of Project Finance and Management, undertaking assignments in diverse sectors of the economy, especially Financial Services, Shipping & Ports, Tourism, Property and Transportation.

A Chartered Engineer, he holds a Bachelor's degree in Civil Engineering (First Class Honours) from the University of Ceylon (1965) and a Master's degree from the University of Waterloo, Ontario, Canada (1968).

Currently, he is the Executive Director of Mireka Capital Land (Pvt) Ltd, a joint venture company in real estate development and has served, and continues to serve, on the Boards of several other private and public listed companies.

Annual Report of the Board of Directors

The Directors have pleasure in presenting to the Members their report together with the Audited Financial Statements of Central Industries PLC and the Group for the year ended 31st March 2012.

Review of the Year's Performance

The Chairman's Review describes the Company's progress and highlights important events during the year.

Principal Activity

The principal activity of the Company is the manufacture and distribution of PVC Pipes and Fittings. The Company also manufactures and distributes Electrical Switches, Sockets and Accessories, and markets other products used in the construction industry. The wholly owned subsidiary companies Central Industries Marketing (Pvt) Ltd. and Polymer Technologies (Pvt) Ltd. did not carry out any business activity during the year.

Parent Enterprise

The Company's parent and ultimate parent enterprise is Central Finance Company PLC.

Major Shareholders

The twenty largest shareholders of the Company as at 31st March 2012 are given on page 17 together with an analysis of the shareholdings. As at that date the Company had 799 shareholders.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company so that it reflects a true and fair view of the state of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

Financial Results

The financial statements of the Company and the Group are given on pages 20 to 45

Revenue and Profits

	Group		Company	
	2011/12 Rs.'000	2010/11 Rs.'000	**2011/12 Rs.'000**	2010/11 Rs.'000
Revenue	**1,610,440**	1,286,055	**1,610,440**	1,286,024
Profit before tax for the year after providing for bad debts, depreciation of property, plant and equipment and all known liabilities	**149,760**	121,814	**145,831**	126,865
Provision for taxation	**(43,858)**	(47,781)	**(42,879)**	(47,795)
Profit for the year after taxation	**105,902**	74,033	**102,952**	79,070

Dividends

The Directors recommend the payment of a first and final dividend of Rs.3.00 per share for the year ended 31st March 2012. The dividend will be paid out of the taxable profit of the Company and will be subject to a withholding tax of 10%. As required by section 56(2) of the Companies Act No.7 of 2007, the Directors confirm that the Company satisfies the solvency test in terms of section 57 of the Act and that the Company has obtained a certificate from the Auditors to this effect.

Taxation

The rate of corporate tax applicable to Central Industries PLC and its subsidiaries is 28%.

Annual Report of the
Board of Directors (Contd.)

Capital Expenditure

The Group invested Rs 93,468,117/- in property, plant & equipment, and Rs.303,353/- in intangible assets during the year. The movement in property plant and equipment during the year is given in Note 12 to the Financial Statements. The movement in intangible assets during the year is given in Note 13 to the Financial Statements

Property Plant and Equipment

Details of Property Plant and Equipment of the Company and Group are given in Note 12 to the Financial Statements.

Accounting Policies

There were no changes to the accounting policies during the year.

Post Balance Sheet Events

There have been no material post balance sheet events which would require adjustment to, or disclosure other than as stated in Note 28 to the Financial Statements.

Donations

During the year, donations to charities of Rs.172,729/= were made by the Company.

Stated Capital

The Stated Capital of the Company as at 31st March 2012 was Rs.121,320,000/- and is represented by 9,884,214 ordinary shares.

Auditors

The Financial Statements for the year have been audited by KPMG, Chartered Accountants, who offer themselves for re-appointment.

The remuneration of the Auditors is disclosed in Note 8 to the consolidated financial statements.

In addition the auditors were paid Rs.75,000/- for work not directly related with the audit of the financial statements, and consisted mainly of opinion expressed in relation to the solvency certificate required in the distribution of dividends of the Company and certification of an application for an industry based competitive award.

As far as the Directors are aware the auditors do not have other relationship with the Company other than as disclosed above.

Board of Directors

The Directors of the Company as at 31st March 2012 were :

Executive Directors

Mr. S. V. Wanigasekera - Executive Chairman
Mr.A.N.P.Wickramasuriya - Chief Executive Officer

Non - Executive Directors

Mr. E. H. Wijenaike
Mr. G. S. N. Peiris
Mr. R. E. Rambukwelle
Mr. A. K. Gunaratne

Independent Non - Executive Directors

Mr. C. S. W. De Costa
Mr. N. J. Abeysekere
Mr. L. R. De Lanerolle

Re-elections to the Board

Mr. S. V. Wanigasekera has passed the age limit referred to in section 210 of the Companies Act No.07 of 2007. His appointment as a Director of the Company requires the approval of a resolution of the Company in general meeting. A notice is duly given by the Company that in terms of section 211 of the Companies Act No.07 of 2007, a resolution will be proposed that the age limit referred to in section 210 of the Companies Act No.07 of 2007, shall not apply to Mr. S. V. Wanigasekara who has reached the age of 88 years.

Mr. N.J.Abeysekere has passed the age limit referred to in section 210 of the Companies Act No.07 of 2007. His appointment as a Director of the Company requires the approval of a resolution of the Company in general meeting. A notice is duly given by the Company that in terms of section 211 of the Companies Act No.07 of 2007, a resolution will be proposed that the age limit referred to in section 210 of the Companies Act No.07 of 2007, shall not apply to Mr. N.J.Abeysekere who has reached the age of 71 years.

Mr. A.N.P.Wickramasuriya has passed the age limit referred to in section 210 of the Companies Act No.07 of 2007. His appointment as a Director of the Company requires the approval of a resolution of the Company in general meeting. A notice is duly given by the Company that in terms of section 211 of the Companies Act No.07 of 2007, a resolution will be proposed that the age limit referred to in section 210 of the Companies Act No.07 of 2007, shall not apply to Mr. A.N.P.Wickramasuriya who has reached the age of 70 years.

In terms of Article 85 of the Articles of Association, Directors Mr.R.E.Rambukwelle and Mr.A.K.Gunaratne are due to retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-election.

Annual Report of The Board of Directors (Contd.)

Directors' Interests in Transactions

The Directors' interests in transactions with the Company are disclosed in the Interests Register and in Note 29 to the Financial Statements. The Company carried out transactions during the year in the ordinary course of its business at commercial rates with the following related entities.

Name of the Company and Relationship	Name of Directors	Position	Nature of Transactions
Central Finance Co. PLC (Parent Company)	Mr. S. V. Wanigasekera Mr. E. H. Wijenaike Mr. G. S. N. Peiris Mr. A. K. Gunaratne Mr. R. E. Rambukwelle	Chairman - resigned on 31st December 2011 Managing Director Director Director Director	Hire of vehicles – Rs.358,483/- (2010/11 – 391,859) Interest earned from short term deposits - Rs.9,308/- (2010/11 – Rs.11,000) Short term deposits as at 31st March 2012 - Rs.146,880/- (2010/11 – Rs.128,508)
CF Insurance Brokers (Pvt) Ltd. (Fellow Subsidiary)	Mr. S. V. Wanigasekera Mr. E. H. Wijenaike Mr. G. S. N. Peiris Mr. R. E. Rambukwelle	Director Director Director Director	The Company has paid total premia of Rs.1.6 million (2010/11-Rs.1.1million) to insurers during the year. CF Insurance Brokers (Pvt) Ltd is entitled to an agency/brokerage commission on such premia paid by the Company.
Tivoli Plastics (Pvt.) Ltd. (An Enterprise owned by a Director)	Mr. C. S. W. De Costa	Director	Manufacture of PVC Fittings under agreement with the company. The cost of services obtained during the year was Rs.31.8 million. (2010/11-Rs.27.8 miliion.)
Central Transport and Travels (Pvt.) Ltd. (Fellow Subsidiary)	Mr. E. H. Wijenaike Mr. G. S. N. Peiris	Chairman Director	No transactions occurred during the year other than the settlement of all amounts previously due. (2010/11 – Rs. 95,547/- was payable to Central Transport and Travels Ltd.)
Nations Trust Bank PLC. (An Associate of the Parent Company)	Mr. E. H. Wijenaike Mr. A. K. Gunaratne	Deputy Chairman – resigned on 31st December 2011 Director	Banking facilities up to a limit of Rs.140 million (2010/11 - Rs.140 million) in the normal course of business. Interest received on short term deposits – Rs.1.6 million (2010/11 – Rs.448,212/-) Interest and charges paid on banking facilities and short term financing – Rs.2.2 million. (2010/11 – Rs.2.7 million)
Central Industries Marketing (Pvt.) Ltd. (A wholly owned subsidiary)	Mr. S. V. Wanigasekera Mr. E. H. Wijenaike Mr. A.N.P.Wickramasuriya	Chairman Director – resigned on 31st December 2011 Director/CEO	Funds advanced by the subsidiary to Central Industries PLC. Amount due to the subsidiary – Rs.31.9 million. (2010/11 – Rs.28 million) Rs.2.2 million has been paid as interest on the above funds during the year.
Polymer Technologies (Pvt) Ltd. (A wholly owned subsidiary)	Mr. S. V. Wanigasekera Mr. E. H. Wijenaike Mr. A.N.P.Wickramasuriya Mr. G.S.N. Peiris	Chairman Director – resigned on 31st December 2011 Director/CEO Director	Funds advanced by the subsidiary to Central Industries PLC. Amount due to the subsidiary – Rs. 398,000/- (2010/11 – Rs.413,000/-) Rs.142,518 has been paid as interest on the above funds during the year.

Annual Report of the Board of Directors (Contd.)

The directors had no direct or indirect interests in any other contract or proposed contract in relation to the business of the company.

Interests Register

The Interests Register is maintained by the Company as per the Companies Act No.07 of 2007.

Shareholdings of Directors

	No. of Shares Held as at	
	31st March 2012	1st April 2011
Mr.E.H.Wijenaike	9,003	9,003
Mr.S.V.Wanigasekera	1,003	903
Mr.G.S.N.Peiris	3	3
Mr.A.N.P.Wickramasuriya	-	-
Mr.C.S.W.De Costa	-	-
Mr.R.E.Rambukwelle	-	-
Mr.A.K.Gunaratne	-	-
Mr.N.J.Abeysekere	-	-
Mr. L. R. De Lanerolle	-	-

The shareholdings of entities in which the Directors have controlling interest.

	No.of Shares Held as at	
	31st March 2012	1st April 2011
Central Finance Company PLC	4,354,500	4,354,500
CF Insurance Brokers (Pvt.) Ltd.	564,600	564,600
CF Growth Fund Ltd.	18,000	18,000
Expanded Plastic Products Ltd.	3,225	3,225
Tivoli Lanka (Pvt) Ltd.	307,200	307,200

During the year ended 31st March 2012;

Mr.E.H.Wijenaike, Mr.G.S.N.Peiris, Mr.R.E.Rambukwelle and Mr.A.K.Gunaratne were Directors of Central Finance Company PLC. Mr.S.V.Wanigasekera resigned as a director of Central Finance Company PLC on 31st December 2011.

Mr.S.V.Wanigasekera, Mr.E.H.Wijenaike, Mr.G.S.N.Peiris and Mr.R.E.Rambukwelle were Directors of CF Insurance Brokers (Pvt.) Ltd.

Mr.S.V.Wanigasekera and Mr.E.H.Wijenaike were Directors of CF Growth Fund Limited.

Mr.E.H.Wijenaike and Mr.G.S.N.Peiris were Directors of Expanded Plastic Products Ltd.

Mr.C.S.W.De Costa was a Director of Tivoli Lanka (Pvt.) Ltd.

Remuneration of Directors

Remuneration of the Directors is disclosed in Note 8 to the consolidated financial statements.

The aggregate remuneration received by the Directors during the year under review was:-

	2011/12 Rs.	2010/11 Rs.
Executive Directors	8,809,972	7,681,274
Non-Executive Directors	163,000	102,500

For and on behalf of the Board

(Sgd.)
S. V. Wanigasekera
Chairman

(Sgd.)
A.N.P.Wickramasuriya
Director/CEO

(Sgd.)
Director
CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries – Central Industries PLC
11th June 2012

Corporate Governance

The Board of Directors of the Company believes good corporate governance is the cornerstone of strong business performance. We strive to be transparent in our governance practices and policies and responsive to our shareholders while managing the Company for long-term success.

The Board confirms that there is an ongoing process to identify, evaluate and manage significant risks. This process has been in place throughout the year under review. Significant internal and external risks faced by the Company and action to mitigate these risks are described in the Chairman's Review on pages 4 and 5 of the Annual Report.

Board of Directors

The Board consisted of the Executive Chairman, Chief Executive Officer and seven Non-Executive Directors as at 31st March 2012. The names and profiles of the directors are given on page 6.

Mr.Nalin Abeysekere, Mr.Sarath De Costa and Mr.L.R.De Lanerolle are Independent Non-Executive Directors.

Mr. Sarath De Costa has served on the Board for more than nine years. The Board nevertheless has determined that Mr. Sarath De Costa is an independent director as he continues to exercise objectivity in the performance of his duties and is not directly involved in the management of the company.

Audit Committee

The audit committee comprises:

Mr. A. K. Gunaratne FCA, FCMA
(Chairman of the Committee)
Non Executive Director

Mr. C. S. W. De Costa
Independent Non Executive Director

Mr.N.J. Abeysekere
Independent Non Executive Director

Audit Committee comprises three Non-Executive Directors with the Internal Auditor functioning as the Secretary. The Chief Executive Officer and the Manager – Finance are invitees to the meetings of the Audit Committee. The Committee is empowered to examine any matters relating to the financial affairs of the Company and its internal and external audits. Its duties include detailed reviews of the financial statements, internal control procedures, accounting policies, compliance with accounting standards, emerging accounting issues and such other related functions as the Board may require. It also recommends the appointment and fees of the external auditors. It also keeps under review the independence and objectivity of the external auditors. The detailed Audit Committee's Report including the areas reviewed during the financial year 2011/12 is given on page 15 of the Annual Report.

Remuneration Committee

The Remuneration Committee comprises three non-executive directors two of whom are independent.

Mr. G.S.N.Peiris	Chairman – Non Executive Director
Mr. C.S.W.De Costa	Independent Non Executive Director
Mr. L.R.De Lanerolle	Independent Non Executive Director

The Chief Executive Officer of the Company, who is also a Director of the Company, assists the Committee, except when his own remuneration package is deliberated. The Report of the Remuneration Committee is given on page 16 of the Annual Report.

Compliance with the Colombo Stock Exchange Rules on Corporate Governance

The table on page 13 sets out the relevant Colombo Stock Exchange Rules on Corporate Governance and the manner in which the Company complies with them.

Corporate Governance (Contd.)

Compliance with Colombo Stock Exchange Rules on Corporate Governance

Rule No.	Subject	Applicable Requirement	Compliance Status	Details
7.10.1	Non-Executive Directors	At least one third of the total number of Directors should be Non-Executive Directors	Compliant	Seven of Nine Directors are Non-Executive Directors
7.10.2(a)	Independent Directors	Two or one third of Non-Executive Directors, whichever is higher should be independent.	Compliant	Three Non-Executive Directors are independent
7.10.2(b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence / non-independence in the prescribed format.	Compliant	All Non-Executive Directors have submitted the declaration of independence/non-independence
7.10.3(a)	Disclosure relating to Directors	Names of Independent Directors should be disclosed in the Annual Report.	Compliant	Disclosed on page 12
7.10.3(b)	Determination on Independence	Determination on criteria not met.	Compliant	Disclosed on page 12
7.10.3(c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report including the area of expertise.	Compliant	Disclosed on page 6
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee.	Compliant	The composition of the Remuneration Committee is disclosed on page 12.
7.10.5(a)	Composition of the Remuneration Committee	Shall comprise of Non-Executive Directors a majority of whom can be independent	Compliant	The Committee comprises three Non-Executive Directors of the Company, two of whom are independent.
7.10.5(b)	Functions of the Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and Executive Directors.	Compliant	The Remuneration Committee recommends the remuneration of the Executive Chairman and the Chief Executive Officer as disclosed in the Report of the Remuneration Committee.
7.10.5(c)	Disclosure in the Annual Report relating to the Remuneration Committee	The Annual Report should set out:		
		a) Names of Directors comprising the Remuneration Committee	Compliant	Disclosed in the section on Corporate Governance on page 12
		b) Statement of Remuneration Policy.	Compliant	Disclosed in the Report of the Remuneration Committee on page 16
		c) Aggregate remuneration paid to Executive & Non-Executive Directors	Compliant	Disclosed in the Annual Report of the Board of Directors on page 11

Corporate Governance (Contd.)

Compliance with Colombo Stock Exchange Rules on Corporate Governance (Contd.)

Rule No	Subject	Applicable Requirement	Compliance Status	Details
7.10.6	Audit Committee	The Company shall have an Audit Committee.	Compliant	Disclosed in the section on Corporate Governance on page 12
7.10.6(a)	Composition of the Audit Committee	Shall comprise of Non-Executive Directors a majority of whom shall be independent.	Compliant	The committee comprises three Non-Executive Directors (Two of whom are independent)
		Chief Executive Officer and the Chief Financial Officer should attend Audit Committee meetings.	Compliant	The CEO and the CFO attend Audit Committee meetings.
		The Chairman of the Audit Committee or one member should be a member of a professional accounting body.	Compliant	The Chairman of the Committee is a member of a professional accounting body.
7.10.6(b)	Audit Committee Functions	Should be as outlined in the listing rules	Compliant	The Audit Committee was constituted at a meeting of the Board of Directors and the functions outlined.
7.10.6(c)	Disclosure in the Annual Report relating to the Audit Committee	a) Names of Directors comprising the Audit Committee.	Compliant	Disclosed on page 12 (Corporate Governance)
		b) The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination.	Compliant	Disclosed on page 15 (Audit Committee Report)
		c) The Annual Report shall contain a report of the Audit Committee setting out the manner of compliance by the Company.	Compliant	Disclosed on page 15 (Audit Committee Report)

Audit Committee Report

The Audit Committee comprises three Non-Executive Directors of the Company. The Internal Auditor of the Company functions as the Secretary of the Audit Committee. The Chief Executive Officer and the Chief Financial Officer attend the Audit Committee meetings by invitation.

The Chairman of the Audit Committee is a Chartered Accountant.

The Audit Committee is empowered to examine all matters relating to the financial affairs of the Company and its internal and external audits. It also reviews whether the Company has a sound framework to ensure compliance with policies, procedures and statutory requirements.

The Audit Committee examined the adequacy and effectiveness of internal controls and made its recommendations to ensure that effective controls were in operation. The Audit Committee is satisfied that the control environment prevailing in the Company provides reasonable assurance that the financial position of the Company is satisfactory and that systems are in place to minimize the impact of identifiable risks.

The Audit Committee examined the Company's interim and annual Financial Statements and made its observation on the financial reporting adopted by the Company to ensure that there is consistency in accounting policies and that these conform to and comply with the Sri Lanka Accounting Standards. The Financial Statements were recommended to the Board of Directors for approval.

The Audit Committee has reviewed the other services provided by the external Auditors to ensure their independence as auditors has not been compromised. The Audit Committee has recommended to the Board of Directors that KPMG, Chartered Accountants, be re-appointed as Auditors of the Company, for the financial year ending 31st March 2013, subject to the approval by the shareholders at the forthcoming Annual General Meeting.

(Sgd.)
A. K. Gunaratne
Chairman – Audit Committee

11th June 2012

Report of the Remuneration Committee

The Remuneration Committee comprises three Non-Executive Directors of the Company of whom two are independent. The Chief Executive Officer of the Company, who is also a Director of the Company assists the Committee by providing relevant information and participating in its analysis and deliberations, except when his own compensation package is reviewed.

The Committee is responsible for determining the compensation of the Executive Directors, and the fee of Non-Executive Directors. In addition they lay down guidelines and parameters for the compensation structure of all management staff.

The primary objective of compensation packages is to attract and retain a qualified and an experienced work force. These packages are aimed at providing compensation appropriate for the industry and commensurate with each employee's level of experience and contribution, bearing in mind the Company's performance and long term shareholder returns.

The committee reviews the Company's compensation structures from time to time to ensure alignment with strategic priorities and comparison with those offered by other similar entities.

(Sgd.)
G.S.N. Peiris
Chairman - Remuneration Committee

11th June 2012

Share Information

1. Stock Exchange Listing

Central Industries PLC. is a Public Listed Company (Reg. No. PQ 121) the issued Ordinary Shares of which are listed on the Colombo Stock Exchange.

2. Stated Capital

The Stated Capital of the Company as defined by the Companies Act No. 07 of 2007 was Rs. 121.3 million as at 31st March 2012.

3. Shareholders as 31st March 2012

	No. of Shares	%
Issued Ordinary Shares	9,884,214	
Shares held by the Parent Enterprise, Subsidiaries, Associates, Directors and Shareholders whose holdings exceed 10%	6,760,687	68.40%
Shares held by the public	3,123,527	31.60%

4. Distribution of Shareholdings as at 31st March 2012

	Residents			Non- Residents			Total		
Number of Shares held	No of Share holders	No. of Shares	%	No of Share holders	No. of Shares	%	No of Share holders	No. of Shares	%
1-1,000	564	181,177	1.83	7	4,150	0.04	571	185,327	1.87
1,001-5,000	139	302,925	3.07	8	18,475	0.19	147	321,400	3.26
5,001-10,000	38	260,068	2.63	1	7,900	0.08	39	267,968	2.71
10,001-50,000	27	567,391	5.74	2	65,000	0.66	29	632,391	6.40
50,001-100,000	3	205,000	2.08	-	-	-	3	205,000	2.08
100,001-500,000	5	1,264,475	12.79	2	585,400	5.92	7	1,849,875	18.71
500,001-1,000,000	1	564,600	5.71	-	-	-	1	564,600	5.71
Over 1,000,000	2	5,857,653	59.26	-	-	-	2	5,857,653	59.26
	779	9,203,289	92.11	20	680,925	6.89	799	9,884,214	100.00

5. Twenty Largest Shareholders as at 31st March 2012

	Name of Share Holder	No. of Shares	%
1	Central Finance Company PLC	4,354,500	44.06
2	Sierra Cables PLC	1,503,153	15.21
3	CF Insurance Brokers (Pvt) Ltd	564,600	5.71
4	Bigspring Investments Limited	405,400	4.10
5	Seylan Bank Ltd/ Govindasamy Ramanan	339,900	3.44
6	Tivoli Lanka (Pvt) Ltd	307,200	3.11
7	Piere Lanka Exports (Pvt) Ltd	235,000	2.38
8	Merchant Credit of Sri Lanka Limited	204,100	2.06
9	H.W.M.Woodward	180,000	1.82
10	Sierra Holdings Limited	178,275	1.80
11	Harris Ceylon (Pvt) Ltd	81,600	0.83
12	Alucop Cables Ltd	71,400	0.72
13	M.I.Shibly	52,000	0.53
14	Elgin Investments Limited	50,000	0.51
15	Alliance Finace Company PLC	45,400	0.46
16	P.D.P.Weerasuriya	41,100	0.42
17	Merchant Bank of Sri Lanka Ltd	36,000	0.36
18	U.I.Suriyabandara	30,810	0.31
19	R.F.C.De Silva	30,000	0.30
	A.N.Esufally	30,000	0.30
	S.Shanmuganathan	30,000	0.30
	Total	**8,770,438**	**88.73**

6. Share Trading during the year ended 31st March 2012

Highest Price – 19th April 2011	-	Rs.116.00
Lowest Price – 14th February 2012	-	Rs. 60.00
Last Traded Price – 28th March 2012	-	Rs. 70.00
No. of Trades		1,342
No. of Shares Traded		905,878
Value of the Shares Traded	-	Rs.86,404,332
Market Capitalisation as at 31st March 2012	-	Rs.691,894,980

7. Key Financial Ratios

	2011/12 Rs.	2010/11 Rs.
Dividend per Share (Rs.)	**3.00**	2.50
Net Assets per Share (Rs.)	**88.65**	80.43

Net Assets per share is the total assets less total liabilities divided by the number of shares in issue as at 31st March 2012.

Statement of Directors' Responsibilities

The following statement sets out the responsibilities of the Directors in relation to the Financial Statements of the Company. These differ from the responsibilities of the Auditors which are set out in their report, appearing on page 19 The Companies Act No. 07 of 2007 requires the Directors to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Profit or Loss of the Company for that financial year.

In preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgments and estimates have been made and applicable accounting standards have been followed.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy the financial position of the Company and to enable them to ensure that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards and provide the information required by the Companies Act. They are also responsible for taking reasonable measures to safeguard the assets of the Company and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to prevent and detect fraud and other irregularities. The Directors continue to adopt the going concern basis in preparing the Financial Statements. The Directors, after making enquiries and following a review of the Company's budget for 2012/13, including cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation.

For and on behalf of the Board,

(Sgd.)	(Sgd.)
S.V. Wanigasekera	**A.N.P. Wickramasuriya**
Chairman	*Director/CEO*

11th June 2012

Independent Auditors' Report

KPMG
(Chartered Accountants)
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Colombo 00300,
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TO THE SHAREHOLDERS OF CENTRAL INDUSTRIES PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Central Industries PLC (the "Company"), and the consolidated financial statements of the Company and its subsidiaries as at 31st March 2012 which comprise the balance sheet as at 31st March 2012, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 20 to 45 of this Annual Report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31st March 2012 and the financial statements give a true and fair view of the Company's state of affairs as at 31st March 2012 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at 31st March 2012 and the profit and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

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

KPMG

CHARTERED ACCOUNTANTS
Colombo.
11th June, 2012

Income Statement

For the year ended 31st March	Note	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
Revenue	5	**1,610,440**	1,286,055	**1,610,440**	1,286,024
Cost of sales		**(1,293,589)**	(1,025,174)	**(1,293,589)**	(1,025,146)
Gross Profit		**316,851**	260,881	**316,851**	260,878
Other Income	6	**9,479**	3,040	**7,630**	7,339
Distribution Expenses		**(98,183)**	(75,317)	**(98,183)**	(75,304)
Administrative Expenses		**(72,343)**	(62,380)	**(72,044)**	(61,653)
Finance Expenses	7	**(6,044)**	(4,410)	**(8,423)**	(4,395)
Profit Before Taxation	8	**149,760**	121,814	**145,831**	126,865
Income Tax Expenses	9	**(43,858)**	(47,781)	**(42,879)**	(47,795)
Profit for the Year attributable to equity holders of the Company		**105,902**	74,033	**102,952**	79,070
Basic Earnings per Share (Rs.)	10	**10.71**	7.49		

The annexed Notes to the Financial Statements from pages 24 to 45 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Balance Sheet

As at 31st March	Note	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
ASSETS					
NON - CURRENT ASSETS					
Property, Plant and Equipment	12	**444,713**	384,333	**444,713**	384,333
Capital Work-In-Progress	12.1	**2,293**	-	**2,293**	-
Intangible Assets	13	**2,193**	2,481	**2,193**	2,481
Investments - Marketable	14.1	**30**	30	**10**	10
- Subsidiaries	14.2	**-**	-	**2,000**	2,000
TOTAL NON-CURRENT ASSETS		**449,229**	386,844	**451,209**	388,824
CURRENT ASSETS					
Inventories	15	**260,009**	236,555	**259,420**	235,966
Debtors and Prepayments	16	**354,272**	266,210	**354,204**	266,155
Current Taxation - paid in advance	25.1	**2,396**	-	**2,396**	-
Cash and Cash Equivalents	17	**644**	30,265	**631**	30,254
TOTAL CURRENT ASSETS		**617,321**	533,030	**616,651**	532,375
TOTAL ASSETS		**1,066,550**	919,874	**1,067,860**	921,199
EQUITY AND LIABILITIES					
EQUITY					
Stated Capital	18	**121,320**	121,320	**121,320**	121,320
Revaluation Reserve	19	**159,364**	159,891	**159,364**	159,891
Capital Redemption Reserve	20	**35,814**	35,814	**35,814**	35,814
General Reserve		**65,000**	65,000	**65,000**	65,000
Retained Earnings		**494,718**	413,000	**466,100**	387,332
TOTAL EQUITY		**876,216**	795,025	**847,598**	769,357
NON - CURRENT LIABILITIES					
Deferred Taxation	21	**24,801**	22,872	**24,801**	22,872
Employee Benefits	22	**29,640**	26,400	**29,640**	26,400
TOTAL NON-CURRENT LIABILITIES		**54,441**	49,272	**54,441**	49,272
CURRENT LIABILITIES					
Trade Creditors		**2,645**	3,315	**2,645**	3,316
Short Term Loans	23	**48,600**	-	**48,600**	-
Other Creditors	24	**68,377**	51,544	**66,956**	49,944
Current Taxation	25.2	**962**	16,664	**-**	16,664
Due to Related Parties	26	**3,728**	3,268	**3,728**	3,268
Due to Subsidiaries	27	**-**	-	**32,311**	28,592
Bank Overdraft	17	**11,581**	786	**11,581**	786
TOTAL CURRENT LIABILITIES		**135,893**	75,577	**165,821**	102,570
TOTAL LIABILITIES		**190,334**	124,849	**220,262**	151,842
TOTAL EQUITY AND LIABILITIES		**1,066,550**	919,874	**1,067,860**	921,199
Net Assets Per Ordinary Share		**88.65**	80.43	**85.75**	77.84

The annexed Notes to the Financial Statements from pages 24 to 45 form an integral part of these Financial Statements.

These Financial Statements are in compliance with the requirements of the Companies Act No.7 of 2007.

(Sgd.)
R. H. Moses
Manager-Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
For and on behalf of the Board,

(Sgd.)
S. V. Wanigasekera
Chairman

(Sgd.)
A. N. P. Wickramasuriya
Director / CEO

Colombo.
11th June 2012

Statement of Changes in Equity

For the year ended 31st March 2012

GROUP

	Stated Capital Rs.000	Revaluation Reserve Rs.000	Capital Redemption Reserve Rs.000	General Reserve Rs.000	Retained Earnings Rs.000	Total Rs.000
Balance as at 1st April 2010	121,320	160,360	35,814	65,000	361,561	744,055
Profit for the year	-	-	-	-	74,033	74,033
Depreciation on Revaluation Surplus	-	(469)	-	-	469	-
Final Dividend, 2009/10 - Paid	-	-	-	-	(23,063)	(23,063)
Balance as at 31st March 2011	121,320	159,891	35,814	65,000	413,000	795,025
Profit for the year	-	-	-	-	105,902	105,902
Depreciation on Revaluation Surplus	-	(527)	-	-	527	-
Final Dividend, 2010/11 - Paid (Note 11)	-	-	-	-	(24,711)	(24,711)
Balance as at 31st March 2012	**121,320**	**159,364**	**35,814**	**65,000**	**494,718**	**876,216**

COMPANY

	Stated Capital Rs.000	Revaluation Reserve Rs.000	Capital Redemption Reserve Rs.000	General Reserve Rs.000	Retained Earnings Rs.000	Total Rs.000
Balance as at 1st April 2010	121,320	160,360	35,814	65,000	330,856	713,350
Profit for the year	-	-	-	-	79,070	79,070
Depreciation on Revaluation Surplus	-	(469)	-	-	469	-
Final Dividend, 2009/10 - Paid	-	-	-	-	(23,063)	(23,063)
Balance as at 31st March 2011	121,320	159,891	35,814	65,000	387,332	769,357
Profit for the year	-	-	-	-	102,952	102,952
Depreciation on Revaluation Surplus	-	(527)	-	-	527	-
Final Dividend, 2010/11 - Paid (Note 11)	-	-	-	-	(24,711)	(24,711)
Balance as at 31st March 2012	**121,320**	**159,364**	**35,814**	**65,000**	**466,100**	**847,598**

The Notes to the Financial Statements from pages 24 to 45 form an integral part of these Financial Statements.
Figures in brackets indicate deductions

Cash Flow Statement

For the year ended 31st March	Note	Group 2012 Rs.000	Group 2011 Rs.000	Company 2012 Rs.000	Company 2011 Rs.000
Cash Flows from Operating Activities					
Profit before taxation		**149,760**	121,814	**145,831**	126,865
Adjustments for :					
Depreciation and Amortisation	12/13	**30,617**	20,268	**30,617**	20,223
Profit on disposal of Property, Plant and Equipment		**(384)**	(17)	**(384)**	(17)
Provision for Employee Benefits	22	**4,401**	3,746	**4,401**	3,746
(Reversal of) / Provision for Bad Debts	16	**(1,386)**	294	**461**	493
Reduction in Provision for Write-down of Inventories		**(1,037)**	(293)	**(1,037)**	(293)
Dividend Income		**(2)**	(3)	**(1)**	(4,501)
Interest Expenses	7	**4,978**	4,297	**7,357**	4,281
Interest Received	6	**(4,422)**	(627)	**(4,422)**	(627)
Operating Profit before Working Capital Changes		**182,525**	149,479	**182,823**	150,170
Increase in Inventories		**(22,404)**	(38,692)	**(22,402)**	(38,720)
(Increase)/ Decrease in Trade Debtors and Other Accounts Receivables		**(102,133)**	23,483	**(103,967)**	22,946
Increase in Accounts Payable		**16,625**	9,339	**20,520**	3,978
Cash generated from Operations		**74,613**	143,609	**76,974**	138,374
Gratuity Paid	22	**(1,161)**	(1,022)	**(1,161)**	(1,022)
Interest Paid	7	**(4,978)**	(4,297)	**(7,357)**	(4,281)
Tax paid		**(44,724)**	(58,683)	**(44,707)**	(57,990)
Net Cash generated from Operating Activities		**23,750**	79,607	**23,749**	75,081
Cash Flows from Investing Activities					
Purchase of Property, Plant and Equipment and Intangible Assets	12/13	**(91,479)**	(36,610)	**(91,479)**	(36,610)
Capital Work-in-progress		**(2,293)**	(3,732)	**(2,293)**	(3,732)
Proceeds from Sale of Property, Plant and Equipment		**1,293**	3,810	**1,293**	3,810
Interest Received	6	**4,422**	627	**4,422**	627
Dividends Received		**2**	3	**1**	4,501
Net Cash used in Investing Activities		**(88,055)**	(35,902)	**(88,056)**	(31,404)
Cash Flows from Financing Activities					
Short Term Loans obtained		**425,623**	381,241	**425,623**	381,241
Short Term Loans paid		**(377,023)**	(391,241)	**(377,023)**	(391,241)
Dividends paid		**(24,711)**	(23,063)	**(24,711)**	(23,063)
Net Cash (used in)/generated from Financing Activities		**23,889**	(33,063)	**23,889**	(33,063)
Net increase (Decrease) in Cash and Cash Equivalents		**(40,416)**	10,642	**(40,418)**	10,614
Cash and Cash Equivalents at the beginning of the year		**29,479**	18,837	**29,468**	18,854
Cash and Cash Equivalents at the end of the year	17	**(10,937)**	29,479	**(10,950)**	29,468

The annexed Notes to the Financial Statements from pages 24 to 45 attached hereto form an integral part of these financial statements.

Figures in brackets indicate deductions.

Notes to the
Financial Statements

1. Reporting Entity

1.1 Domicile and Legal Form

Central Industries PLC ("the Company") is a public limited liability company incorporated and domiciled in Sri Lanka on 18th September 1984. The registered office of the Company and the principal place of business is situated at 312, Nawala Road, Rajagiriya. The ordinary shares of the Company are listed on the Colombo Stock Exchange.

The Company has two fully owned subsidiaries; Central Industries Marketing (Pvt) Limited (incorporated on 22nd October 2001) and Polymer Technologies (Pvt) Limited (incorporated on 2nd March 1993).

The Consolidated Financial Statements of the Company as at the year ended 31st March 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

1.2 Principal Activities and Nature of Operations

The principal activities of the Company are the manufacture and distribution of PVC Pipes and Fittings. The Company and the Group also manufacture and market other products for the construction and building industry.

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

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent enterprise is Central Finance Company PLC. In the opinion of the Directors, the Company's ultimate parent undertaking and controlling party is Central Finance Company PLC.

1.4 Number of Employees

The numbers of employees of the Group and Company as at 31st March 2012 are as follows:

Group	275 (2011- 252)
Company	275 (2011- 252)

1.5 Responsibility for the Financial Statements

The Board of Directors is responsible for preparation and presentation of these Consolidated Financial Statements.

2. Basis of Preparation

2.1 Statement of Compliance

The consolidated financial statements comprise the balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements. The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLAS) as laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the requirements of the Companies Act No. 7 of 2007.

2.2 Date of Authorization for Issue

The consolidated Financial Statements of the Group for the year ended 31st March 2012 were authorized for issue in accordance with a resolution of the Board of Directors on 11th June 2012.

2.3 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for freehold land and buildings which have been revalued to fair values. No adjustments have been made for inflationary factors in the financial statements.

2.4 Functional and Presentation Currency

These consolidated financial statements are presented in Sri Lankan Rupees, which is the Group's functional currency.

2.5 Use of Estimates and Judgements

The preparation of consolidated financial statements 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. Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. A revision of an accounting estimate is recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimates and uncertainty that have the most significant effects on the amounts recognized in the Consolidated Financial Statements are as follows.

Measurement of employee benefits (Note 22)
Assessment of impairment (Note 12)
Contingencies (Note 32)

2.6 Materiality and Aggregation

Each material class of similar items is presented separately. Items of dissimilar nature or function are presented separately unless they are immaterial.

2.7 Comparative Information

Comparative information has been reclassified wherever necessary to conform to the current year's presentation.

3. Significant Accounting Polices

The accounting policies are consistent with those used in the previous year and have been consistently applied by the Group entities.

3.1 Basis of Consolidation

Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of that enterprise so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control effectively commences until the date that control effectively ceases. Accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Subsidiaries consolidated are:

Name of the subsidiaries	Holding Percentage
Central Industries Marketing (Pvt) Ltd	100%
Polymer Technologies (Pvt) Ltd	100%

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

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized gains and losses or income and expenses arising from the intra-group transactions are eliminated in preparing the consolidated financial statements.

Accounting for investments in subsidiaries

When separate financial statements are prepared, investments in subsidiaries are accounted for using the cost method. Investments in subsidiaries are stated in the Company's balance sheet at cost less accumulated impairment losses.

3.2 Segment Reporting

A segment is a distinguishable component of the group that is engaged either in providing products or services (Business Segments), or in providing products or services within a particular economic environment

(Geographical Segments), which is subject to risks and rewards that are different from those of other segments.

Segment information reflects Water Management Products and Electrical Products. Inter segment transfers are based on fair market prices.

The Group's business activities are located in Sri Lanka. Consequently, assets and liabilities by geographic regions are considered not material to be segmented. Expenses that cannot be directly identified to a particular segment are allocated on the basis decided by the management and applied consistently throughout the year.

3.3 Foreign Currency Transactions

Transactions in foreign currencies are translated into Sri Lanka Rupees at the spot exchange rate at the time the transaction is effected. Where foreign exchange transactions are covered by forward contracts the rate used is that of the contract. Assets and liabilities denominated in foreign currencies are converted in to Sri Lanka Rupees using the rate that prevailed on the Balance Sheet date. All profits or losses arising from transactions in foreign currencies are recognised in the period in which they arise.

Assets and Bases of their Valuation

3.4 Property, Plant And Equipment

Recognition and measurement

All items of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of assets is revalued. When an asset is revalued any increase in the carrying value is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the Income Statement, in which case the increase is recognized in the Income Statement. Any revaluation deficit that off-sets a previous surplus on the same asset is directly off-set against the surplus in the revaluation reserve and any excess recognized as an expense.

The difference between the depreciation based on the revalued carrying amount and cost are transferred from Revaluation Reserve to Retained Earnings as the said asset's economic benefits are consumed periodically.

The "Revaluation Model" is applied for Freehold Land and Buildings owned by the Company. Freehold Land and Buildings are revalued every 3-5 years thereafter.

Property, plant and equipment other than Freehold Land and Building are recorded at cost less accumulated depreciation and impairment losses.

The carrying amount of an item of property, plant and equipment is de-recognised on disposal or when no further economic benefits are expected from its use or disposal.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of Property, Plant & Equipment. Freehold Land is not depreciated. The estimated useful life of assets is as follows.

Category of Asset	Useful Economic Life Time (Years)
Buildings	40
Plant and Machinery (Excluding the Processing Units of the Extrusion Lines)	5 -25
Tools and Equipment	10
Furniture and Fittings	10
Motor Vehicles	5
Computer Equipment	5

Depreciation on the Processing Units of the Extrusion Lines is provided on machine hour rate. These assets are depreciated commencing in the year of purchase over the estimated lifespan which is 10,000 hours.

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

Capital Work -in-Progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalisation. Capital work –in-progress would be transferred to the relevant asset when it is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Capital work-in-progress is stated at cost less any accumulated impairment losses.

3.5 Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or other services, rental to others or for administrative purposes.

Basis of recognition

An intangible asset is initially recognized at cost, if it is probable that future economic benefits will flow to the enterprise, and the cost of the asset can be measured reliably. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Computer software

All computer software costs incurred, licensed for use by the Group, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it's probable that they will lead to future economic benefits, are included in the Balance Sheet under the category intangible assets and carried at cost less accumulated amortization and any accumulated impairment losses.

Amortization

Intangible assets with finite lives are amortized over the estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets are amortized on a straight line basis in the Income Statement from the date on which the asset was available for use, over the best estimate of its useful life. The estimated useful life of software is 5 years. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year-end.

Retirement and disposal

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal.

3.6 Investments

3.6.1 Marketable Investments

Marketable Investments classified as long term investments are valued at the lower of cost or market value determined on a portfolio basis. A change in value of marketable investments is dealt with through the Income Statement.

3.6.2 Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the Company's financial statements.

3.7 Inventories

Inventories have been valued at the lower of cost and net realisable value under the weighted average method, after making due provision for slow moving items and obsolescence.

Notes to the
Financial Statements (Contd.)

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of raw materials are determined at purchase price including all expenses incurred in sourcing. The cost of Work-in-Progress is the value of raw material and direct inputs transferred to production. The cost of finished goods includes raw material cost and all direct expenses incurred in production.

3.7.1 Non-moving and Slow-moving Inventories

The management carries out an annual review of the inventories and makes provisions as follows:

Non moving Inventories

80% provision is made on the value of non moving items which have not moved for more than 12 months.

Slow moving Inventories

50% provision is made on the value of slow moving items which are in excess of 12 months average requirements.

Machinery Spares

Provision is made in full for machinery spares which have been carried in stocks for more than 10 years.

3.8 Debtors and Other Receivables

Debtors and Other Receivables are stated at the values estimated to be realised. Provision has been made in the accounts where necessary for bad and doubtful debts.

3.9 Cash and Cash Equivalents

Cash and Cash Equivalents are defined as cash-in-hand, deposits held at call with banks net of bank overdraft, short term highly liquid investments, and readily convertible loan amounts subject to insignificant risk of changes in value.

For the purpose of the Cash Flow Statement, Cash and Cash Equivalents comprises of cash-in-hand deposits held at call with banks, net of overdrafts.

Overdrafts are classified under Current Liabilities in the Balance Sheet.

3.10 Impairment of Assets

The carrying amount of the company's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment and any impairment losses are recognized in profit or loss. An impairment loss is recognised when an assets recoverable amount is less than its carrying amount.

Liabilities and Provisions

Liabilities classified as Current Liabilities in the Balance Sheet are those obligations payable on demand or within one year from the Balance Sheet date. Items classified as Non-current Liabilities are those obligations which will be repaid after a period of one year from the Balance Sheet date. Provisions and Liabilities are recognised when the company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligations.

3.11 Employee Benefits

(a) **Defined Contribution Plans - (Employees Provident Fund & Employees Trust Fund)**

All employees of the Company are members of the Employees' Provident Fund and Employees' Trust Fund, to which the Company contributes 12% and 3% respectively of such employees consolidated salary. The Company contributions are recognised as expenses in the Income Statement when incurred.

Notes to the
Financial Statements (Contd.)

(b) **Defined Benefit Plans – Retirement gratuity**

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. Gratuity is a defined benefit plan. The liability recognized in the balance sheet in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet date together with adjustments for unrecognized past-service costs. The defined benefit obligation is calculated annually by an independent actuary using the 'projected unit credit method' as required by SLAS 16 (Revised 2006) – "Retirement Benefit Costs".

However, according to the payment of Gratuity Act, No. 12 of 1983, the liability to an employer arises only on completion of five years of continued service.

The liability is not externally funded.

3.12 Trade and other Payables

Trade and other payables are stated at Cost.

3.13 Commitments and Contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. The Company's share of any contingencies and capital commitments of a subsidiary for which the Company is also liable severally or otherwise are also included with appropriate disclosure.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recorded in the balance sheet but are disclosed unless they are remote.

3.14 Revenue

Revenue is comprised of the invoiced value of goods sold to customers after deduction of trade discounts, but before charging taxes thereon.

3.14.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes and after eliminating sales within the group. The following specific criteria are used for the purpose of recognition of revenue.

Revenue from sale of goods is recognized when significant risks and rewards of ownership of the goods have passed to the buyer.

Interest income is recognized on an accrual basis.

Dividend income is recognized when the shareholders' right to receive the payment is established.

Profit or loss of a revenue nature on the disposal of property, plant and equipment and other non current assets have been accounted for in the income statement having deducted from the proceeds on disposal, the carrying amount of the asset and the related selling expenses.

3.15 Expenditure Recognition

3.15.1 Operational Expenses

Expenses are recognized in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

Notes to the
Financial Statements (Contd.)

3.15.2 Financial Expenses

Interest expenses are recognised on an accrual basis

3.15.3 Borrowing Costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

3.16 Income Tax Expenses

Income Tax Expenses comprises Current Taxation and Deferred Taxation.

Current Taxation

Provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No.10 of 2006 and amendments thereto.

Deferred Taxation

Deferred Taxation has been provided for under the liability method on temporary differences as at the Balance Sheet date between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes.

Deferred Tax assets are recognised for all temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amount of Deferred Tax assets is reviewed at each balance sheet 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 assets to be utilised. Unrecognised Deferred Tax assets are re-assessed at each balance sheet date and are recognised to the extent that future taxable profit will be available to recover the Deferred Tax assets.

Deferred Tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the Balance Sheet date.

3.17 Earnings Per Share

The Group presents its earnings per share based on the consolidated profit for the year in accordance with the requirements of SLAS-34.

3.18 Cash Flow Statement

The Cash Flow Statement has been prepared using the indirect method. Interest paid is classified as an operating cash flow. Interest received is classified as an investing cash flow, while dividends paid is classified as a financing cash flow for the purpose of presentation of the Cash Flow Statements.

4 New Accounting Standards issued but not effective as at the Balance Sheet Date

The Institute of Chartered Accountants of Sri Lanka has issued a new volume of Sri Lanka Accounting Standards which are applicable for financial periods beginning on or after 1st January 2012. These standards have not been applied in preparing these consolidated financial statements as they were not effective for the year ended 31st March 2012.

These Sri Lanka Accounting Standards comprise Standards prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS). The application of Sri Lanka Accounting Standards prefixed SLFRS and LKAS for the first time shall be deemed to be an adoption of the SLFRS.

The Group / Company is currently in the process of evaluating the potential effects of these Standards on the consolidated financial statements and in the view of the Board, the impact of the adoption of these standards will not be significant.

Notes to the
Financial Statements (Contd.)

5. Revenue

For the year ended 31st March,	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
Gross Revenue	**1,642,218**	1,320,980	**1,642,218**	1,320,949
Turnover Tax and Nation Building Tax	**(31,778)**	(34,925)	**(31,778)**	(34,925)
	1,610,440	1,286,055	**1,610,440**	1,286,024

Segmental Information is given in Note 30 to these Financial Statements.

6. Other Income

For the year ended 31st March,	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
Profit on Sale of Property, Plant and Equipment	**384**	17	**384**	17
Dividend Received	**2**	3	**1**	4,501
Sale of Scrap and Obsolete Items	**2,823**	2,195	**2,823**	2,194
Bad debts recovered during the year	**1,848**	198	**-**	-
Interest Income	**4,422**	627	**4,422**	627
	9,479	3,040	**7,630**	7,339

7. Finance Expenses

For the year ended 31st March,	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
Interest Paid on Short Term Financing Facilities	**4,567**	4,174	**6,946**	4,158
Interest Paid on Distributor Security Deposits	**411**	123	**411**	123
Net Exchange Loss / (Gain)	**859**	(12)	**859**	(12)
Stamp Duty	**207**	125	**207**	126
	6,044	4,410	**8,423**	4,395

Notes to the
Financial Statements (Contd.)

8. Profit Before Taxation

The profit before taxation for the year is stated after charging all expenses including the following :

	Group		Company	
For the year ended 31st March,	**2012**	2011	**2012**	2011
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Directors' Emoluments	**8,973**	7,783	**8,973**	7,783
Auditors' Remuneration - Audit fee	**372**	345	**242**	215
Audit Related fee	**75**	40	**75**	40
Non Audit fee	**-**	50	**-**	50
Depreciation and Impairment	**30,026**	20,101	**30,026**	20,055
Amortisation of Intangible Assets	**591**	167	**591**	167
Donations	**173**	54	**173**	54
Bad Debts - Increase/(decrease) in Specific Provision	**(1,386)**	294	**461**	493
Staff Cost				
Remuneration	**74,778**	67,983	**74,778**	67,983
EPF	**8,752**	7,348	**8,752**	7,348
ETF	**2,263**	1,837	**2,263**	1,837
Employee Benefits	**4,401**	3,746	**4,401**	3,746

9. Income Tax Expenses

	Group		Company	
For the year ended 31st March,	**2012**	2011	**2012**	2011
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Current Tax Expense				
Current Tax on Profits for the Year (Note 9.1)	**41,929**	52,382	**40,950**	52,382
Social Responsibility Levy	**-**	786	**-**	786
	41,929	53,168	**40,950**	53,168
Deferred Tax Expense				
Deferred Tax Asset Recognised / (Reversed) during the Year (Note 21.b)	**(907)**	895	**(907)**	895
Deferred Tax Liability (Recognised)/ Reversed (Note 21.a)	**2,836**	(6,282)	**2,836**	(6,269)
	1,929	(5,387)	**1,929**	(5,373)
Total Income Tax Expense	**43,858**	47,781	**42,879**	47,795

9.1 Reconciliation of Accounting Profits and Taxable Income

	Group 2012	Group 2011	Company 2012	Company 2011
Profit Before Taxation	**149,760**	121,814	**145,831**	126,865
Disallowed expenses and provisions	**43,060**	56,167	**43,060**	51,116
Capital Allowances on Property, Plant and Equipment	**(39,314)**	(22,169)	**(39,314)**	(22,169)
Aggregate Allowable Items	**(3,760)**	(6,150)	**(3,327)**	(6,150)
Taxable Income	**149,746**	149,662	**146,250**	149,662
Current Tax on Profits for the Year at 28% (2011-35%)	**41,929**	52,382	**40,950**	52,382

In terms of the Inland Revenue Act, No. 10 of 2006, and the amendments thereto the corporate rate of tax applicable to profits of the Company and it's Subsidiaries is 28%(2010/11-35%). The tax charge is based on taxable profits which differs from profit for financial reporting purposes as explained in the reconciliation provided in Note 9.1.

Notes to the
Financial Statements (Contd.)

10. Basic Earnings Per Share

Basic earnings per share is calculated by dividing the consolidated net profit for the year attributable to ordinary shareholders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

The following reflects the profit and share data used in the Basic Earnings Per Share computation:

	Group	
For the year ended 31st March	**2012**	2011
Profit attributable to Ordinary Shareholders (Rs.'000)	**105,902**	74,033
Weighted Average Number of Ordinary Shares	**9,884,214**	9,884,214
Basic Earnings per Share (Rs.)	**10.71**	7.49

There were no potential dilutive ordinary shares outstanding at any time during the year. Therefore, diluted Earnings Per Share is the same as Basic Earnings Per Share shown above.

11. Dividends per Share

11.1 Dividend Declared and Paid during the Year

The final dividend declared for the year ended 31 March 2011 of Rs.2.50 per share amounting to Rs.24,710,535/- was paid during the year.

11.2 Proposed Dividends for approval at the AGM

The Board of Directors has recommended a first and final dividend of Rs.3.00 per share amounting to Rs.29,652,642 for the year ended 31st March 2012, which is to be approved by the shareholders at the Annual General Meeting to be held on 27th July 2012. As stipulated by Sri Lanka Accounting Standard No. 12 " Events After the Balance Sheet Date", the proposed dividend is not recognized as a liability as at 31st March 2012 in the Financial Statements.

Dividend per share is calculated by dividing the dividend declared out of profits for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Under the Inland Revenue Amendment Act, No 10 of 2006, a withholding tax of 10% is imposed on dividends declared out of the taxable profits of the Company.

11.3 Compliance with Section 56 and 57 of the Companies Act No. 7 of 2007

As required by Section 56 of the Companies Act, No.7 of 2007, the Board of Directors of the Company has certified that the Company satisfies the Solvency Test in accordance with the Section 57, prior to recommending the first and final dividend for the year ended 31st March 2012. A statement of solvency completed and duly signed by the Directors on 11th June 2012 has been audited by M/S KPMG, Chartered Accountants.

12. Property, Plant and Equipment

GROUP

	Freehold Land Rs.'000	Freehold Buildings Rs.'000	Plant and Machinery Rs.'000	Processing Units of ex-trusion Lines Rs.'000	Tools & Equipment Rs.'000	Furniture & Fittings Rs.'000	Motor Vehicles Rs.'000	Computer System Rs.'000	Total 2012 Rs.'000	Total 2011 Rs.'000
Cost / Valuation										
As at 1st April	166,525	106,883	206,895	54,619	24,133	12,516	26,794	6,332	**604,697**	572,613
Additions during the year	31,924	4,019	49,524	3,466	1,127	148	-	968	**91,176**	34,419
Transfers from Capital Work-in-Progress (Note 12.1)	-	-	-	-	-	-	-	-	-	4,350
Disposals during the year	-	-	(6,417)	-	-	-	(330)	-	**(6,747)**	(6,685)
As at 31st March	198,449	110,902	250,002	58,085	25,260	12,664	26,464	7,300	**689,126**	604,697
Accumulated Depreciation / Impairment										
As at 1st April	-	6,593	125,385	47,744	16,424	8,058	12,211	3,949	**220,364**	203,155
Charge for the year	-	3,487	8,234	7,250	1,333	713	4,369	832	26,218	19,671
Impairment during the Year	-	-	3,808	-	-	-	-	-	**3,808**	430
Depreciation on Disposals	-	-	(5,647)	-	-	-	(330)	-	**(5,977)**	(2,892)
As at 31st March	-	10,080	131,780	54,994	17,757	8,771	16,250	4,781	244,413	220,364
Carrying Amount as at 31st March 2012	**198,449**	**100,822**	**118,222**	**3,091**	**7,503**	**3,893**	**10,214**	**2,519**	**444,713**	
Carrying Amount as at 31st March 2011	166,525	100,290	81,510	6,875	7,709	4,458	14,583	2,383		384,333

COMPANY

	Freehold Land Rs.'000	Freehold Buildings Rs.'000	Plant and Machinery Rs.'000	Processing Units of ex-trusion Lines Rs.'000	Tools & Equipment Rs.'000	Furniture & Fittings Rs.'000	Motor Vehicles Rs.'000	Computer System Rs.'000	Total 2012 Rs.'000	Total 2011 Rs.'000
Cost / Valuation										
As at 1st April	166,525	106,883	203,329	54,618	24,114	12,411	26,794	6,273	**600,947**	568,863
Additions during the year	31,924	4,019	49,524	3,466	1,127	148	-	968	91,176	34,419
Transfers from Capital Work-in-Progress	-	-	-	-	-	-	-	-	-	4,350
Disposals during the year	-	-	(6,417)	-	-	-	(330)	-	**(6,747)**	(6,685)
As at 31st March	198,449	110,902	246,436	58,084	25,241	12,559	26,464	7,241	685,376	600,947
Accumulated Depreciation / Impairment										
As at 1st April	-	6,593	121,818	47,743	16,405	7,950	12,213	3,892	216,614	199,451
Charge for the year	-	3,487	8,234	7,250	1,333	713	4,369	832	26,218	19,658
Impairment during the Year	-	-	3,808	-	-	-	-	-	**3,808**	397
Depreciation on Disposals	-	-	(5,647)	-	-	-	(330)	-	**(5,977)**	(2,892)
As at 31st March	-	10,080	128,213	54,993	17,738	8,663	16,252	4,724	**240,663**	216,614
Carrying Amount as at 31st March 2012	**198,449**	**100,822**	**118,223**	**3,091**	**7,503**	**3,896**	**10,212**	**2,517**	**444,713**	
Carrying Amount as at 31st March 2011	166,525	100,290	81,511	6,875	7,709	4,461	14,581	2,381		384,333

Notes to the
Financial Statements (Contd.)

12. Property, Plant and Equipment (Contd.)

12.1 Capital Work-in-Progress

For the year ended 31st March,	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
Balance at the beginning of the Year	-	618	-	618
Additions during the year	**2,293**	3,732	**2,293**	3,732
Transferred to Property, Plant and Equipment	-	(4,350)	-	(4,350)
Balance at the end of the Year	**2,293**	-	**2,293**	-

12.2 The Company adopts the "Cost Model" to account for Property Plant and Equipment other than Freehold Land and Buildings. All Freehold Land and Buildings owned by the Company as at 31st March 2009 were revalued by Mr. L.D.S. Rangedera, Incorporated Valuer and Valuer of Real Estate as at that date. The valuation has been made under the "Contractor's Method" on the assumption that the property is free from all restrictions over the title of the land. It is assumed that the land and building is of freehold ownership. Had the Company not revlaued the Freehold Land and Building, the carrying value of the same will be as follows;

As at 31st March	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
Cost	**160,210**	124,267	**160,210**	124,267
Accumulated Depreciation	**(26,194)**	(22,990)	**(26,194)**	(22,990)
Carrying value as at 31st March	**134,016**	101,277	**134,016**	101,277

12.3 Details of Land and Building

12.3 a. Freehold Land carried at revalued amount

Location	Last Revaluation date	Land extent	Carrying value as at 31 March 2012 (Rs.'000)
Factory-Kerawalapitiya	31-Mar-09	3A-1R-2P	130,525
Head Office-Nawala	31-Mar-09	18 Perches	36,000
Land-Udathuththiripitiya (Acquired in February 2012)	-	9 Acres	31,924
			198,449

12.3 b. Freehold Buildings carried at revalued amount

Location	Last Revaluation date	No of Buildings	Carrying value as at 31 March 2012 (Rs.'000)
Factory-Kerawalapitiya	31-Mar-09	16	58,885
Head Office-Nawala	31-Mar-09	1	41,935
			100,820

12.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 91.2 million. Cash payments amounting to Rs. 94 million were made during the year for purchase of Property, Plant and Equipment of which Rs.2.8 million was on account of Capital Work-in-Progress and Advance Payments for acquisition of capital assets.

12.5 Property, Plant and Equipment includes fully depreciated assets which are in the use of normal business activities having a cost of Rs. 91.6 million.

12.6 Facilities Available from Banks Against a Negative Pledge over the Company's Property, Plant and Equipment

Bank	**Facilities Available**
Nations Trust Bank PLC	Short Term Loan, Overdraft, Import Loan and Guarantee facilities for Rs.140 million
Hatton National Bank PLC	Short Term Loan, Overdraft, Import Loan and Guarantee facilities for Rs.140 million
Commercial Bank of Ceylon PLC	Short Term Loan, Overdraft, Import Loan and Guarantee facilities for Rs.132 million
Sampath Bank PLC	Overdraft, Import Loan and Guarantee facilities for Rs.65 million

Notes to the
Financial Statements (Contd.)

13. Intangible Assets

As at 31st March	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
Cost				
Balance at the beginning of the Year	**2,787**	596	**2,787**	596
Additions during the year	**303**	2,191	**303**	2,191
Balance at the end of the Year	**3,090**	2,787	**3,090**	2,787
Amortisation				
Balance at the beginning of the Year	**306**	139	**306**	139
Charge for the year	**591**	167	**591**	167
Balance at the end of the Year	**897**	306	**897**	306
Carrying Value as at 31st March	**2,193**	2,481	**2,193**	2,481

Intangible assets consists of computer software acquired by the Company/Group.

14. Investments

As at 31st March,	2012 Cost Rs.'000	2012 Market Value Rs.'000	2011 Cost Rs.'000	2011 Market Value Rs.'000
14.1 Marketable Investments (Group)				
Quoted Public Companies				
- Hemas Holdings PLC (3750 Ordinary Shares)	**30**	**99**	30	173
	30	**99**	30	173
Marketable Investments(Company)				
Quoted Public Companies				
- Hemas Holdings PLC (1250 Ordinary Shares)	**10**	**33**	10	58
	10	**33**	10	58
14.2 Subsidiaries				
Central Industries Marketing (Pvt) Limited (100,000 Ordinary Shares -100% at cost)	**1,000**		1,000	
Polymer Technologies (Pvt) Limited (100,000 Ordinary Shares -100% at cost)	**1,000**		1,000	
	2,000		2,000	

The subsidiaries Central Indutries Marketing (Pvt) Limited and Polymer Technologies (Pvt) Limited did not carry out any commercial operations during the year. The Board is of the view that there is no requirement for any provision against impairment of the invetsments in the said subsidiaries, as at balance sheet date based on the assesment of the net asset values of the subsidiaries.

Notes to the
Financial Statements (Contd.)

15. Inventories

As at 31st March,	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
Raw Materials	**132,904**	122,444	**132,904**	122,444
Work-in-Progress	**10,417**	10,404	**10,417**	10,404
Finished Goods	**93,440**	83,314	**92,851**	82,725
Machinery Spares	**20,745**	17,270	**20,745**	17,270
Goods-in-Transit	**12,618**	14,275	**12,618**	14,275
Less :- Provision for non-moving and slow-moving Inventories	**(10,115)**	(11,152)	**(10,115)**	(11,152)
Balance at the end of the year	**260,009**	236,555	**259,420**	235,966

As at 31st March,	2012 Rs.'000	2011 Rs.'000
15.1 The amount of inventories carried at net realizable value and included above	**2,507**	2,964

15.2 The Company has applied a consistent basis in calculating the provision for non-moving and slow-moving inventories as described in the accounting policies. The reduction in provision is a result of the reduction of the total value of non-moving or slow-moving inventories.

16. Debtors and Prepayments

As at 31st March,	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
Trade Debtors	**378,628**	287,041	**372,068**	278,634
Provision for Bad Debts-Specific Provision (Note 16.1)	**(36,220)**	(37,606)	**(29,660)**	(29,199)
	342,408	249,435	**342,408**	249,435
Deposits	**1,283**	1,748	**1,283**	1,748
Advances and Prepayments	**7,768**	11,699	**7,768**	11,700
Other Taxes paid in Advance	**1,061**	507	**993**	451
Other Debtors	**1,752**	2,821	**1,752**	2,821
	354,272	266,210	**354,204**	266,155
16.1 Provision for Bad Debts-Specific Provision				
Balance at the beginning of the year	**37,606**	37,312	**29,199**	28,706
(Reversal of)/Provision for the year	**(1,386)**	294	**461**	493
Balance at the end of the year	**36,220**	37,606	**29,660**	29,199

17. Cash and Cash Equivalents

As at 31st March,	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
Cash in Hand	**101**	96	**101**	96
Cash at Bank	**543**	30,169	**530**	30,158
Cash and Cash Equivalents	**644**	30,265	**631**	30,254
Bank Overdraft	**11,581**	786	**11,581**	786
Cash and Cash Equivalents as per cash flow statement	**(10,937)**	29,479	**(10,950)**	29,468

18. Stated Capital

As at 31st March,	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
Issued and fully paid				
9,884,214 Ordinary Shares	**121,320**	121,320	**121,320**	121,320

19. Revaluation Reserve

For the year ended 31st March,	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
Balance at the beginning of the year	**159,891**	160,360	**159,891**	160,360
Depreciation on Revaluation Surplus	**(527)**	(469)	**(527)**	(469)
Balance at the end of the year	**159,364**	159,891	**159,364**	159,891

Notes to the
Financial Statements (Contd.)

20. Capital Redemption Reserve

As at 31st March,	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
A sum equivalent to the par value of the 12% Convertible Unsecured Debentures was transferred to the Capital Redemption Reserve on redemption of the unconverted debentures in the financial year 1997/98	**35,814**	35,814	**35,814**	35,814

21. Deferred Taxation

As at 31st March,	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
Deferred Tax Liabilities (arising on property, plant and equipment-Note 21 (a))	**33,100**	30,264	**33,100**	30,264
Deferred Tax Assets (arising from employee retirement benefit obligations-Note 21 (b))	**(8,299)**	(7,392)	**(8,299)**	(7,392)
	24,801	22,872	**24,801**	22,872

21. (a) Deferred Tax Liabilities

For the year ended 31st March,	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
Balance at the beginning of the year	**30,264**	36,546	**30,264**	36,533
Impact of change in the taxation rate	**-**	(7,566)	**-**	(7,566)
Originating during the year	**2,836**	1,284	**2,836**	1,297
Total Deferred Tax Liability originating/ (reversed) during the year (Note 9)	**2,836**	(6,282)	**2,836**	(6,269)
Balance at the end of the year	**33,100**	30,264	**33,100**	30,264

21. (b) Deferred Tax Assets

For the year ended 31st March,	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
Balance at the beginning of the year	**7,392**	8,287	**7,392**	8,287
Impact of change in the taxation rate	**-**	(1,848)	**-**	(1,848)
Deferred tax asset recognized during the year	**907**	953	**907**	953
Total Deferred Tax Asset (reversed)/originating during the year (Note 9)	**907**	(895)	**907**	(895)
Balance at the end of the year	**8,299**	7,392	**8,299**	7,392

Notes to the
Financial Statements (Contd.)

22. Employee Benefits

Provision for Retiring Gratuity

For the year ended 31st March,	Group		Company	
	2012	2011	**2012**	2011
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Balance at the beginning of the year	**26,400**	23,676	**26,400**	23,676
Current Service Cost	**1,778**	1,332	**1,778**	1,332
Interest cost	**2,623**	2,526	**2,623**	2,526
Actuarial (Gain)/Loss Arising from Changes in Assumptions or due to (Over)/Under Provision in the Previous Year.	**-**	(112)	**-**	(112)
	30,801	27,422	**30,801**	27,422
Payments during the year	**(1,161)**	(1,022)	**(1,161)**	(1,022)
Balance at the end of the year	**29,640**	26,400	**29,640**	26,400

22.1 An actuarial valuation was carried out as at 31st March 2012 by Mr. Piyal S. Goonetilleke, a fellow of the Society of Actuaries (USA), Member of the American Academy of Actuaries, Consulting Actuary.

22.2 Principal assumptions used

	2012	2011
Discount rate	**11%**	10%
Expected rate of future salary increases	**9%**	9%

Staff turnover sliding scale by the age of employee retiring from 10% - 1%

Rates of turnover at selected ages

Assumptions regarding future mortality are based on A49-52 (Ultimate) UK Assured Lives Table.

The average life expectancy of an individual retiring at age 55.

The gratuity liability is not externally funded.

Notes to the
Financial Statements (Contd.)

23. Short Term Loans

For the year ended 31st March,	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
Balance at the beginning of the year	**-**	10,000	**-**	10,000
Obtained during the Year	**425,623**	381,241	**425,623**	381,241
	425,623	391,241	**425,623**	391,241
Repayments during the Year	**(377,023)**	(391,241)	**(377,023)**	(391,241)
Balance at the end of the year	**48,600**	-	**48,600**	-

24. Other Creditors

As at 31st March,	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
Accrued Expenses	**51,217**	30,247	**51,078**	30,034
Distributor Security Deposits	**10,416**	7,405	**10,416**	7,405
Other Liabilities	**6,744**	13,892	**5,462**	12,505
	68,377	51,544	**66,956**	49,944

25. Current Taxation

For the year ended 31st March,	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
Balance at the beginning of the year	**16,664**	22,177	**16,664**	22,177
Provision for the year	**41,929**	**54,687**	**40,950**	**54,687**
Payments made during the year	**(44,724)**	**(47,712)**	**(44,707)**	**(47,712)**
Set off against ESC recoverable	**(15,303)**	**(12,488)**	**(15,303)**	**(12,488)**
Balance at the end of the year	**(1,434)**	16,664	**(2,396)**	16,664
25.1 Receiveble as at the end of the year	**(2,396)**	**-**	**(2,396)**	**-**
25.2 Payable as at the end of the year	**962**	**16,664**	**-**	**16,664**
	(1,434)	16,664	**(2,396)**	16,664

26. Due to Related Parties

As at 31st March,	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
Central Transport and Travels (Pvt) Ltd.	**-**	96	**-**	96
Tivoli Plastics (Pvt) Ltd.	**3,728**	3,172	**3,728**	3,172
	3,728	3,268	**3,728**	3,268

Notes to the
Financial Statements (Contd.)

27. Due to Subsidiaries

As at 31st March,	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
Central Industries Marketing (Pvt) Ltd.	**-**	-	**31,913**	28,179
Polymer Technologies (Pvt) Ltd.	**-**	-	**398**	413
	-	-	**32,311**	28,592

The above balances represent funds advanced by the subsidiaries to Central Industries PLC. Interest has been paid to the subsidiaries on these funds at average deposit rates that prevailed during the year.

28. Post Balance Sheet Events

There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the Financial Statements, other than those disclosed in Note 11, in respect of proposed dividend for the year.

29. Transactions with Related Parties

29.1 Key Management Personnel

According to Sri Lanka Accounting Standard 30 "Related Party Disclosures (revised 2005)", Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Directors (including Executive and Non-Executive Directors) of the Company and their immediate family members have been classified as Key Management Personnel of the Company and the Group.

As Central Finance Co. PLC (CFC) is the ultimate parent entity of the Company the Board of Directors of CFC have the authority and responsibility of planning, directing and controlling the activities of the Company. Accordingly the Directors of CFC have also been identified as Key Management Personnel of the Company and the Group.

Compensation paid to/on behalf of Key Management Personnel of the Group are as follows:

	Group 2012 Rs.'000	Group 2011 Rs.'000	Company 2012 Rs.'000	Company 2011 Rs.'000
Short-term employee benefits	**8,973**	7,783	**8,973**	7,783
Post employment benefits-Contributions to EPF and ETF	**891**	756	**891**	756
	9,864	8,539	**9,864**	8,539

29.2 Transactions with Group Entities

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 30 "Related Party Disclosures (revised 2005)", the details of which are reported below. The consideration for the goods and services provided has been paid or accrued at prices offered to unrelated customers prevailing at that time.

Name of the Company	Nature of Relationship	Nature of Transactions	Transaction Value 2011/12 Rs.	2010/11 Rs.
Central Finance Co. PLC	Parent Company	Hire charges on vehicles	358,483	391,859
		Interest earned from savings account	9,308	11,000
CF Insurance Brokers (Pvt) Ltd.	Fellow Subsidiary	Entitled to brokerage commission on premia paid to insurance companies.		
		Value of Insurance Premia paid	1.6 million	1.1 million
Central Transport and Travels (Pvt) Ltd.	Fellow Subsidiary	Amount due on hire of vehicles	Nil	95,547
Nations Trust Bank PLC.	An Associate of the Parent Company	Interest received	1,596,356	448,212
		Interest and Charges Paid	2.2 million	2.7 million
Central Industries Marketing (Pvt) Ltd	A wholly owned subsidiary	Interest paid on funds advanced	2.2 million	Nil
Polymer Technologies (Pvt) Ltd.	A wholly owned subsidiary	Interest paid on funds advanced	142,518	Nil

Also refer Notes 26 and 27.

29.2a Other facilities obtained from Group Entities

Name of the Company	Nature of Relationship	Nature of Transactions	Transaction Value 2011/12	2010/11
Central Finance Co. PLC	Parent Company	Savings account balance as at 31st March	146,880	128,508
Nation Trust Bank PLC	An Associate of the Parent Company	Banking facilities in the normal course of business.		
		Limit of Facilities	140 million	140 million
		Utilisation as at 31st March		
		Import Loans	2.7 million	Nil
		Overdraft	10.4 million	Nil

Notes to the Financial Statements (Contd.)

29.3 Transactions with other Related Parties

The following Director is in the directorate of those companies, with which Central Industries PLC has carried out business during the year. All transactions were negotiated and carried out in the ordinary course of business.

		2011/12	2010/11
Mr. C.S.W.De Costa			
-Tivoli Plastics (Pvt) Ltd	Subcontract Manufacture of PVC Pipe Fittings Value of Processing Charges Paid	Rs. 31.8 Million	Rs. 27.8 Million

30. Segment Information

	Group	
For the year ended 31 March	**2012 Rs.'000**	2011 Rs.'000
Revenue		
Water Management Products	**1,465,044**	1,169,782
Electrical Products	**145,396**	116,273
	1,610,440	1,286,055
Profit Before Taxation		
Water Management Products	**136,282**	110,017
Electrical Products	**13,478**	11,797
	149,760	121,814
Segment Assets & Liabilities		
Total Assets		
Water Management Products	**947,141**	824,144
Electrical Products	**119,409**	95,730
	1,066,550	919,874
Total Liabilities		
Water Management Products	**181,193**	113,519
Electrical Products	**9,141**	11,331
	190,334	124,850

Notes to the
Financial Statements (Contd.)

31. Litigations and Claims

There were no litigations and claims against the Company or Group as at the balance sheet date.

32. Contingent Liabilities

The Company and the Group had no significant contingent liabilities accruing as at 31st March 2012.

33. Comparative Figures

Where necessary information has been rearranged to conform to the current year's presentation and classification.

34. Capital Commitments

As at 31st March 2012 the Board of Directors had approved to purchased capital assets totaling to Rs.6.8 million of which Rs.500,000/- has been paid as advances during the current financial year. The Company had no other Capital Commitments as at the Balance Sheet Date.

35. Directors' Responsibilities

The Board of Directors is responsible for the preperation and presentation of these Financial Statements.

Five Year Summary

Year ended 31st March	2012 Rs'000	2011 Rs'000	2010 Rs'000	2009 Rs'000	2008 Rs'000
Income Statement					
Gross Revenue	**1,642,218**	1,320,980	1,145,176	1,117,535	950,137
Profit Before Taxation	**149,760**	121,814	141,236	93,201	86,231
Income Tax Expenses	**(43,858)**	(47,781)	(55,695)	(37,214)	(32,371)
Profit for the Year	**105,902**	74,033	85,541	55,987	53,860
Balance Sheet					
Assets					
Property, Plant and Equipment *1	**444,713**	384,333	369,458	360,338	192,007
Capital Work-In-Progress	**2,293**	-	618	207	642
Intangible Assets	**2,193**	2,481	457	576	-
Investments	**30**	30	30	30	30
Total Current Assets	**617,321**	533,030	507,016	430,989	383,090
Total Assets	**1,066,550**	919,874	877,579	792,140	575,769
Equity and Liabilities					
Stated Capital	**121,320**	121,320	121,320	121,320	121,320
Capital Reserves *1	**195,178**	195,705	196,174	196,643	37,116
Revenue Reserves	**559,718**	477,999	426,561	357,848	316,687
Total Equity	**876,216**	795,024	744,055	675,811	475,123
Deferred Taxation	**24,801**	22,872	28,259	28,060	20,576
Retirement Benefit obligations	**29,640**	26,400	23,676	20,611	17,621
Total Current Liabilities	**135,893**	75,578	81,589	67,658	62,449
Total Equity and Liabilities	**1,066,550**	919,874	877,579	792,140	575,769
Earnings Per Share (Rs.) *2	**10.71**	7.49	8.65	5.66	5.45
Dividend Per Share (Rs.)	**3.00**	2.50	7.00	5.25	4.50
Net Assets Per Share (Rs.) *2	**88.65**	80.43	75.28	68.37	48.07

*1 From 31st March 2009,includes a surplus on revaluation of property, plant and equipment of 160 million.
*2 The ordinary shares of the Company were subdivided in the ratio of three shares for every one share held on 21st October 2010
Earnings per share and Net Assets per share are based on the number of shares in issue as at 31st March 2012.

Form of Proxy

*I/We ....

of ....

being *a member/members of CENTRAL INDUSTRIES PLC do hereby appoint

1.	Mr. S. V. Wanigasekera	or failing him,
2.	Mr. E. H. Wijenaike	or failing him,
3.	Mr. A. N. P. Wickramasuriya	or failing him,
4.	Mr. G. S. N. Peiris	or failing him,
5.	Mr. C. S. W. De Costa	or failing him,
6.	Mr. R. E. Rambukwelle	or failing him
7.	Mr. A. K. Gunaratne	or failing him,
8.	Mr. N. J. Abeysekere	or failing him,
9.	Mr. L. R. De Lanerolle	or failing him,

....

of ....

as *my/our Proxy to vote/speak for me/us on my/our behalf at the Thirtieth Annual General Meeting of the Company to be held at No.270, Vauxhall Street, Colombo 2 on the 27th day of July 2012 at 10.30 a.m. and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

		For	Against
1.	To receive and consider the Annual Report of the Board together with the Financial Statements of the Company		
2.	To approve a first and final dividend of Rs.3.00 per share as authorized by the Directors		
3.	To reappoint as a Director, Mr.S.V.Wanigasekera in terms of section 210 of the Companies Act No.07 of 2007		
4.	To reappoint as a Director, Mr.N.J.Abeysekere in terms of section 210 of the Companies Act No.07 of 2007		
5.	To reappointment as a director, Mr.A.N.P.Wickramasuriya in terms of section 210 of the Companies Act No.07 of 2007		
6.	To re-elect Mr.R.E.Rambukwelle in terms of Article 85 of the Articles of Association		
7.	To re-elect Mr.A.K.Gunaratne in terms of Article 85 of the Articles of Association		
8.	To re-appoint KPMG, Chartered Accountants, as Auditors of the Company and authorise the Directors to determine their remuneration		
9.	To authorise the Directors to determine contributions to charities		

Signed this ...... day of .... Two Thousand and Twelve.

....

*Signature/s

*Note:

1. Please delete the inappropriate words
2. Instructions as to completion are noted on the reverse hereof.

Instructions for completion of the Form of Proxy

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and by signing in the space provided. Please fill in the date of signature.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself.
3. In the case of Corporate Members, the Form of Proxy must be completed under the Common Seal, which should be affixed and attested in the manner prescribed by the Articles of Association/Statutes.
4. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy.
5. The completed Form of Proxy should be deposited at No. 312, Nawala Road, Rajagiriya not less than Forty Eight (48) hours before the time appointed for the meeting.

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