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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
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 Thirty First Annual General Meeting of Central Industries PLC will be held at No. 270, Vauxhall Street, Colombo 2, on 2nd August 2013 at 4.00 p.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 2013 and the 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. N. J. Abeysekere who has reached the age of 72 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 72 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. A. N. P. Wickramasuriya 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. A. N.P.Wickramasuriya 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. L.R. De Lanerolle 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. L.R. De Lanerolle 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.E.H.Wijenaike a director who retires by rotation in terms of Article 85 of the Articles of Association of the Company.

7. To re-elect Mr.C.S.W. De Costa 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 2014.

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
1st July 2013

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 present you with the Annual Report and Audited Financial Statements of Central Industries PLC for the year ended 31st March 2013.

Performance During the Year

The year under review commenced on a positive note with steady growth being recorded during the first two quarters and revenue increasing by 21% during this period in comparison to the same period of the previous year. However, towards the end of the first half of the year, adverse changes in the economic environment reversed this growth trend. The Central Bank tightened monetary policy and imposed a ceiling on rupee lending by commercial banks to rein in demand-side inflationary pressure. Simultaneously interest rates were also increased. We attribute these as the main reasons for a rapid slow-down in demand during the second half of the financial year, as the construction industry is highly dependent on credit availability and lending rates. Unfavorable weather conditions which affected agricultural areas especially in the North and East also resulted in a reduction in demand from those areas. Consequentially, revenue during the second half of the year was comparatively lower than in the previous year.

Overall revenue achieved for the full year was Rs.1.7 billion which was an increase of 7% over the previous year.

In the Water Management Segment (comprising PVC pipes, fittings, solvent cement, and water tanks), revenue increased by 5%. In the Electrical Products segment the distribution channel was further strengthened by appointing more distributors covering almost all major cities. Point-of-sale advertising and promotional activities were also increased. Growth in revenue in this segment was thus 26% higher than in the previous year.

During the previous financial year the Company had recorded a significant growth in revenue and profits. In view of this performance and the anticipation of future growth at the time, remuneration levels of employees were revised at the end of that year. This was aimed at providing compensation levels appropriate for the industry, so as to enable the Company to retain experienced and capable employees. This resulted in higher costs being incurred during the current year when compared with the previous year.

Finance expenses were higher than in the previous year as the Company invested in the new production facility at Yakkala. Higher investments in working capital were also required to support the growth recorded in the first half of the year. Further, commercial bank prime lending rates which averaged approximately 9.5% during the greater part of 2011/12 had increased to an average of approximately 14% during the year under review.

Consequently the Company recorded a reduced consolidated profit before tax of Rs.127 million compared to Rs.149.4 million last year. Profit after tax was Rs.96.3 million compared to Rs.105.5 million last year.

Dividends

The Board is pleased to recommend a first and final dividend of Rs.3.00 per share out of profits for the year ended 31st March 2013 which is the same as the dividend 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 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. The dividend will be paid within seven market days of the AGM after approval by the shareholders.

Capital Investments

During the year under review the Company completed the first stage of the new factory at Udathuththiripitiya, Yakkala. Plant and machinery were installed at this facility and production commenced in March this year. A total of Rs.80 million was incurred on this project up to the end of this financial year from the commencement in the final quarter of 2011/12.

This new facility will initially provide the Company with additional capacity for a range of products such as water tanks and flexible hoses and in addition provide additional storage space which constrained expansion of operations in the past.

Product Development

During the year the Company successfully introduced the first locally manufactured PVC compact ball valve. These valves are used extensively at the main water supply points of plumbing installations. The products were successfully designed in-house by a team of skilled professionals and are superior to most of the imported products available in the market. With the technical knowledge gained in the development process of these products, the possibility of introducing a wider range of valves and taps will be explored in future.

Responding to market requests the Company also introduced an applicator brush for PVC solvent cement for the convenience of users. A new range of PE water tanks with a screw-type lid which more effectively prevents contamination was also developed and introduced to the market.

In the electrical products segment the Company introduced a re-engineered version of the 'Krypton' electrical switches and sockets which substantially reduces production time with resultant lower labour costs.

The Company's product portfolio now includes potable water pipes and fittings, PVC solvent cement, both rigid and flexible electrical conduits, rectangular snap-on conduit casings, flexible PVC garden hoses, rain gutters and pipes and fittings for rainwater and sewerage management manufactured and marketed under the Company's flagship brand 'NATIONAL PVC'. PE water tanks and septic tanks are manufactured and marketed under the brand name 'NATIONAL PE' and stainless steel water tanks under the brand name 'NATIONAL SS'. A range of rigid electrical conduits are also manufactured and marketed under the brand name 'CILTEC'.

The product portfolio also includes electrical switches and sockets, light dimmers, fan controllers and bell pushes for domestic use manufactured and marketed under the 'KRYPTON' brand name. The Company also markets MCBs, RCCBs, bell chimes, and distribution boxes for domestic use under the 'KRYPTON' brand name.

Chairman's Review (Contd.)

The Company imports and distributes a range of HDPE meshes and screens used in domestic, horticultural and agricultural applications under the brand name 'TUFLEX' from Parry Enterprises, India and is also the authorized distributor for 'HITACHI' power tools in Sri Lanka.

Human Resources

It is increasingly difficult to recruit and retain skilled labour and the cost of this category of employee continues to rise at higher than average rate. Following on from a successful year in 2011/12 remuneration levels of employees were revised taking into consideration industry norms and to ensure that the Company retains and has access to qualified and experienced employees. The Company has policies to ensure that management continuously reviews the training needs of employees in order to ensure that essential skills are improved. As a result a large number of employees were either trained in-house or attended specialised training programmes.

The Company pays close attention to industrial health and safety and in this regard conducts regular medical check-ups for factory workers and periodic programmes to improve awareness of the workers on occupational safety related matters. Programmes have also been conducted through the National Institute of Occupational Safety and Health under the Ministry of Labour.

Industrial relations between the workers and the Company have been satisfactory and no disruption of operations occurred during the year.

Contributions to Charitable Causes

At the request of the management and doctors of the Colombo National Hospital the Company installed a safety barrier on an upper floor of the hospital as the open space on this floor posed a danger to patients and visitors to the hospital at a total cost of Rs.336,500/-. The Company has also sponsored the supply of drinking water for pilgrims who attended several religious events organized by major religious denominations, including the Poson Poya veneration at Mihintale, and the Feast of Our Lady of Lanka at the Basilica in Tewatte.

Future Prospects

With the setting up of the Company's second manufacturing facility at Yakkala, a significant constraint which was lack of space to expand production capability has been overcome. Hence, it is now possible for the Company to aggressively identify new product possibilities and expand the production capacity of existing products. According to the strategy plan published by the National Water Supply and Drainage Board in November 2011, safe drinking water supply was available to 81% of the population. This plan also considers government policy to achieve 100% coverage by 2020. We are also mindful that the number of PVC manufacturers in the country have increased almost threefold over the past few years. This has heightened competition in the industry and resulted in reduced margins for manufacturers.

We continue to place a strong emphasis on the development of the electrical product segment. The Company diversified into this segment several years ago having identified the long-term opportunities in this segment extensively utilizing available technical knowledge and the capabilities of our own employees. In order to expand this segment the Company will seek further investment opportunities and will also consider partnering with parties who can provide advanced technical capability and access to foreign markets.

As always, the Company maintains a sound financial structure and its commitment to the quality of its products and services. However, at present a fair degree of uncertainty prevails in the economy. This is evidenced by a reduction in external trade activity, and an adverse downturn in industry indicators, such as cement production and industrial imports. In this situation the Company will need to adopt a strategy to ensure that market share is sustained and improved. In the medium to long-term, however, indications are that the Sri Lankan economy will continue to grow at a reasonable pace.

Acknowledgements

We express our gratitude to all our customers who place their trust in the Company and its products. We also thank our distributors for their unwavering support even in the midst of challenges they face in making our products accessible and available to customers throughout the country. We thank our bankers, auditors and company secretaries who provide us with valuable service assistance and cooperation.

On behalf of the Board and our management I specially thank all our employees for their commitment and dedication towards achieving continuous success and improvement of the Company.

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

Finally and most importantly as always, I am grateful to all our shareholders for the trust placed in us. It is these expectations and interest that guide our decisions in the management of the Company.

Resignation as Chairman

As referred to in the Report of the Directors, I will be resigning as Chairman and Director of the Company on 30th June 2013. I thank my fellow Directors and staff for the dedication and loyalty they have displayed without reservation, since the inception of the Company in 1985 and during the years I functioned as Chairman of the Company, after the retirement of founder Chairman Mr. Chandra Wijenaike in July 2006. He left behind an efficient management structure an a sound financial base both of which ensured that Central Industries will continue to be a significant player in the vital construction industry. In particular I must thank, Mr. Newton Wickramasuriya who performed extremely well in achieving exceptional results since he took over as CEO in 1997.

(Sgd.)
S. V. Wanigasekera
Chairman
Colombo
24th June 2013

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 2012 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 in1997 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. and a director of Indexpo Certification Ltd. He has served and is also presently serving on the Boards of several statutory bodies and counts over 40 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, Chartered Institute of Management Accountants-UK, British Institute of Management-UK, Association of Corporate Treasurers-UK, Institute of Credit Management -Sri Lanka and Institute of Certified Professional Managers - Sri Lanka. He is also a Chartered Global Management Accountant.

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

Board of Directors (Contd.)

Dockyard PLC and Chairman and Managing Director of the Amano and Tivoli Group of Companies. He also serves on the Board of several other local and foreign companies. He was former Consul General for Sri Lanka in Japan. Vice President of the Sri Lanka – Japan Business Co-operation Committee and adviser to the ministry of Wildlife Resources Conservation. 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 2013.

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 2013 are given on page 17 together with an analysis of the shareholdings. As at that date the Company had 843 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 57

Revenue and Profits

	Group		Company	
	2012/13 Rs.'000	2011/12 Rs.'000	**2012/13 Rs.'000**	2011/12 Rs.'000
Revenue	**1,722,140**	1,610,440	**1,722,140**	1,610,440
Profit before tax for the year after providing for bad debts, depreciation of property, plant and equipment and all known liabilities	**127,057**	149,351	**129,247**	145,471
Provision for taxation	**(30,783)**	(43,858)	**(29,775)**	(42,879)
Profit for the year after taxation	**96,274**	105,493	**99,472**	102,592

Dividends

The Directors recommend the payment of a first and final dividend of Rs.3.00 per share for the year ended 31st March 2013. 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.71,235,290/- in property, plant & equipment, and Rs.15,000/- in intangible assets during the year. The movement in property plant and equipment during the year is given in Note 13 to the Financial Statements. The movement in intangible assets during the year is given in Note 14 to the Financial Statements

Property Plant and Equipment

Details of Property Plantand Equipment of the Company and Group are given in Note 13 to the Financial Statements.

Accounting Policies

The consolidated financial statements have been prepared in accordance with the requirements of the Company's Act No. 07 of 2007 under the new Sri Lanka Accounting Standards - 2011 (hereinafter referred to as SLFRS / LKASs) issued by the Institute of Chartered Accountants of Sri Lanka, which are applicable for accounting periods beginning on or after 1st January 2012.

These are the Group's first consolidated financial statements prepared in accordance with Sri Lanka Accounting Standards - SLFRSs and LKASs and accordingly in compliance with Sri Lanka Accounting Standard - SLFRS 1 *First - time adoption of Sri Lanka Accounting Standards*.

An explanation on how the transition to Sri Lanka Accounting Standards - SLFRSs and LKASs, has affected the reported financial position and the financial performance of the company is provided in Note 34.

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 31 to the Financial Statements.

Donations

During the year, donations to charities of Rs. 490,154/= were made by the Company.

Stated Capital

The Stated Capital of the Company as at 31st March 2013 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 9 to the consolidated financial statements.

In addition the auditors were paid Rs.93,502/- 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 2013 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. DeCosta
Mr. N. J. Abeysekere
Mr. L. R. De Lanerolle

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 excercise objectivity in the performance of his duties and is not directly involved in the management of the Company.

Re-elections to the Board

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 72 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 211of 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 71 years.

Mr. L.R. De Lanerolle 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 211of 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. L.R. De Lanerolle who has reached the age of 70 years.

Annual Report of The Board of Directors (Contd.)

In terms of Article 85 of the Articles of Association, Directors Mr.E.H. Wijenaike and Mr. C.S.W. De Costa are due to retire by rotation at the forth coming Annual General Meeting and being eligible offer themselves for re-election.

Resignations

Mr. S.V. Wanigasekara, has tendered his resignation from the board with effect from 30th June 2013.

Directors' Interests in Transactions

The Directors' interests in transactions with the Company are disclosed in the Interests Register and in Note 32 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. E.H. Wijenaike Mr. G.S.N.Peiris Mr. A. K. Gunaratne Mr. R. E. Rambukwelle	Managing Director Director Director Director	Interest earned from short term deposits – Rs. 9,492/-(2011/12–Rs.9,308/-) Short term deposits as at 31st March 2013 – Rs. 15,349/- (2011/12 – Rs. 146,880/-)
CF Insurance Brokers (Pvt) Ltd. (Fellow Subsidiary)	Mr. E.H. Wijenaike Mr. G.S.N.Peiris Mr. R. E. Rambukwelle	Director Director Director	The Company has paid total premia of Rs. 1.2 million (2011/12 - Rs. 1.6 million) 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	Chairman	Manufacture of PVC Fittings under agreement with the company. The cost of services obtained during the year was Rs. 30.1million. (2011/12-Rs. 31.8 million.)
Amano Construction (Pvt.) Ltd. (An Enterprise owned by a Director)	Mr.C. S.W. De Costa	Chairman	Construction of a factory building at a cost of Rs. 22.8 million (2011/12-nil.)
Nations Trust Bank PLC. (An Associate of the Parent Company)	Mr. A. K. Gunaratne	Chairman	Banking facilities up to a limit of Rs. 175 million (2011/12 - Rs.140 million) in the normal course of business. Interest received on short term deposits – Rs. 979,000/- (2011/12 – Rs. 1.6 million/-) Interest and charges paid on banking facilities and short term financing – Rs. 7.6 million. (2011/12– Rs. 2.2 million)
Central Industries Marketing (Pvt.) Ltd. (A wholly owned subsidiary	Mr. S.V. Wanigasekera Mr. A.N.P. Wickramasuriya	Chairman Director/CEO	Funds advanced by the subsidiary to Central Industries PLC, repayable on demand. Amount due to the subsidiary – Rs. 28.8 million. (2011/12 – Rs. 31.9 million) Rs. 2.8 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. A.N.P. Wickramasuriya Mr. G.S.N.Peiris	Chairman Director/CEO Director	Funds advanced by the subsidiary to Central Industries PLC, repayable on demand. Amount due to the subsidiary – Rs. 278,000/- (2011/12 – Rs. 398,000/-) Rs.34,743/- 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 2013	1st April 2012
Mr.E.H.Wijenaike	18,006	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.DeCosta	-	-
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 2013	1st April 2012
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 2013;

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

Mr. E. H. Wijenaike was a Director 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 9 to the consolidated financial statements.

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

	2012/13 Rs.	2011/12 Rs.
Executive Directors	12,138,000	8,809,972
Non-Executive Directors	270,000	163,000

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
24th June 2013

Corporate Governance

The Board of Directors of the Company believes good corporate governance is the cornerstone of strong business performance. Corporate governance policies and practices of the the Company have been designed to ensure that the Company is focussed on its responsibilities to its stakeholders and on creating long term shareholder value. We continuously review and find ways to improve our Board's effectiveness in this regard.

The Board is committed to ensure that it complies with the specific requirements under the rules set out in Section 7.10 of the Colombo Stock Exchange's Listing Rules. The table on page 13 sets out the manner of compliance with these rules. The Board also recognizes the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission as useful guidance in improving corporate governance.

Board of Directors

The Board consisted of the Executive Chairman, Chief Executive Officer and seven Non-Executive Directors as at 31st March 2013. 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

The 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 2012/13 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.

Corporate Governance (Contd.)

Compliance with the Colombo Stock Exchange Rules on Corporate Governance

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

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 out 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 in the Annual Report of the Board on page 9
7.10.3(b)	Determination on Independence	Determination on criteria not met.	Compliant	Disclosed in the Annual Report of the Board on page 9
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
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee.	Compliant	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.)

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 2014, subject to the approval by the shareholders at the forthcoming Annual General Meeting.

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

24th June 2013

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 Director, 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

21st May 2013

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 2013.

3. Shareholders as 31st March 2013

	No. of Shares	%
Issued Ordinary Shares	9,884,214	
Shares held by the Parent Enterprise, Subsidiaries, Associates, Directors and Shareholders whose holdings exceed 10%	6,781,675	68.61%
Shares held by the public	3,102,539	31.39%

4. Distribution of Shareholdings as at 31st March 2013

	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	605	169,995	1.72	11	6,036	0.06	616	176,031	1.78
1,001 – 5,000	143	319,358	3.23	8	19,339	0.20	151	338,697	3.43
5,001 – 10,000	33	221,617	2.24	1	7,900	0.08	34	229,517	2.32
10,001 – 50,000	27	564,473	5.71	1	14,800	0.15	28	579,273	5.86
50,001 – 100,000	3	219,487	2.22	1	94,500	0.96	4	313,987	3.18
100,001 – 500,000	5	1,229,071	12.44	2	585,400	5.92	7	1,814,471	18.36
500,001 – 1,000,000	1	564,600	5.71	-	-	-	1	564,600	5.71
Over 1,000,000	2	5,867,638	59.36	-	-	-	2	5,867,638	59.36
	819	9,156,239	92.63	24	727,975	7.37	843	9,884,214	100.00

5. Twenty Largest Shareholders as at 31st March 2013

	Name of Share Holder	No. of Shares	%
1	Central Finance Company PLC	4,354,500	44.06
2	Sierra Cables PLC	1,513,138	15.31
3	CF Insurance Brokers (Pvt) Ltd	564,600	5.71
4	Seylan Bank Ltd/ Govindasamy Ramanan	448,826	4.54
5	Bigspring Investments Limited	405,400	4.10
6	Tivoli Lanka(Pvt) Ltd	307,200	3.11
7	H.W.M.Woodward	180,000	1.82
8	Sierra Holdings Limited	178,275	1.80
9	Piere LankaExports(Pvt) Ltd	153,710	1.56
10	Merchant Credit of Sri Lanka Limited	141,060	1.43
11	Elgin Investments Limited	94,500	0.96
12	Harris Ceylon (Pvt) Ltd	94,087	0.95
13	Alucop Cables Ltd	71,400	0.72
14	M.I.Shibly	54,000	0.55
15	P.D.P.Weerasuriya	41,100	0.42
16	U.I.Suriyabandara	38,064	0.39
17	Merchant Bank of Sri Lanka Ltd	31,500	0.32
18	R.F.C.De Livera	30,000	0.30
19	A.N.Esufally	30,000	0.30
20	S.Shanmuganathan	30,000	0.30
	Total	**8,761,360**	88.65

6. Share Trading during the year ended 31st March 2013

Highest Price – 11th September 2012	-	Rs. 86.00
Lowest Price – 29th May 2012	-	Rs. 57.20
Last Traded Price – 28th March 2013	-	Rs. 62.50
No. of Trades		1,229
No.of Days Traded	-	200
No. of Shares Traded		581,294
Value of the Shares Traded	-	Rs.40,895,500
Market Capitalisation as at 31st March 2013	-	Rs.617,763,375

7. Key Financial Ratios

	2012/13 Rs.	2011/12 Rs.
Dividend per Share (Rs.)	**3.00**	3.00
Dividend payout	**30.8%**	28.1%
Net Assets per Share (Rs.)	**95.35**	88.61

Net Assets per share is the total assets less total liabilities divided by the number of shares in issue as at 31st March 2013.

Statement of Directors' Responsibilities for Financial Reporting

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 2013/14, including cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation.

By Order of the Board,

Director
Corporate Services (Private) Limited
Secretaries
Central Industries PLC

Colombo
24th June 2013

Independent Auditors' Report

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300,
Sri Lanka.

Tel : + 94 - 11 542 6426
: + 94 - 11 244 5872
Fax : + 94 - 11 244 6058
: + 94 - 11 254 1249
: + 94 - 11 230 7345
Internet : www.lk.kpmg.com

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 ("the Group"), which comprise the statement of financial position as at March 31, 2013, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 20 to 57 of the annual report.

Management's Responsibility for the Financial Statements

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

Scope of Audit and Basis of Opinion

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

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

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

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended March 31, 2013, and the financial statements give a true and fair view of the financial position of the Company as at March 31, 2013, and of its financial performance and its cash flow for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries dealt with thereby as at March 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

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

KPMG

CHARTERED ACCOUNTANTS
Colombo.
24th June, 2013

Statement of Comprehensive Income

For the year ended 31st March	Note	Group 2013 Rs.'000	Group 2012 Rs.'000	Company 2013 Rs.'000	Company 2012 Rs.'000
Revenue	5	**1,722,140**	1,610,440	**1,722,140**	1,610,440
Cost of sales		**(1,386,675)**	(1,293,589)	**(1,386,675)**	(1,293,589)
Gross Profit		**335,465**	316,851	**335,465**	316,851
Other Income	6	**8,266**	4,983	**11,909**	3,183
Distribution Expenses		**(112,412)**	(98,518)	**(111,730)**	(98,518)
Administrative Expenses		**(87,288)**	(72,343)	**(86,554)**	(72,044)
Results from Operating Activities		**144,031**	150,973	**149,090**	149,472
Finance Income	7	**1,062**	4,422	**1,062**	4,422
Finance Cost	8	**(18,037)**	(6,044)	**(20,905)**	(8,423)
Net Finance Cost		**(16,975)**	(1,622)	**(19,843)**	(4,001)
Profit Before Taxation	9	**127,057**	149,351	**129,247**	145,471
Tax Expense	10	**(30,783)**	(43,858)	**(29,775)**	(42,879)
Profit for the Year		**96,274**	105,493	**99,472**	102,592
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		**96,274**	105,493	**99,472**	102,592
Basic Earnings per Share (Rs.)	11	**9.74**	10.67	**10.06**	10.38
Dividend per Share (Rs.)	12	**3.00**	3.00	**3.00**	3.00

The annexed Notes to the Financial Statements from pages 24 to 57 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Financial Position

As at	Note	Group 31st March 2013 Rs.'000	Group 31st March 2012 Rs.'000	Group 1st April 2011 Rs.'000	Company 31st March 2013 Rs.'000	Company 31st March 2012 Rs.'000	Company 1st April 2011 Rs.'000
ASSETS							
NON - CURRENT ASSETS							
Property, Plant and Equipment	13	**486,382**	444,713	384,333	**486,382**	444,713	384,333
Capital Work-In-Progress	13.1	**818**	2,293	-	**818**	2,293	-
Intangible Assets	14	**1,589**	2,193	2,481	**1,589**	2,193	2,481
Investments - Subsidiaries	15	**-**	-	-	**2,000**	2,000	2,000
TOTAL NON-CURRENT ASSETS		**488,789**	449,199	386,814	**490,789**	451,199	388,814
CURRENT ASSETS							
Inventories	16	**249,144**	260,009	236,555	**249,144**	259,420	235,966
Trade and Other Receivables	17	**415,790**	353,829	266,102	**415,790**	353,761	266,047
Investments Held for Trading	18	**101**	99	173	**34**	33	58
Current Taxation - paid in advance	28.1	**3,109**	2,396	-	**3,059**	2,396	-
Cash and Cash Equivalents	19	**4,555**	644	30,265	**4,551**	631	30,254
TOTAL CURRENT ASSETS		**672,699**	616,977	533,095	**672,578**	616,241	532,325
TOTAL ASSETS		**1,161,488**	1,066,176	919,909	**1,163,367**	1,067,440	921,139
EQUITY AND LIABILITIES							
EQUITY							
Stated Capital	20	**121,320**	121,320	121,320	**121,320**	121,320	121,320
Revaluation Reserve	21	**158,837**	159,364	159,891	**158,837**	159,364	159,891
Capital Redemption Reserve	22	**35,814**	35,814	35,814	**35,814**	35,814	35,814
General Reserve	23	**65,000**	65,000	65,000	**65,000**	65,000	65,000
Retained Earnings		**561,492**	494,344	413,035	**536,026**	465,680	387,272
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**942,463**	875,842	795,060	**916,997**	847,178	769,297
LIABILITIES							
NON - CURRENT LIABILITIES							
Deferred Taxation	24	**30,348**	24,801	22,872	**30,348**	24,801	22,872
Employee Benefits	25	**33,531**	29,640	26,400	**33,531**	29,640	26,400
TOTAL NON-CURRENT LIABILITIES		**63,879**	54,441	49,272	**63,879**	54,441	49,272
CURRENT LIABILITIES							
Trade and Other payables	26	**87,153**	71,022	54,859	**85,743**	69,601	53,260
Loans & Borrowings	27	**53,200**	48,600	-	**53,200**	48,600	-
Current Taxation	28.2	**286**	962	16,664	**-**	-	16,664
Due to Related Parties	29	**2,240**	3,728	3,268	**2,240**	3,728	3,268
Due to Subsidiaries	30	**-**	-	-	**29,041**	32,311	28,592
Bank Overdraft	19	**12,267**	11,581	786	**12,267**	11,581	786
TOTAL CURRENT LIABILITIES		**155,146**	135,893	75,577	**182,491**	165,821	102,570
TOTAL LIABILITIES		**219,025**	190,334	124,849	**246,370**	220,262	151,842
TOTAL EQUITY AND LIABILITIES		**1,161,488**	1,066,176	919,909	**1,163,367**	1,067,440	921,139
Net Assets Per Ordinary Share		**95.35**	88.61	80.44	**92.77**	85.71	77.83

The annexed Notes to the Financial Statements from pages 24 to 57 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.
24th June 2013

Statement of Changes in Equity

For the year ended 31st March 2013

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 2011 (Note 34)	121,320	159,891	35,814	65,000	413,035	795,060
Total Comprehensive Income						
Profit for the year	-	-	-	-	105,493	105,493
Total Comprehensive Income for the year	-	-	-	-	413,035	795,060
Depreciation on Revaluation Surplus	-	(527)	-	-	527	-
Transactions with Owners						
Final Dividend, 2010/11 - paid	-	-	-	-	(24,711)	(24,711)
Balance as at 31st March 2012	121,320	159,364	35,814	65,000	494,344	875,842
Balance as at 1st April 2012 (Note 34)	121,320	159,364	35,814	65,000	494,344	875,842
Total Comprehensive Income						
Profit for the year	-	-	-	-	96,274	96,274
Total Comprehensive Income for the year	-	-	-	-	96,274	96,274
Depreciation on Revaluation Surplus	-	(527)	-	-	527	-
Transaction with Owners						
Final Dividend, 2011/12 - paid (Note 12)	-	-	-	-	(29,653)	(29,653)
Balance as at 31st March 2013	**121,320**	**158,837**	**35,814**	**65,000**	**561,492**	**942,463**

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 2011 (Note 34)	121,320	159,891	35,814	65,000	387,272	769,297
Total Comprehensive Income						
Profit for the year	-	-	-	-	102,592	102,592
Total Comprehensive Income for the year	-	-	-	-	102,592	102,592
Depreciation on Revaluation Surplus	-	(527)	-	-	527	-
Transactions with Owners						
Final Dividend, 2010/11 - paid	-	-	-	-	(24,711)	(24,711)
Balance as at 31st March 2012	121,320	159,364	35,814	65,000	465,680	847,178
Balance as at 1st April 2012 (Note 34)	121,320	159,364	35,814	65,000	465,680	847,178
Total Comprehensive Income						
Profit for the year	-	-	-	-	99,472	99,472
Total Comprehensive Income for the year	-	-	-	-	99,472	99,472
Depreciation on Revaluation Surplus	-	(527)	-	-	527	-
Transactions with Owners						
Final Dividend, 2011/12 - paid (Note 12)	-	-	-	-	(29,653)	(29,653)
Balance as at 31st March 2013	**121,320**	**158,837**	**35,814**	**65,000**	**536,026**	**916,997**

The Notes to the Financial Statements from pages 24 to 57 form an integral part of these Financial Statements.
Figures in brackets indicate deductions

Cash Flow Statement

For the year ended 31st March	Note	Group 2013 Rs.000	Group 2012 Rs.000	Company 2013 Rs.000	Company 2012 Rs.000
Cash Flows from Operating Activities					
Profit before taxation		**127,057**	149,351	**129,247**	145,471
Adjustments for :					
Depreciation, Impairment and Amortisation	13/14	**30,630**	30,617	**30,630**	30,617
Appreciation/ (Depreciation) in Marketable investment		**(2)**	74	**(1)**	25
Profit on disposal of Property, Plant and Equipment		**(3,583)**	(384)	**(3,583)**	(384)
Provision for Employee Benefits	25	**5,318**	4,401	**5,318**	4,401
(Reversal of) / Imapairment of Trade Debtors	17	**(895)**	(1,051)	**367**	796
Increase / (Reduction) in Provision for Write-down of Inventories		**580**	(1,037)	**580**	(1,037)
Dividend Income		**(2)**	(2)	**(5,001)**	(1)
Interest Expenses	8	**17,914**	4,978	**20,782**	7,357
Interest Received	7	**(1,062)**	(4,422)	**(1,062)**	(4,422)
Operating Profit before Working Capital Changes		**175,954**	182,525	**177,277**	182,823
(Increase)/Decrease in Inventories		**10,285**	(22,404)	**9,696**	(22,402)
Increase in Trade and Other Receivables		**(61,070)**	(102,133)	**(62,402)**	(103,967)
Increase in Trade and Other Payables		**14,641**	16,625	**11,383**	20,520
Cash generated from Operations		**139,810**	74,613	**135,954**	76,974
Gratuity Paid	25	**(1,427)**	(1,161)	**(1,427)**	(1,161)
Interest Paid	8	**(17,914)**	(4,978)	**(20,782)**	(7,357)
Tax paid		**(26,625)**	(44,724)	**(24,890)**	(44,707)
Net Cash generated from Operating Activities		**93,844**	23,750	**88,855**	23,749
Cash Flows from Investing Activities					
Purchase of Property, Plant and Equipment and Intangible Assets	13/14	**(70,432)**	(91,479)	**(70,432)**	(91,479)
Capital Work-in-progress		**(818)**	(2,293)	**(818)**	(2,293)
Proceeds from Sale of Property, Plant and Equipment		**4,619**	1,293	**4,619**	1,293
Interest Received	7	**1,062**	4,422	**1,062**	4,422
Dividends Received		**2**	2	**5,001**	1
Net Cash used in Investing Activities		**(65,567)**	(88,055)	**(60,568)**	(88,056)
Cash Flows from Financing Activities					
Short Term Loans obtained		**728,959**	425,623	**728,959**	425,623
Short Term Loans paid		**(724,359)**	(377,023)	**(724,359)**	(377,023)
Dividends paid		**(29,653)**	(24,711)	**(29,653)**	(24,711)
Net Cash (used in)/generated from Financing Activities		**(25,053)**	23,889	**(25,053)**	23,889
Net increase/ (Decrease) in Cash and Cash Equivalents		**3,225**	(40,416)	**3,234**	(40,418)
Cash and Cash Equivalents at the beginning of the year		**(10,937)**	29,479	**(10,950)**	29,468
Cash and Cash Equivalents at the end of the year	19	**(7,712)**	(10,937)	**(7,716)**	(10,950)

The annexed Notes to the Financial Statements from pages 24 to 57 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 2013 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 2013 are as follows:

Group	304 (2012- 275)
Company	304 (2012- 275)

2. Basis of Preparation

2.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with new Sri Lanka Accounting Standards (hereinafter referred to as SLFRS / LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka, and in compliance with the requirements of the Company's Act No. 07 of 2007.

These are the Group's first consolidated financial statements prepared in accordance with Sri Lanka Accounting Standards - SLFRSs and LKASs and in compliance with Sri Lanka Accounting Standard - SLFRS 1 First - time adoption of Sri Lanka Accounting Standards.

An explanation on how the transition to Sri Lanka Accounting Standards - SLFRSs and LKASs, has affected the reported financial position and the financial performance of the company is provided in Note number 34.

2.2 Date of Authorization for Issue

The consolidated Financial Statements of the Group for the year ended 31st March 2013 were authorized for issue in accordance with a resolution of the Board of Directors on 24th June 2013.

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 and Defined Benefit Obligations which have been actuarially valued and recognized at present value. No adjustments have been made for inflationary factors in the financial statements.

2.4 Functional and Presentation Currency

The consolidated financial statements are presented in Sri Lankan Rupees, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each individual entity are measured using that functional currency. There was no change in the Group's presentation and functional currency during the year under review. All financial information presented in Sri Lankan Rupee has been rounded to the nearest Thousands.

Notes to the Financial Statements (Contd.)

2.5 Use of Estimates and Judgements

The preparation of consolidated financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in following notes;

Note 3.3.6 – Impairment of assets

Note 3.11.b – Defined benefit obligations

Note 3.8.1 – Provisions

Note 3.13 – Contingencies

Note 4.5.b – Deferred Taxation

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 set out below have been consistently applied to all periods presented in these consolidated financial statements. The changes to accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing the opening SLFRS / LKASs statement of financial position as at 1 April 2011 for the purpose of transition to SLFRS / LKASs.

3.1 Basis of Consolidation

3.1.1 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.

3.1.2 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.

3.1.3 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 Statement of Financial Position at cost less accumulated impairment losses.

3.2 Foreign Currency Transactions

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

Notes to the
Financial Statements (Contd.)

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of available for- sale equity instruments, which are recognised in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.3 Financial Instruments

3.3.1 Non Derivative Financial Assets

The Group initially recognizes loans, receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under SLFRSs, or for gains and losses arising of similar transactions such as in the Company's trading activity.

The non derivative financial assets can be classified in to four categories. Namely, Fair value through profit and loss, Held to maturity investments, Available for sale and Loans and Receivables.

The Group only holds financial assets categorized as Loans and Receivables and Fair value through profit and loss.

(a) Loans and Receivables

Loans and Receivables are financial assets with fixed or determinable payment that are not quoted in an active market. Such assets are recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loan and receivables comprise loan provided to trade receivables, other receivables and cash & cash equivalents.

(b) Fair Value through Profit or Loss

The Company classifies certain financial assets as held for trading at fair value through profit or loss. They are carried at fair value and presented as financial assets at fair value through profit or loss. Related realized and unrealized gains and losses are included in net gains (losses) on financial assets at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired principally for the purpose of selling or repurchasing in the near term or holds as a part of a portfolio that is managed together for short-term profit or position taking.

Financial assets held for trading are recorded in the Statement of Financial Position at fair value. Changes in fair value are recognised in profit or loss. Dividend income is recorded in 'Other income' when the right to receive the payment has been established.

Notes to the
Financial Statements (Contd.)

3.3.2 Non Derivative Financial Liabilities

The Group initially recognises liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The non derivative financial liabilities can be classified in to two categories. Namely, Fair value through profit and loss and other financial liabilities.

The Group classifies financial liabilities into other financial liabilities category. Such finance liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Other financial liabilities comprise trade payables, other payables and loans and borrowings, related party payables.

3.3.3 Amortized Cost Measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments and any impairment, and plus/minus the cumulative amortization using the effective interest method of any difference between the initial amount recognised and the maturity amount.

3.3.4 Fair Value Measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The fair value of financial instruments that are traded in an active market at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

3.3.5 Stated Capital

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

3.3.6 Impairment

3.3.6.1 Financial Assets

The Group assesses at each reporting date whether there is any objective evidence that financial assets or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

Objective evidence that a financial asset is impaired includes default or delinquency by a debtor, restructuring of an amount due to the company on terms that the company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

(a) Impairment Losses on Financial Assets Carried at Amortised Cost

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and advances. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The Group considers evidence of impairment for loans and receivable on a specific asset basis.

Notes to the Financial Statements (Contd.)

Therefore all loans and receivables are assessed individually and made specific impairment provisions.

3.3.6.2 Non Financial Assets

The carrying amount of the Group'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. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in the comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGU (if any) and then to reduce the carrying amounts of other assets in the CGU (group of CGUs) on pro rata basis. For other assets , an impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.4 Property, Plant and Equipment

3.4.1 Recognition & 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 Comprehensive Income, in which case the increase is recognized in Comprehensive Income. 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 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.

3.4.2 Subsequent Expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. The cost of replacing part of an item of Property, Plant & Equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

3.4.3 Depreciation

Depreciation is recognized in Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Notes to the
Financial Statements (Contd.)

Category of assets	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 of an asset begins 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. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognized.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

3.4.4 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

a. Recognition and Measurement

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

b. Subsequent Expenditure

Expenditure incurred on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

c. Amortization

Intangible assets are amortized on a straight line basis over a period of 5 years from the date when the asset is available for use, over the best estimate of its useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

d. 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 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.

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.

Notes to the
Financial Statements (Contd.)

a. 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 Liabilities and Provisions

Liabilities classified as current liabilities in the Statement of Financial Position are those, which fall due for payment on demand or within one year from the date of the Statement of Financial Position.

Non current liabilities are those balances that fall due for payment after one year from the balance sheet date.

3.8.1 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.9 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.

3.10 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.

3.11 Employee Benefits

a. Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

A defined contribution plan is a post employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognized as expense in the profit and loss in the period during which related services are rendered by employees.

Employees' Provident Fund

The Company and Employees' contribute 12% & 8% respectively on the salary of each employee. The fund is being managed by the Central Bank of Sri Lanka.

Employees Trust Fund

The company contributes 3% of the salary of each employee to the Employees' Trust Fund.

Contributions to defined contribution plans are recognized as an expense in the Statement of Comprehensive Income as incurred.

b. Defined Benefit Plan – Retiring Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company and the Group are liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983. The liability recognised in the financial statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The defined benefit obligation is calculated by a qualified actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. Such actuarial valuations will be carried out every year. Actuarial gains and losses that exceed 10% of the present value of the benifits obligations are amortised over the average working lives of the participating employees.

Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability is not externally funded.

3.12 Trade and Other Payables

Trade and other payables are stated at cost.

3.13 Capital Commitments & Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitments and contingent liabilities of the Group are disclosed in the respective notes to the financial statements.

4. Comprehensive Income

4.1 Revenue Recognition

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

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 the sale of goods is recognized in Comprehensive Income when the significant risks and rewards of ownership have been transferred 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 in the statement of comprehensive income having deducted from the proceeds on disposal, the carrying amount of the asset and the related selling expenses.

4.2 Expenditure

All expenditure incurred in running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

4.3 Finance Cost

Interest expenses are recognised on an accrual basis

4.4 Borrowing Cost

As per the Accounting Standard-LKAS 23 on 'Borrowing cost', the Group capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the asset. A qualifying asset is an asset which takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognized in the profit or loss in the period in which they occur.

4.5 Income Tax Expenses

An income tax expense comprises current and deferred tax. An income tax expense is recognized directly in the statement of comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

a. Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates

Notes to the
Financial Statements (Contd.)

enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

b. Deferred taxation

Deferred tax is provided using the liability method, providing for the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted by the reporting date.

Deferred tax assets including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.6 Basic Earnings per Share

The Company and the Group presents basic earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

4.7 Cash Flow Statement

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

The Cash Flow Statement has been prepared using the "indirect method". Interest paid is classified as operating cash flows, interest and dividend received are classified as investing cash flows while dividends paid are classified as financing cash flows for the purpose of presenting of the cash flow statement.

4.8 Segment Reporting

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

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.

4.9 Events after the Balance Sheet Date

The materiality of the events after the balance sheet date has been considered and appropriate adjustments and provisions have been made in the Group financial statements wherever necessary.

5. Revenue

For the year ended 31st March,	Group 2013 Rs.'000	Group 2012 Rs.'000	Company 2013 Rs.'000	Company 2012 Rs.'000
Gross Revenue	1,755,906	1,642,218	1,755,906	1,642,218
Nation Building Tax	(33,766)	(31,778)	(33,766)	(31,778)
	1,722,140	1,610,440	1,722,140	1,610,440

Segmental Information is given in Note 35 to these Financial Statements.

6. Other Income

For the year ended 31st March,	Group 2013 Rs.'000	Group 2012 Rs.'000	Company 2013 Rs.'000	Company 2012 Rs.'000
Profit on Sale of Property, Plant and Equipment	3,583	384	3,583	384
Dividend Received	2	2	5,001	1
Sale of Scrap and Obsolete Items	3,324	2,823	3,324	2,823
Bad debts recovered during the year	1,355	1,848	-	-
Value appreciation / (depreciation) in Marketable Investment	2	(74)	1	(25)
	8,266	4,983	11,909	3,183

7. Finance Income

For the year ended 31st March,	Group 2013 Rs.'000	Group 2012 Rs.'000	Company 2013 Rs.'000	Company 2012 Rs.'000
Interest Income	1,062	4,422	1,062	4,422
	1,062	4,422	1,062	4,422

8. Finance Cost

For the year ended 31st March,	Group 2013 Rs.'000	Group 2012 Rs.'000	Company 2013 Rs.'000	Company 2012 Rs.'000
Interest Paid on Short Term Financing Facilities	16,287	4,567	19,155	6,946
Interest Paid on Distributor Security Deposits	1,628	411	1,628	411
Net Exchange Loss / (Gain)	22	859	22	859
Stamp Duty	101	207	101	207
	18,037	6,044	20,905	8,423

Notes to the
Financial Statements (Contd.)

9. Profit Before Taxation

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

For the year ended 31st March,	Group 2013 Rs.'000	Group 2012 Rs.'000	Company 2013 Rs.'000	Company 2012 Rs.'000
Directors' Emoluments	**12,408**	8,973	**12,408**	8,973
Auditors' Remuneration - Audit fee	**418**	372	**275**	242
Audit Related fee	**94**	75	**94**	75
Depreciation and Impairment	**30,011**	30,026	**30,011**	30,026
Amortisation of Intangible Assets	**619**	591	**619**	591
Donations	**490**	173	**490**	173
Bad Debts - Increase/(decrease) in Specific Provision	**(895)**	(1,051)	**367**	796
Staff Cost				
Remuneration	**75,257**	65,805	**75,257**	65,805
EPF	**10,244**	8,752	**10,244**	8,752
ETF	**2,561**	2,263	**2,561**	2,263
Employee Benefits	**5,318**	4,401	**5,318**	4,401

10. Tax Expenses

For the year ended 31st March,	Group 2013 Rs.'000	Group 2012 Rs.'000	Company 2013 Rs.'000	Company 2012 Rs.'000
Current Tax Expense				
Current Tax on Profits for the Year (Note 10.1)	**25,236**	41,929	**24,228**	40,950
	25,236	41,929	**24,228**	40,950
Deferred Tax Expense				
Deferred Tax Asset Recognised during the Year (Note 24.b)	**(1,090)**	(907)	**(1,090)**	(907)
Deferred Tax Liability Recognised (Note 24.a)	**6,637**	2,836	**6,637**	2,836
	5,547	1,929	**5,547**	1,929
Total Tax Expense	**30,783**	43,858	**29,775**	42,879

10.1 Reconciliation of Accounting Profits and Taxable Income

	Group 2013 Rs.'000	Group 2012 Rs.'000	Company 2013 Rs.'000	Company 2012 Rs.'000
Profit Before Taxation	**127,057**	149,351	**129,247**	145,471
Disallowed expenses and provisions	**51,995**	43,657	**46,193**	43,657
Capital Allowances on Property, Plant and Equipment	**(52,371)**	(39,314)	**(52,371)**	(39,314)
Aggregate Allowable Items	**(36,551)**	(3,948)	**(36,537)**	(3,564)
Taxable Income	**90,130**	149,746	**86,532**	146,250
Current Tax on Profits for the Year at 28%	**25,236**	41,929	**24,228**	40,950

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%.The tax charge is based on taxable profits which differs from profit for financial reporting purposes as explained in the above note.

Notes to the
Financial Statements (Contd.)

11. 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 reflect the profit and share data used in the Basic Earnings Per Share computation:

	Group		Company	
For the year ended 31st March	**2013**	2012	**2013**	2012
Profit attributable to Ordinary Shareholders (Rs.'000)	**96,274**	105,493	99,472	102,592
Weighted Average Number of Ordinary Shares	**9,884,214**	9,884,214	**9,884,214**	9,884,214
Basic Earnings per Share (Rs.)	**9.74**	10.67	10.06	10.38

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.

12. Dividends per Share

12.1 Dividend Declared and Paid during the Year

The final dividend declared for the year ended 31 March 2012 of Rs.3.00 per share amounting to Rs.29,652,642/- was paid during the year.

12.2 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 2013, which is to be approved by the shareholders at the Annual General Meeting to be held on 2nd August 2013. As stipulated by Sri Lanka Accounting Standard (LKAS 10) "Events After the Reporting period", the proposed dividend is not recognized as a liability as at 31st March 2013 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.

12.3 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 2013. A statement of solvency completed and duly signed by the Directors on 3rd June 2013 has been audited by M/S KPMG, Chartered Accountants.

13. 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 31st March 2013 Rs.'000	Total 31st March 2012 Rs.'000	Total 1st April 2011 Rs.'000
Cost / Valuation											
As at 1st April	198,449	110,902	250,002	58,085	25,260	12,664	26,464	7,300	**689,126**	604,697	572,613
Additions during the year	-	24,750	31,692	3,715	1,544	490	7,020	1,206	**70,417**	91,176	34,419
Transfers from Capital Work-in-Progress (Note 13.1)	-	2,293	-	-	-	-	-	-	**2,293**	-	4,350
Disposals during the year	(850)	-	-	-	(200)	-	(4,500)	(225)	**(5,775)**	(6,747)	(6,685)
As at 31st March	197,599	137,945	281,694	61,800	26,604	13,154	28,984	8,281	**756,061**	689,126	604,697
Accumulated Depreciation / Impairment											
As at 1st April	-	10,080	131,779	54,994	17,757	8,768	16,252	4,783	**244,413**	220,364	203,155
Charge for the year	-	3,546	15,855	2,738	1,455	741	4,309	971	**29,615**	26,218	19,671
Impairment during the Year	-	-	-	-	396	-	-	-	**396**	3,808	430
Depreciation on Disposals	-	-	-	-	(46)	-	(4,500)	(199)	**(4,745)**	(5,977)	(2,892)
As at 31st March	-	13,626	147,634	57,732	19,562	9,509	16,061	5,555	**269,679**	244,413	220,364
Carrying Amount as at 31st March 2013	**197,599**	**124,319**	**134,060**	**4,068**	**7,042**	**3,645**	**12,923**	**2,726**	**486,382**		
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	81,510	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 31st March 2013 Rs.'000	Total 31st March 2012 Rs.'000	Total 1st April 2011 Rs.'000
Cost / Valuation											
As at 1st April	198,449	110,902	246,436	58,084	25,241	12,559	26,464	7,241	**685,376**	600,947	568,863
Additions during the year	-	24,750	31,692	3,715	1,544	490	7,020	1,206	**70,417**	91,176	34,419
Transfers from Capital Work-in-Progress	-	2,293	-	-	-	-	-	-	**2,293**	-	4,350
Disposals during the year	(850)	-	-	-	(200)	-	(4,500)	(225)	**(5,775)**	(6,747)	(6,685)
As at 31st March	197,599	137,945	278,128	61,799	26,585	13,049	28,984	8,222	**752,311**	685,376	600,947
Accumulated Depreciation / Impairment											
As at 1st April	-	10,080	128,213	54,993	17,738	8,663	16,252	4,724	**240,663**	216,614	199,451
Charge for the year	-	3,546	15,855	2,738	1,455	741	4,309	971	**29,615**	26,218	19,658
Impairment during the Year	-	-	-	-	396	-	-	-	**396**	3,808	397
Depreciation on Disposals	-	-	-	-	(46)	-	(4,500)	(199)	**(4,745)**	(5,977)	(2,892)
As at 31st March	-	13,626	144,068	57,731	19,543	9,404	16,061	5,496	**265,929**	240,663	216,614
Carrying Amount as at 31st March 2013	**197,599**	**124,319**	**134,060**	**4,068**	**7,042**	**3,645**	**12,923**	**2,726**	**486,382**		
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	81,510	6,875	7,709	4,458	14,583	2,383			384,333

Notes to the
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13. Property, Plant and Equipment (Contd.)

13.1 Capital Work-in-Progress

	Group			Company		
For the year ended 31st March,	**2013**	2012	2011	**2013**	2012	2011
	Rs.'000	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000	Rs.'000
Balance at the beginning of the Year	**2,293**	-	618	**2,293**	-	618
Additions during the year	**818**	2,293	3,732	**818**	2,293	3,732
Transferred to Property, Plant and Equipment	**(2,293)**	-	(4,350)	**(2,293)**	-	(4,350)
Balance at the end of the Year	**818**	2,293	-	**818**	2,293	-

13.2 "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";

	Group			Company		
As at 31st March	**2013**	2012	2011	**2013**	2012	2011
	Rs.'000	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000	Rs.'000
Cost as at 1st April	**187,253**	160,210	124,267	**187,253**	160,210	124,267
Accumulated Depreciation	**(30,199)**	(26,194)	(22,990)	**(30,199**	(26,194)	(22,990)
Carrying value as at 31st March	**157,054**	134,016	101,277	**157,054**	134,016	101,277

13.3 Details of Land and Building

13.3 a. Freehold Land carried at revalued amount

Location	Last Revaluation date	Land extent	Carrying value as at 31 March 2013 (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)		8A-3R	31,074
			197,599

13.3 b. Freehold Buildings carried at revalued amount

Location	Last Revaluation date	No of Buildings	Carrying value as at 31 March 2013 (Rs.'000)
Factory-Kerawalapitiya	31-Mar-09	16	57,932
Head Office-Nawala	31-Mar-09	1	41,637
Factory-Udathuththiripitiya, (Constructed in March 2013)		1	24,750
			124,319

13.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 72.7 million. Cash payments amouting to Rs. 71.2 million were made during the year for purchase of Property, Plant and Equipment of which Rs.0.8 million was on account of Capital Work in Progress and advance payments for acquisition of capital assets.

13.5 Property, Plant and Equipment includes fully depreciated assets which are in the use of normal business activities having a cost of Rs. 88.2 million.

13.6 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.175 million
Hatton National Bank PLC	Short Term Loan, Overdraft, Import Loan and Guarantee facilities for Rs.175million
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.)

14. Intangible Assets

As at	Group 31st March 2013 Rs.'000	Group 31st March 2012 Rs.'000	Group 1st April 2011 Rs.'000	Company 31st March 2013 Rs.'000	Company 31st March 2012 Rs.'000	Company 1st April 2011 Rs.'000
Cost						
Balance at the beginning of the Year	**3,090**	2,787	596	**3,090**	2,787	596
Additions during the year	**15**	303	2,191	**15**	303	2,191
Balance at the end of the Year	**3,105**	3,090	2,787	**3,105**	3,090	2,787
Amortisation						
Balance at the beginning of the Year	**897**	306	139	**897**	306	139
Charge for the year	**619**	591	167	**619**	591	167
Balance at the end of the Year	**1,516**	897	306	**1,516**	897	306
Carrying Value as at 31st March	**1,589**	2,193	2,481	**1,589**	2,193	2,481

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

15. Investments in Subsidiaries

As at	Company 31st March 2013 Rs.'000	Company 31st March 2012 Rs.'000	Company 1st April 2011 Rs.'000
Central Industries Marketing (Pvt) Limited (100,000 Ordinary Shares -100% at cost)	**1,000**	1,000	1,000
Polymer Technologies (Pvt) Limited (100,000 Ordinary Shares -100% at cost)	**1,000**	1,000	1,000
	2,000	2,000	2,000

The Subsidiaries Central Industries 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 investments in the said subsidiaries as at the end of the financial year based on the assesment of the net asset values of the subsidiaries.

16. Inventories

As at	Group 31st March 2013 Rs.'000	Group 31st March 2012 Rs.'000	Group 1st April 2011 Rs.'000	Company 31st March 2013 Rs.'000	Company 31st March 2012 Rs.'000	Company 1st April 2011 Rs.'000
Raw Materials	**131,720**	132,904	122,444	**131,720**	132,904	122,444
Work-in-Progress	**8,752**	10,417	10,404	**8,752**	10,417	10,404
Finished Goods	**91,072**	93,440	83,314	**91,072**	92,851	82,725
Machinery Spares	**24,960**	20,745	17,270	**24,960**	20,745	17,270
Goods-in-Transit	**3,336**	12,618	14,275	**3,336**	12,618	14,275
Less :- Provision for non-moving and slow-moving Inventories	**(10,695)**	(10,115)	(11,152)	**(10,695)**	(10,115)	(11,152)
Balance at the end of the year	**249,144**	260,009	236,555	**249,144**	259,420	235,966

Notes to the Financial Statements (Contd.)

Note No. 16 Contd......

As at	**31st March 2013 Rs.'000**	31st March 2012 Rs.'000	1st April 2011 Rs.'000	**31st March 2013 Rs.'000**	31st March 2012 Rs.'000	1st April 2011 Rs.'000
16.1 The amount of Inventories carried at net realisable value and included above	**2,868**	2,507	2,964	2,868	2,507	2,964

16.2 The Company has applied a consistent basis in calculating the provision for non-moving and slow moving inventories as described in the accounting policies.

17. Trade and Other Receivables

	Group			Company		
As at	**31st March 2013 Rs.'000**	31st March 2012 Rs.'000	1st April 2011 Rs.'000	**31st March 2013 Rs.'000**	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Trade Debtors	**441,440**	378,628	287,041	**436,142**	372,068	278,634
Impairment of Trade Debtors (Note 17.1)	**(35,768)**	(36,663)	(37,714)	**(30,470)**	(30,103)	(29,307)
	405,672	341,965	249,327	**405,672**	341,965	249,327
Deposits	**2,797**	1,283	1,748	**2,797**	1,283	1,748
Advances and Prepayments	**5,060**	7,768	11,699	**5,060**	7,768	11,700
Other Taxes paid in Advance	**803**	1,061	507	**803**	993	451
Other Debtors	**1,458**	1,752	2,821	**1,458**	1,752	2,821
	415,790	353,829	266,102	**415,790**	353,761	266,047
17.1 Impairment of Trade Debtors						
Balance at the beginning of the year	**36,663**	37,714	37,312	**30,103**	29,307	28,706
(Reversal of)/ charge for Impairment	**(895)**	(1,051)	402	**367**	796	601
Balance at the end of the year	**35,768**	36,663	37,714	**30,470**	30,103	29,307

18. Investments Held for Trading

As at	**31st March 2013 Rs.'000**	31st March 2012 Rs.'000	1st April 2011 Rs.'000	**31st March 2013 Rs.'000**	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Quoted Public Companies						
- Market Value at the begining of the year	**99**	173	30	**33**	58	10
- Appreciation/ (depreciation) in Market Value during the year	**2**	(74)	143	**1**	(25)	48
- Market Value at the end of the year	**101**	99	173	**34**	33	58

Notes to the
Financial Statements (Contd.)

19. Cash and Cash Equivalents

As at	Group 31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000	Company 31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Cash in Hand	**100**	101	96	**100**	101	96
Cash at Bank	**4,455**	543	30,169	**4,451**	530	30,158
Cash and Cash Equivalents	**4,555**	644	30,265	**4,551**	631	30,254
Bank Overdraft	**12,267**	11,581	786	**12,267**	11,581	786
Cash and Cash Equivalents as per cash flow statement	**(7,712)**	(10,937)	29,479	**(7,716)**	(10,950)	29,468

20. Stated Capital

As at	Group 31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000	Company 31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Issued and fully paid						
9,884,214 Ordinary Shares	**121,320**	121,320	121,320	**121,320**	121,320	121,320

21. Revaluation Reserve

For the year ended	Group 31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000	Company 31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Balance at the beginning of the year	**159,364**	159,891	160,360	**159,364**	159,891	160,360
Depreciation on Revaluation Surplus	**(527)**	(527)	(469)	**(527)**	(527)	(469)
Balance at the end of the year	**158,837**	159,364	159,891	**158,837**	159,364	159,891

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22. Capital Redemption Reserve

As at	Group 31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000	Company 31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 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**	35,814	35,814

23. General Reserve

The General Reserve represents the amount set aside by the Company during the year ended 31st March 2002, for future expansion and contingencies.

24. Deferred Taxation

As at	Group 31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April Rs.'000	Company 31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Deferred Tax Liabilities (arising on property, plant and equipment-Note 24 (a))	**39,737**	33,100	30,264	**39,737**	33,100	30,264
Deferred Tax Assets (arising from employee retirement benefit obligations-Note 24 (b))	**(9,389)**	(8,299)	(7,392)	**(9,389)**	(8,299)	(7,392)
	30,348	24,801	22,872	**30,348**	24,801	22,872

24. (a) Deferred Tax Liabilities

For the year ended	Group 31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000	Company 31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Balance at the beginning of the year	**33,100**	30,264	36,546	**33,100**	30,264	36,533
Impact of change in the taxation rate	**-**	-	(7,566)	**-**	-	(7,566)
Originating during the year	**6,637**	2,836	1,284	**6,637**	2,836	1,297
Total Deferred Tax Liability originating/(reversed) during the year (Note 10)	**6,637**	2,836	(6,282)	**6,637**	2,836	(6,269)
Balance at the end of the year	**39,737**	33,100	30,264	**39,737**	33,100	30,264

Notes to the Financial Statements (Contd.)

24. (b) Deferred Tax Assets

For the year ended	Group 31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000	Company 31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Balance at the beginning of the year	**8,299**	7,392	8,287	**8,299**	7,392	8,287
Impact of change in the taxation rate	**-**	-	(1,848)	**-**	-	(1,848)
Deferred tax asset recognized during the year	**1,090**	907	953	**1,090**	907	953
Total Deferred Tax Asset (reversed)/originating during the year (Note 9)	**1,090**	907	(895)	**1,090**	907	(895)
Balance at the end of the year	**9,389**	8,299	7,392	**9,389**	8,299	7,392

25. Employee Benefits

Provision for Retiring Gratuity

For the year ended	Group 31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000	Company 31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Balance at the beginning of the year	**29,640**	26,400	23,676	**29,640**	26,400	23,676
Current Service Cost	**1,973**	1,778	1,332	**1,973**	1,778	1,332
Interest cost	**3,345**	2,623	2,526	**3,345**	2,623	2,526
Actuarial (Gain)/Loss Arising from Changes in Assumptions or due to (Over)/Under Provision in the Previous Year.	**-**	-	(112)	**-**	-	(112)
Retirement Benefit Expense for the year	**5,318**	4,401	3,746	**5,318**	4,401	3,746
	34,958	30,801	27,422	**34,958**	30,801	27,422
Payments during the year	**(1,427)**	(1,161)	(1,022)	**(1,427)**	(1,161)	(1,022)
Balance at the end of the year	**33,531**	29,640	26,400	**33,531**	29,640	26,400

25.1 An actuarial valuation was carried out as at 31st March 2013 by Mr. Piyal S. Goonetilleke, a fellow the Society of Actuaries (USA), Member of the American Academy of Actuaries Consulting Actuary.

25.2 Principal assumptions used

	2013	2012	2011
Discount rate	**11.5%**	11%	10%
Expected rate of future salary increases	**9%**	9%	9%

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

The gratuity liability is not externally funded.

Actuarial gains and lossed that exceed 10% of the present value of the defined benefit obligations are amortized over the expected average working lives of the participating employees.

Notes to the
Financial Statements (Contd.)

26. Trade and Other Payables

As at	Group			Company		
	31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000	**31st March 2013 Rs.'000**	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Trade Creditors	**2,868**	2,645	3,315	**2,868**	2,645	3,316
Accrued Expenses	**44,057**	51,217	30,247	**44,057**	51,078	30,034
Distributor Security Deposits	**13,830**	10,416	7,405	**13,830**	10,416	7,405
Other Liabilities	**26,398**	6,744	13,892	**24,988**	5,462	12,505
	87,153	71,022	54,859	**85,743**	69,601	53,260

27. Loans and Borrowings

For the year ended	Group			Company		
	31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000	**31st March 2013 Rs.'000**	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Balance at the beginning of the year	**48,600**	-	10,000	**48,600**	-	10,000
Obtained during the Year	**728,959**	425,623	381,241	**728,959**	425,623	381,241
	777,559	425,623	391,241	**777,559**	425,623	391,241
Repayments during the Year	**(724,359)**	(377,023)	(391,241)	**(724,359)**	(377,023)	(391,241)
Balance at the end of the year	**53,200**	48,600	-	**53,200**	48,600	-

28. Current Taxation

For the year ended	Group			Company		
	31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000	**31st March 2013 Rs.'000**	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Balance at the beginning of the year	**(1,434)**	16,664	22,177	**(2,396)**	16,664	22,177
Provision for the year	**25,236**	**41,929**	**54,687**	**24,227**	**40,950**	**54,687**
Payments made during the year	**(26,625)**	**(44,724)**	**(47,712)**	**(24,890)**	**(44,707)**	**(47,712)**
Set off against ESC recoverable	**-**	**(15,303)**	**(12,488)**	**-**	**(15,303)**	**(12,488)**
Balance at the end of the year	**(2,823)**	(1,434)	16,664	**(3,059)**	(2,396)	16,664

28.1 Receiveble as at the end of the year	**(3,109)**	**(2,396)**	**-**	**(3,059)**	**(2,396)**	**-**
28.2 Payable as at the end of the year	**286**	**962**	**16,664**	**-**	**-**	**16,664**
	(2,823)	(1,434)	16,664	**(3,059)**	(2,396)	16,664

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29. Due to Related Parties

As at	Group			Company		
	31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000	**31st March 2013 Rs.'000**	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Central Transport and Travels (Pvt) Ltd.	**-**	-	96	**-**	-	96
Tivoli Plastics (Pvt) Ltd.	**2,240**	3,728	3,172	**2,240**	3,728	3,172
	2,240	3,728	3,268	**2,240**	3,728	3,268

30. Due to Subsidiaries

As at	Group			Company		
	31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000	**31st March 2013 Rs.'000**	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Central Industries Marketing (Pvt) Ltd.	**-**	-	-	**28,763**	31,913	28,179
Polymer Technologies (Pvt) Ltd.	**-**	-	-	**278**	398	413
	-	-	-	**29,041**	32,311	28,592

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

31. 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 12, in respect of proposed dividend for the year.

32. Transactions with Related Parties

32.1 Key Management Personnel

According to Sri Lanka Accounting Standard (LKAS 24) "Related Party Disclosure", 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 of the Company, and the Board of Directors of the CFC have the authority and responsibility of planning, directing and controlling the activities of the Company. Accordingly the Directors (including Executive and Non-Executive Directors)of the CFC have also been classified as Key Management Personnel of the Company and the Group.

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Compensation paid to/on behalf of key management personnel of the Group are as follow:

For the year ended 31st March	Group 2013 Rs.'000	Group 2012 Rs.'000	Company 2013 Rs.'000	Company 2012 Rs.'000
Short-term employee benefits	**12,408**	8,973	**12,408**	8,973
Post employment benefits-Contributions to EPF and ETF	**1,035**	891	**1,035**	891
	13,443	9,864	**13,443**	9,864

32.2 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 (LKAS 24)Related Party Disclosures, 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 *For the year ended*	Nature of Relationship	Nature of Transactions	Transaction Value 31st March 2013 Rs.	31st March 2012 Rs.
Central Finance Co. PLC	Parent Company	Hire charges on vehicles	**Nil**	358,483
		Interest earned from savings account	**9,492**	9,308
CF Insurance Brokers (Pvt) Ltd.	Fellow Subsidiary	Entitled to brokerage commission on premia paid to insurance companies.		
		Value of Insurance Premia paid	**1.2 million**	1.6 million
Nations Trust Bank PLC.	An Associate of the Parent Company	Interest received	**979,223**	1,596,356
		Interest and Charges Paid	**7.6million**	2.2 million
Central Industries Marketing (Pvt) Ltd	A wholly owned subsidiary	Interest paid on funds advanced	**2.8 million**	2.2 million
Polymer Technologies (Pvt) Ltd.	A wholly owned subsidiary	Interest paid on funds advanced	**34,743**	142,518

32.2a Other Facilities obtained from Group Entities

Name of the Company **As at**	Nature of Relationship	Nature of Transactions	Transaction Value 31st March 2013	31st March 2012	1st April 2011
Central Finance Co. PLC	Parent Company	Savings account balance as at 31st March	**15,349**	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	**175 million**	140 million	140 million
		Utilisation as at 31st March			
		Import Loans	**24.8 million**	2.7 million	Nil
		Overdraft	**11.7 million**	10.4 million	Nil

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Financial Statements (Contd.)

32.3 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.

For the year ended		**31st March 2013**	**31st March 2012**
Mr. C.S.W.De Costa			
-Tivoli Plastics (Pvt) Ltd	Subcontract Manufacture of PVC Pipe Fittings Value of Processing Charges Paid	**Rs.30.1 million**	Rs. 31.8 million
-Amano Construction (Pvt) Ltd	Construction of a factory building	**Rs 22.8 million**	Nil

32.4. Amounts due to and due from related companies are disclosed in note 29 & 30 respectively.

33. Financial Instruments

Financial risk management - overview

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Market risk
- Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has delegated this function to the Executive Directors who develop and monitor the Company's risk management policies and report regularly to the Board of Directors on its activities. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through training, management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of the Company, oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

33.1 Credit Risk

Credit risk is the risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally from the Company's receivables from customers and placements in deposits with banking institutions.

33.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows.

As at	Group			Group		
	31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000	**31st March 2013 Rs.'000**	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Trade and other receivables (note 17)	**415,790**	353,829	266,102	**415,790**	353,761	266,047
Cash and cash equivalents (note 19)	**4,555**	644	30,265	**4,551**	631	30,254
	420,345	354,473	296,367	**420,341**	354,392	296,301

a) Trade Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the market segment of the Company's customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring further approval from the Executive Directors; these limits are reviewed annually. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis or on secured basis.

In monitoring customer credit risk, customers are grouped according to the credit characteristics of the market segment, including whether they are an individual or legal entity, whether they are a corporate customer or a state entity.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables being a specific loss component that relates to individually significant exposures.

The maximum exposure to credit risk for trade and other receivables at the end of the reporting period by type of counterparty was as follows;

As at	Group			Company		
	31st March 2013 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000	**31st March 2013 Rs.'000**	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Retail Dealer Channel Customers	**270,958**	247,657	166,416	**274,628**	249,790	166,416
Corporate Customers	**86,966**	67,782	46,698	**84,194**	66,786	46,698
State Entities	**47,748**	26,526	36,213	**46,850**	25,389	36,213
Others	**10,118**	11,864	16,775	**10,118**	11,796	16,720
	415,790	353,829	266,102	**415,790**	353,761	266,047

The Company's ten most significant customers accounts for Rs.163.3 million of the trade and other receivables carrying amount as at 31 March 2013 (2012: Rs144 million).

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Impairment of receivables

The aging of trade receivables at the end of the reporting period that were not impaired was as follows;

As at	Group **31st March 2013 Rs.'000**	31st March 2012 Rs.'000	1st April 2011 Rs.'000	Company **31st March 2013 Rs.'000**	31st March 2012 Rs.'000	1st April 2011 Rs.'000
1–60 days	**317,680**	296,833	238,141	**317,680**	296,765	238,086
61–182 days	**93,812**	55,842	25,999	**93,812**	55,842	25,999
Above182 days	**4,298**	1,154	1,962	**4,298**	1,154	1,962
	415,790	353,829	266,102	**415,790**	353,761	266,047

Allowance for impairment of Rs.35.8. million (2012 – Rs.36.7million) has been made in respect of trade and other receivables, as at the year end. Unimpaired amounts that are past due by more than 182 days are still considered collectible in full, based on historic payment behavior and analysis of customer credit risk.

b) Cash and Cash Equivalents

The Company held cash and cash equivalents of Rs. 4.5 million as at 31 March 2013 (2012: Rs.0.6 million), which represents its maximum credit exposure on these assets. Cash and cash equivalents are held with banks and financial institutions which are rated AA (lka) to A+ (lka), based on Fitch Ratings.

33.2 Liquidity Risk

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

33.2.1 Maturity period of Financial Liabilities

The contractual maturity period of financial liabilities were as follows.

As at 31st March 2013	Total Carrying Amount Rs.'000	2 months or less Rs.'000	2-6 months Rs.'000	More than 6months Rs.'000
Non-derivative financial liabilities				
Loans and borrowings	53,200	9,200	44,000	-
Trade payables	2,868	2,868	-	-
Other payables	84,571	55,610	28,961	-
Amount due to related parties (note 29)	2,240	2,240		-
	142,879	69,918	72,961	-

Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company has access to approved short-term financing facilities from commercial banks, if required.

The Company monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables and it is estimated that the maturity of trade receivables as at the reporting date would occur in sufficient quantity and timing, given the historical trends, and currently available information which would enable the Company to meet its contractual obligations.

The Company monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. As at 31 March 2013, the expected cash flows from trade and other receivables maturing within two months were Rs.310 million (2012 – Rs.259 million). This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

As at 31st March 2013 the Company had approved overdraft facilities amounting to Rs.47 million of which Rs.12.2 million was utilised. In addition, the Company has access to approved trade and short-term financing facilities of Rs. 435 million from commercial banks, of which Rs. 53.2 million was utilised as at 31st March 2013.

33.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

33.3.1 Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate, due to changes in foreign exchange rates. The Company, as at thereporting date, does not hold financial instruments denominated in currencies other than its functional or reporting currency, hence is not exposed to currency risk arising from translation of such balances in to the functional or reporting currency, which is Sri Lankan Rupees.

However, the Company engages in transactions associated with foreign currencies in its ordinary course of operations, hence, to that extent is exposed to currency risk. A significant part of the Company's raw material purchases are imports contracted mainly in US Dollar terms and to a lesser extent in Sterling Pounds, Singapore Dollars or Euro. A fluctuation in the exchange rates will have an impact over the amounts realized in the local currency. Operations concerned with the local counterparties do not carry a currency risk exposure, on the basis that those are transacted in Sri Lanka Rupee terms.

The Company monitors fluctuations in foreign exchange rates and takes precautionary measures to revise selling prices and quotations on a regular basis.

Notes to the
Financial Statements (Contd.)

33.3.2 Interest rate risk

The Company's interest bearing financial assets / liabilities are factored on variable rates of interest, hence the Company's exposure to interest rate risk is material.

Profile

At the end of the reporting period the Company's interest-bearing financial instruments were as follows.

	Group			Company		
As at	**31st March 2013 Rs.'000**	31st March 2012 Rs.'000	1st April 2011 Rs.'000	**31st March 2013 Rs.'000**	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Variable rate instruments						
Financial Assest						
Short term deposits	**-**	-	25,000	**-**	-	25,000
Financial liabilities						
Borrowings	**(53,200)**	(48,600)	-	**82,241**	80,911	(28,592)
Overdraft	**(12,267)**	(11,581)	(786)	**(12,267)**	(11,581)	(786)
Total	**(65,467)**	(60,181)	24,214	**94,508**	92,492	(4,378)

Cash flow sensitivity analysis for variable rate instruments

A change of 1% in interest rates at the end of the reporting period would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Group Profit / (loss)		Company Profit / (loss)	
	1% Increase	1% Decrease	1% Increase	1% Decrease
31 March 2013				
Variable rate instruments	(655)	655	(945)	945
31 March 2012				
Variable rate instruments	(602)	602	(925)	925
1 April 2011				
Variable rate instruments	242	(242)	(44)	44

33.4 Accounting classifications and fair values

The Company does not designate any of its financial assets / liabilities at fair value, other than investments held for trading, hence a classification between fair value hierarchy do not apply.

33.5 Fair Values vs. Carrying Amounts

Group

31st March 2013	Trading	Held to maturity	Loans and receivables	Available for sale	Other financial Liabilities	Total carrying amount	Fair value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash and cash equivalents	-	-	4,555	-	-	4,555	4,555
Trade and other receivables	-	-	415,790	-	-	415,790	415,790
Held for trading	101	-	-	-	-	101	101
Loans and borrowings	-	-	-	-	(65,467)	(65,467)	(65,467)
Trade and other payables	-	-	-	-	(87,439)	(87,439)	(87,439)
Due to related parties	-	-	-	-	(2,240)	(2,240)	(32,240)
	101	-	420,345	-	(155,146)	265,300	265,300

Company

31st March 2013	Trading	Held to maturity	Loans and receivables	Available for sale	Other financial Liabilities	Total carrying amount	Fair value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash and cash equivalents	-	-	4,551	-	-	4,551	4,551
Trade and other receivables	-	-	415,790	-	-	415,790	415,790
Held for trading	34	-	-	-	-	34	34
Loans and borrowings	-	-	-	-	(65,467)	(65,467)	(65,467)
Trade and other payables	-	-	-	-	(85,743)	(85,743)	(85,743)
Dues to related parties	-	-	-	-	(31,281)	(31,281)	(31,281)
	34	-	420,341	-	(182,491)	237,884	237,884

Group

31st March 2012	Trading	Held to maturity	Loans and receivables	Available for sale	Other financial Liabilities	Total carrying amount	Fair value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash and cash equivalents	-	-	644	-	-	644	644
Trade and other receivables	-	-	353,829	-	-	353,829	353,829
Held for trading	99	-	-	-	-	99	99
Loans and borrowings	-	-	-	-	(60,181)	(60,181)	(60,181)
Trade and other payables	-	-	-	-	(71,984)	(71,984)	(71,984)
Due to related parties	-	-	-	-	(3,728)	(3,728)	(3,728)
	99	-	354,473	-	(135,893)	218,679	218,679

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Company

31st March 2012	Trading	Held to maturity	Loans and receivables	Available for sale	Other financial Liabilities	Total carrying amount	Fair value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash and cash equivalents	-	-	631	-	-	631	631
Trade and other receivables	-	-	353,761	-	-	353,761	353,761
Held for trading	33	-	-	-	-	33	33
Loans and borrowings	-	-	-	-	(60,181)	(60,181)	(60,181)
Trade and other payables	-	-	-	-	(69,601)	(69,601)	(69,601)
Due to related parties	-	-	-	-	(36,039)	(36,039)	(36,039)
	33	-	354,392	-	(165,821)	188,604	188,604

Group

1st April 2011	Trading	Held to maturity	Loans and receivables	Available for sale	Other financial Liabilities	Total carrying amount	Fair value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash and cash equivalents	-	-	30,265	-	-	30,265	30,265
Trade and other receivables	-	-	266,102	-	-	266,102	266,102
Held for trading	173	-	-	-	-	173	173
Loans and borrowings	-	-	-	-	(786)	(786)	(786)
Trade and other payables	-	-	-	-	(71,493)	(71,493)	(71,493)
Due to related parties	-	-	-	-	(3,268)	(3,268)	(3,268)
	173	-	296,367	-	(75,547)	220,993	220,993

Company

1st April 2011	Trading	Held to maturity	Loans and receivables	Available for sale	Other financial Liabilities	Total carrying amount	Fair value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash and cash equivalents	-	-	30,254	-	-	30,254	30,254
Trade and other receivables	-	-	266,047	-	-	266,047	266,047
Held for trading	58	-	-	-	-	58	58
Loans and borrowings	-	-	-	-	(786)	(786)	(786)
Trade and other payables	-	-	-	-	(69,924)	(69,924)	(69,924)
Due to related parties	-	-	-	-	(31,860)	(31,860)	(31,860)
	58	-	296,301	-	(102,570)	193,789	193,789

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34. Transition to LKAS/SLFRS

34.1 Reconciliation of Statement of Comprehensive Income

For the year ended 31st March 2012	Group			Company		
1st April 2011	As per SLAS	Effect of transition to LKAS/ SLFRS	As per LKAS/ SLFRS	As per SLAS	Effect of transition to LKAS/ SLFRS	As per LKAS/ SLFRS
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	1,610,440	-	1,610,440	1,610,440	-	1,610,440
Cost of Sales	(1,293,589)	-	(1,293,589)	(1,293,589)	-	(1,293,589)
Gross Profit	316,851	-	316,851	316,851	-	316,851
Other Income	4,983	-	4,983	3,183	-	3,183
Distribution Expenses (Note 34.4)	(98,183)	(335)	(98,518)	(98,183)	(335)	(98,518)
Administrative Expenses	(72,343)	-	(72,343)	(72,044)	-	(72,044)
Results from Operating Activities	151,308	(335)	150,973	149,807	(335)	149,472
Finance Income (Note 34.4)	4,496	(74)	4,422	4,447	(25)	4,422
Finance Cost	(6,044)	-	(6,044)	(8,423)	-	(8,423)
Net Finance Cost	(1,548)	(74)	(1,622)	(3,976)	(25)	(4,001)
Profit Before Taxation	149,760	(409)	149,351	145,831	(360)	145,471
Tax Expense	(43,858)	-	(43,858)	(42,879)	-	(42,879)
Profit for the Year	105,902	(409)	105,493	102,952	(360)	102,592
Basic Earnings per Share (Rs.)	10.71		10.67	10.42		10.38

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34.2 Reconciliation of Equity - Group

	As at 31st March 2012			As at 1st April 2011		
	As per SLAS	Effect of transition to LKAS/ SLFRS	As per LKAS/ SLFRS	As per SLAS	Effect of transition to LKAS/ SLFRS	As per LKAS/ SLFRS
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets						
Non-Current Assets						
Property, Plant and Equipment	444,713	-	444,713	384,333	-	384,333
Capital Work in Progress	2,293	-	2,293	-	-	-
Intangible Assets	2,193	-	2,193	2,481	-	2,481
Total Non-Current Assets	**449,199**	**-**	**449,199**	**386,814**	**-**	**386,814**
Current Assets						
Inventories	260,009	-	260,009	236,555	-	236,555
Trade & Other Receivables (Note 34.5)	354,272	(443)	353,829	266,210	(108)	266,102
Investments Held for Trading (Note 34.6)	30	69	99	30	143	173
Current Taxation - Paid in Advance	2,396	-	2,396	-	-	-
Cash & Cash Equivalents	644	-	644	30,265	-	30,265
Total Current Assets	**617,351**	**(374)**	**616,977**	**533,060**	**35**	**533,095**
Total Assets	**1,066,550**	**(374)**	**1,066,176**	**919,874**	**35**	**919,909**
Equity and Liabilities						
Equity						
Share Capital	121,320	-	121,320	121,320	-	121,320
Revaluation Reserve	159,364	-	159,364	159,891	-	159,891
Capital Redemption Reserve	35,814	-	35,814	35,814	-	35,814
General Reserve	65,000	-	65,000	65,000	-	65,000
Retained Earnings	494,718	(374)	494,344	413,000	35	413,035
Equity Attributable to Owners of the Company	**876,216**	**(374)**	**875,842**	**795,025**	**35**	**795,060**
Non Current Liabilities						
Deferred Taxation	24,801	-	24,801	22,872	-	22,872
Employee Benefits	29,640	-	29,640	26,400	-	26,400
Total Non-Current Liabilites	**54,441**	**-**	**54,441**	**49,272**	**-**	**49,272**
Current Liabilities						
Trade & Other Payables	71,022	-	71,022	54,859	-	54,859
Loans & Borrowings	60,181	-	60,181	786	-	786
Current Tax Liabilities	962	-	962	16,664	-	16,664
Due to Related Parties	3,728	-	3,728	3,268	-	3,268
Total Current Liabilities	**135,893**	**-**	**135,893**	**75,577**	**-**	**75,577**
Total Liabilities	**190,334**	**-**	**190,334**	**124,849**	**-**	**124,849**
Total Equity and Liabilities	**1,066,550**	**(374)**	**1,066,176**	**919,874**	**35**	**919,909**
Net Assets per Ordinary Share	88.65		88.61	80.43		80.44

Notes to the Financial Statements (Contd.)

34.3 Reconciliation of Equity - Company

	As at 31st March 2012			As at 1st April 2011		
	As per SLAS	Effect of transition to LKAS/ SLFRS	As per LKAS/ SLFRS	As per SLAS	Effect of transition to LKAS/ SLFRS	As per LKAS/ SLFRS
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets						
Non-Current Assets						
Property, Plant and Equipment	444,713	-	444,713	384,333	-	384,333
Capital Work in Progress	2,293	-	2,293	-	-	-
Intangible Assets	2,193	-	2,193	2,481	-	2,481
Investments Subsidiaries	2,000	-	2,000	2,000	-	2,000
Total Non-Current Assets	**451,199**	**-**	**451,199**	**388,814**	**-**	**388,814**
Current Assets						
Inventories	259,420	-	259,420	235,966	-	235,966
Trade & Other Receivables (Note 34.5)	354,204	(443)	353,761	266,155	(108)	266,047
Investments Held for Trading (Note 34.6)	10	23	33	10	48	58
Current Taxation - Paid in Advance	2,396	-	2,396	-	-	-
Cash & Cash Equivalents	631	-	631	30,254	-	30,254
Total Current Assets	**616,661**	**(420)**	**616,241**	**532,385**	**(60)**	**532,325**
Total Assets	**1,067,860**	**(420)**	**1,067,440**	**921,199**	**(60)**	**921,139**
Equity and Liabilities						
Equity						
Share Capital	121,320	-	121,320	121,320	-	121,320
Revaluation Reserve	159,364	-	159,364	159,891	-	159,891
Capital Redemption Reserve	35,814	-	35,814	35,814	-	35,814
General Reserve	65,000	-	65,000	65,000	-	65,000
Retained Earnings	466,100	(420)	465,680	387,332	(60)	387,272
Equity Attributable to Owners of the Company	**847,598**	**(420)**	**847,178**	**769,357**	**(60)**	**769,297**
Non Current Liabilities						
Deferred Taxation	24,801	-	24,801	22,872	-	22,872
Employee Benefits	29,640	-	29,640	26,400	-	26,400
Total Non-Current Liabilites	**54,441**	**-**	**54,441**	**49,272**	**-**	**49,272**
Current Liabilities						
Trade & Other Payables	69,601	-	69,601	53,260	-	53,260
Loan & Borrowings	60,181	-	60,181	786	-	786
Current Tax Liabilities	-	-	-	16,664	-	16,664
Due to Related Parties	3,728	-	3,728	3,268	-	3,268
Due to Subsidiaries	32,311	-	32,311	28,592	-	28,592
Total Current Liabilities	**165,821**	**-**	**165,821**	**102,570**	**-**	**102,570**
Total Liabilities	**220,262**	**-**	**220,262**	**151,842**	**-**	**151,842**
Total Equity and Liabilities	**1,067,860**	**(420)**	**1,067,440**	**921,199**	**(60)**	**921,139**
Net Assets per Ordinary Share	85.75		85.71	77.84		77.83

Notes to the
Financial Statements (Contd.)

34.4 Reconcilation of Total Comprehensive income in accordance with Sri Lanka Financial Reporting Standards and Sri Lanka Accounting Standards.

For the year ended	Group 31st March 2012 Rs.'000	Company 31st March 2012 Rs.'000
Distribution Expenses as per SLAS	98,183	98,183
Impact from new standards	335	335
Distribution Expenses as per SLFRS/ LKAS	98,518	98,518
Financial Income as per SLAS	4,496	4,447
Impact from new standards	(74)	(25)
Finance Income as per SLFRS/ LKAS	4,422	4,422

34.5 Trade and Other Receivables

Under SLAS, the Company recognized trade receivables at cost, subject to provision for bad debts.

Under the revised standards, the Company has designated such balances as 'Loans and receivables - Financial assets' which should be carried at their amortized cost, subject to impairment losses. The Company's revised policy on impairment of debtors is specific impairment for individually significant customers and collective impairment for the rest.

	Group		Company	
As at	31st March 2012 Rs.'000	1st April 2011 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Trade and Other Receivables as per SLAS	354,272	266,210	354,204	266,155
Impact from new standards	(443)	(108)	(443)	(108)
Trade and Other Receivables as per SLFRS/ LKAS	353,829	266,102	353,761	266,047

34.6 Investments Held for Trading

Under SLAS, the Company recognized its investments as investment securities valued at the lower of cost or market value.

Under the revised standards, the Company has designated such balances as 'Fair value through profit and loss - Financial assets'. Hence investments held for trading are recorded in the Statement of FInancial Position at fair value.

	Group		Company	
As at	31st March 2012 Rs.'000	1st April 2011 Rs.'000	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Investments Held fro Trading as per SLAS	30	30	10	10
Impact from new standards	69	143	23	48
Investments Held for Trading as per SLRS/ LKAS	99	173	33	58

Notes to the
Financial Statements (Contd.)

35. Segment Information

SEGMENT RESULTS

For the year ended	**31st March 2013 Rs.'000**	31st March 2012 Rs.'000
Revenue		
Water Management Products	**1,538,188**	1,465,044
Electrical Products	**183,952**	145,396
	1,722,140	1,610,440
Profit Before Taxation		
Water Management Products	**113,327**	135,873
Electrical Products	**13,730**	13,478
	127,057	149,351

SEGMENT ASSESTS & LIABILITIES

As at	**31st March 2013 Rs.'000**	31st March 2012 Rs.'000	1st April 2011 Rs.'000
Total Assets			
Water Management Products	**1,035,674**	946,767	824,179
Electrical Products	**125,814**	119,409	95,730
	1,161,488	1,066,176	919,909
Total Liabilities			
Water Management Products	**217,181**	181,193	113,518
Electrical Products	**1,844**	9,141	11,331
	219,025	190,334	124,849

36. Litigations and Claims

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

37. Contingent Liabilities

The Company and the Group had no significant contingent liabilities accruing as at 31st March 2013.

38. Comparative Figures

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

39. Capital Commitments

The Company had no Capital Commitments as at the 31 March 2013.

40. Directors' Responsibilities

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

Five Year Summary

Year ended 31st March	2013 Rs'000	2012 Rs'000	2011 Rs'000	2010 Rs'000	2009 Rs'000
Income Statement					
Gross Revenue	**1,755,906**	**1,642,218**	1,320,980	1,145,176	1,117,535
Profit Before Taxation	**127,057**	**149,351**	121,706	141,236	93,201
Income Tax Expenses	**(30,783)**	**(43,858)**	(47,781)	(55,695)	(37,214)
Profit for the Year	**96,274**	**105,493**	73,925	85,541	55,987
Balance Sheet					
Assets					
Property, Plant and Equipment	**486,382**	**444,713**	384,333	369,458	360,338
Capital Work-In-Progress	**818**	**2,293**	-	618	207
Intangible Assets	**1,589**	**2,193**	2,481	457	576
Total Current Assets	**672,699**	**616,977**	533,095	507,046	431,019
Total Assets	**1,161,488**	**1,066,176**	919,909	877,579	792,140
Equity and Liabilities					
Stated Capital	**121,320**	**121,320**	121,320	121,320	121,320
Capital Reserves	**194,651**	**195,178**	195,705	196,174	196,643
Revenue Reserves	**626,492**	**559,344**	478,035	426,561	357,848
Total Equity	**942,463**	**875,842**	795,060	744,055	675,811
Deferred Taxation	**30,348**	**24,801**	22,872	28,259	28,060
Retirement Benefit obligations	**33,531**	**29,640**	26,400	23,676	20,611
Total Current Liabilities	**155,146**	**135,893**	75,577	81,589	67,658
Total Equity and Liabilities	**1,161,488**	**1,066,176**	919,909	877,579	792,140
Earnings Per Share (Rs.) *1	**9.74**	**10.67**	7.48	8.65	5.66
Dividend Per Share (Rs.)	**3.00**	**3.00**	2.50	7.00	5.25
Net Assets Per Share (Rs.) *1	**95.35**	**88.61**	80.44	75.28	68.37

*1 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 2013.

Form of Proxy

*I/We ……

of ……

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

1.	Mr. E. H. Wijenaike	or failing him,
2.	Mr. A. N. P. Wickramasuriya	or failing him,
3.	Mr. G. S. N. Peiris	or failing him,
4.	Mr. C. S. W. De Costa	or failing him,
5.	Mr. R. E. Rambukwelle	or failing him,
6.	Mr. A. K. Gunaratne	or failing him
7.	Mr. N. J. Abeysekere	or failing him,
8.	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 Thirty First Annual General Meeting of the Company to be held at No.270, Vauxhall Street, Colombo 2 on the 2nd day of August 2013 at 4.00 p.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 final dividend of Rs. 3.00 per share as authorized by the Directors	☐	☐
3.	To reappoint as a Director Mr.N.J.Abeysekere in terms of section 210 of the Companies Act No.07 of 2007	☐	☐
4.	To reappoint as a Director Mr.A.N.P.Wickramasuriya in terms of section 210 of the Companies Act No.07 of 2007	☐	☐
5.	To reappoint as a Director Mr.L.R.De Lanerolle in terms of section 210 of the Companies Act No.07 of 2007	☐	☐
6.	To re-elect Mr. E.H.Wijenaike in terms of Article 85 of the Articles of Association	☐	☐
7.	To re-elect Mr.C.S.W. De Costa in terms of Article 85 of the Articles of Association	☐	☐
8.	To re-appoint M/s KPMG,Chartered Accountants, as Auditors of the Company and authorize the Directors to fix their remuneration		
9.	To authorize the Directors to determine contributions to charities	☐	☐

Signed this ……………. day of ……………. Two Thousand and Thirteen.

……………………………

*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.