

PROSPECTUS Vallibel One Limited

Offer for Subscription of Twenty One Million Three Hundred and Eleven Thousand Eight Hundred and Seventy (21,311,870) Ordinary Voting Shares at the Share Issue Price of LKR 25 per Share

Vallibel | ONE

To be listed on the Diri Savi Board of the Colombo Stock Exchange



Financial Advisor and Managers to the Offer



Registrars to the Offer

As per the Directive of the Securities and Exchange Commission made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the Central Depository System (Private) Limited dated November 30, 2010, all Shares allotted shall be directly uploaded to the CDS accounts. As such, all Applicants should indicate their CDS account number in the Application Form. Applicants who do not have a CDS account are advised to open a CDS account prior to submitting the Application.

Please note that upon the allotment of Shares under this Issue, for Applicants who have indicated their CDS account details in the Application Form, THE ALLOTTED SHARES WOULD BE CREDITED TO THE APPLICANT'S CDS ACCOUNT so indicated. PLEASE NOTE THAT SHARE CERTIFICATES SHALL NOT BE ISSUED.

Please note that if the CDS account number is not indicated in the Application Form, which is not opened at the time of the closure of the subscription list or the CDS account number indicated in the Application Form is found to be inaccurate/incorrect, the Application will be rejected and no allotments will be made.

You can open a CDS account through any Member/Trading Member of the CSE as set out in Annex D or through any Custodian Banks as set out in Annex E of this Prospectus.

The delivery of this Prospectus shall not under any circumstance constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Company since the date of this Prospectus.

If you are in doubt regarding the contents of this document or if you require any advice in this regard, you should consult your Stock Broker, Bank Manager, Lawyer or any other Professional Advisor.

This Prospectus is dated 06 June 2011

The Colombo Stock Exchange (“CSE”) has taken reasonable care to ensure full and fair disclosure of information in this Prospectus. However, the CSE assumes no responsibility for the accuracy of the statements made, opinions expressed or reports included in the Prospectus. Moreover, the CSE does not regulate the pricing of the Shares, which is decided solely by the Company/Issuer.

This Prospectus has been prepared by Acuity Partners (Private) Limited (“Acuity”) on behalf of Vallibel One Limited (“the Company”) from the information supplied by the Company and its Directors and/or which is publicly available. The Company and its Directors having made all reasonable inquiries, confirm that to the best of their knowledge and belief the information contained herein is true and correct in all material respects and that there are no other material facts, the omission of which would make any statement herein misleading. While Acuity has taken reasonable care to ensure full and fair disclosure, Acuity does not assume responsibility for any investment decision made by the investors based on the information contained herein. In making an investment decision, prospective investors must rely on their own examination and assessments of the Company, including the risks involved.

No person is authorized to give any information or make representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by Acuity.

REGISTRATION OF THE PROSPECTUS

A copy of this Prospectus has been delivered to the Registrar of Companies of Sri Lanka for registration. The following documents were attached to the copy of the Prospectus delivered to the Registrar of Companies.

- The written consent of the Managers to the Offering
The Managers to the Offering have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Managers to the Offering and for the inclusion of their statements in the form in which it is included in the Prospectus.
- The written consent of the Registrars to the Offering
The Registrars to the Offering have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Registrars to the Offering in the Prospectus.
- The written consent of the Auditors & Reporting Accountants to the Company
The Auditors & Reporting Accountants to the Company have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Auditors & Reporting Accountants to the Company and for the inclusion of their report/statements in the form and context in which it is included in the Prospectus.
- The written consent of the Lawyer to the Offering
The Lawyer to the Offering has given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Lawyer to the Offering in the Prospectus.
- The written consent of the Banker to the Offering
The Banker to the Offering has given and has not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Banker to the Company and the Banker to the Offering in the Prospectus.
- A declaration made by each of the Directors of the Company confirming that each of them have read the provisions of the Companies Act relating to the issue of the Prospectus and that those provisions have been complied with.

REPRESENTATION

No person is authorized to give any information or make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Company.

REGISTRATION OF THE PROSPECTUS IN JURISDICTIONS OUTSIDE SRI LANKA

This Prospectus has not been registered with any authority outside of Sri Lanka. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy, nor there be any sale of any shares offered herein, to any person in any circumstance or in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale.

FORWARD LOOKING STATEMENTS

Any statements included in this Prospectus that are not statements of historical fact constitute “Forward Looking Statements”. These can be identified by the use of forward looking terms such as “expect”, “anticipate”, “may”, “plan to”, “believe”, “could” and similar terms or variations of such terms. However, these words are not the exclusive means of identifying Forward Looking Statements. As such, all statements pertaining to expected financial position, business strategy, plans and prospects of the Company are classified as Forward Looking Statements.

Such Forward Looking Statements involve known and unknown risks, uncertainties and other factors including but not limited to regulatory changes in the sectors in which the Company operates and its ability to respond to them, the Company's ability to successfully adapt to technological changes, exposure to market risks, general economic and fiscal policies of Sri Lanka, inflationary pressures, the performance of financial markets both globally and locally, changes in domestic and foreign laws, regulation of taxes and changes in competition in the industry and further uncertainties that may or may not be in the control of the Company.

Such factors may cause actual results, performance and achievements to materially differ from any future results, performance or achievements expressed or implied by Forward Looking Statements herein. Forward Looking Statements are also based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

Given the risks and uncertainties that may cause the Company's actual future results, performance or achievements to materially differ from that expected, expressed or implied by Forward Looking Statements in this Prospectus, investors are advised not to place sole reliance on such statements.

INVESTMENT CONSIDERATIONS

It is important that this Prospectus is read carefully prior to making an investment decision. For information concerning certain risk factors, which should be considered by prospective investors, see "Investment Considerations and Associated Risk Factors" in Section 9 of this Prospectus.

PRESENTATION OF CURRENCY INFORMATION AND OTHER NUMERICAL DATA

The financial statements of the Company and currency values of economic data or industry data in a local context will be expressed in Sri Lankan Rupees. References in the Prospectus to "LKR or Rs or Rupees" are to the lawful currency of Sri Lanka. References to "USD" are to United States Dollars, the official currency of the United States of America.

Certain numerical figures in the Prospectus have been subject to rounding adjustments; accordingly numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

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SALIENT FEATURES AT A GLANCE	
Issuer	Vallibel One Limited
Number and Type of Securities to be Issued	21,311,870 Ordinary Voting Shares of the Company
Share Offer Price	LKR 25 per share
Minimum Subscription per Application	Minimum subscription per application is 100 Shares (LKR 2,500). Applications exceeding the minimum subscription should be in multiples of 100 Shares
Opening Date of Issue	21 June 2011
Closing Date of Issue	08 July 2011 or on the date on which the Issue is oversubscribed
Amount to be Raised	LKR 532,796,750

As per the Directive of the Securities and Exchange Commission made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the Central Depository System (Private) Limited dated November 30, 2010, all Shares allotted shall be directly uploaded to the CDS accounts. As such, all Applicants should indicate their CDS account number in the Application Form. Applicants who do not have a CDS account are advised to open a CDS account prior to submitting the Application.

Please note that upon the allotment of Shares under this Issue, for Applicants who have indicated their CDS account details in the Application Form, THE ALLOTTED SHARES WOULD BE CREDITED TO THE APPLICANT'S CDS ACCOUNT so indicated. PLEASE NOTE THAT SHARE CERTIFICATES SHALL NOT BE ISSUED.

Please note that if the CDS account number is not indicated in the Application Form, which is not opened at the time of the closure of the subscription list or the CDS account number indicated in the Application Form is found to be inaccurate/incorrect, the Application will be rejected and no allotments will be made.

You can open a CDS account through any Member/Trading Member of the CSE as set out in Annex D or through any Custodian Banks as set out in Annex E of this Prospectus.

DEFINITIONS / INTERPRETATIONS

The following definitions/interpretations apply throughout this Prospectus, unless the context otherwise requires:

“Application Form”	The Application Form issued with this Prospectus and/or photocopies of such Application Form
“Bn”	Billion
“BOI”	Board of Investment of Sri Lanka
“CDS”	Central Depository Systems (Pvt) Limited
“Closure Date”	The date of closure of the subscription list
“Companies Act”	Companies Act No. 07 of 2007
“The Company” or “Vallibel One”	Vallibel One Limited
“CSE”	Colombo Stock Exchange
“Directors”	The Directors for the time being of the Company, unless otherwise stated
“GoSL”	Government of the Democratic Socialist Republic of Sri Lanka
“IPO”	Initial Public Offer
“Issue” or “Offer” or “Offering”	Issue of Shares of the Company to the Public as envisaged by this Prospectus
“Issuer”	Vallibel One Limited
“LKR”	Sri Lankan Rupees
“Market Day”	Any day on which the CSE is open for trading
“Mn”	Million
“Managers to the Offer”	Acuity Partners (Private) Limited
“NIC”	National Identity Card
“Offered Shares”	Twenty One Million Three Hundred and Eleven Thousand Eight Hundred and Seventy (21,311,870) new Ordinary Shares each to be issued by the Company, to the general public at the Share Offer Price
“Offer for Subscription”	An invitation to the public by the Company to subscribe for Twenty One Million Three Hundred and Eleven Thousand Eight Hundred and Seventy (21,311,870) new Ordinary Shares of the Company
“Issue Period”	21 June 2011 to 08 July 2011
“Share Issue Price” or “Share Offer Price”	LKR 25/- per Issued Share
“Paid up Ordinary Voting Share(s)” or “Shares”	Ordinary Voting Share(s) of the Company
“POA”	Power of Attorney
“Private Placement”	Private Placement of 196,000,000 Ordinary Voting Shares issued by the Company on 17 January 2011 and allotted on 25 January 2011
“SEC”	Securities & Exchange Commission of Sri Lanka
“VOL”	Vallibel One Limited

1.0 CORPORATE INFORMATION

Issuer	Vallibel One Limited
Registered Office	27-2, East Tower, World Trade Centre, Echelon Square, Colombo 01, Sri Lanka
Telephone Number of the Company	+94 11 2381111
Company Registration Number (under the Companies Act No. 07 of 2007)	PB 3831
Date, Place and Authority of Incorporation	A public limited liability company incorporated in Sri Lanka on 09 th June 2010 at the Registrar of Companies under Companies Act No.07 of 2007
Company Secretary	P W Corporate Secretarial (Pvt) Ltd No. 3/17, Kynsey Road Colombo 08, Sri Lanka Tel: +94 11 4640360 Fax: +94 11 4740588
Reporting Accountants/Auditors of the Company	Ernst & Young Chartered Accountants No. 201, De Saram Place, Colombo 10, Sri Lanka Tel: +94 11 2463500 Fax: +94 11 2697369
Lawyer to the Company	Mrs. Priyanthi Pieris Attorney-at-Law & Notary Public, Solicitor (England & Wales) No. 3/14D, Kynsey Road, Colombo 08, Sri Lanka Tel: +94 11 4610476 Fax: +94 11 4614476
Banker to the Company	Pan Asia Banking Corporation PLC No. 450, Galle Road, Colombo 03, Sri Lanka Tel: +94 11 2565565 Fax: +94 11 2565558
	Sampath Bank PLC No. 110, Sir James Peiris Mawatha Colombo 02, Sri Lanka Tel: +94 11 2300260 Fax: +94 11 2303085
	Hatton National Bank PLC No. 479, T B Jayah Mawatha Colombo 10, Sri Lanka Tel: +94 11 2664664 Fax: +94 11 2662814

Board of Directors

Name	Designation
Kulappuarachchige Don Dhammika Perera	Chairman/Managing Director
Wannakuwattawaduge Don Nimal Hemasiri Perera	Executive Deputy Chairman
Shiran Harsha Amarasekera	Independent Non-Executive Director
John Anthony Sunil Sumith Adhihetty	Non-Executive Director
Kimarli Fernando	Independent Non-Executive Director
Rajanayagam Nalliah Asirwatham	Independent Non-Executive Director

2.0 RELEVANT PARTIES TO THE OFFERING

Financial Advisor and Managers to the Offering

Acuity Partners (Private) Limited

No. 53, Dharmapala Mawatha

Colombo 03, Sri Lanka.

Tel: +94 11 2206206

Fax: +94 11 2437149

Registrars to the Offering

P W Corporate Secretarial (Pvt) Ltd

No. 3/17, Kynsey Road

Colombo 08, Sri Lanka

Tel: +94 11 4640360

Fax: +94 11 4740588

Banker to the Offering

Pan Asia Banking Corporation PLC

No. 450, Galle Road, Colombo 03, Sri Lanka

Tel: +94 11 2565565

Fax: +94 11 2565558

Lawyer to the Offering

Mrs. Priyanthi Pieris

Attorney-at-Law & Notary Public

Solicitor (England & Wales)

No. 3/14D, Kynsey Road

Colombo 08, Sri Lanka

Tel: +94 11 4 610476

Fax: +94 11 4 614476

Auditors & Reporting Accountants to the Offering

Ernst & Young

Chartered Accountants

No. 201, De Saram Place, Colombo 10, Sri Lanka

Tel: +94 11 2463500

Fax: +94 11 2697369

3.0 DETAILS OF THE OFFER

3.1 The Issue

The Issue contemplated herein shall constitute an invitation made to the general public to purchase Twenty One Million Three Hundred and Eleven Thousand Eight Hundred and Seventy (21,311,870) new Ordinary Shares of the Company at the Share Offer Price.

3.2 Nature of the Offered Shares

The Offered Shares shall rank equal and *pari passu* in all respects with the existing Ordinary Shares of the Company with the right to vote, the right to an equal share in any dividend that may be paid by the Company after the allotment of the Offered Shares and the right to an equal share in the distribution of the surplus assets of the Company in a liquidation.

3.3 Size of the Issue

If fully subscribed, the Issue would raise Sri Lankan Rupees Five Hundred and Thirty Two Million Seven Hundred and Ninety Six Thousand Seven Hundred and Fifty (LKR 532,796,750.00).

3.4 Share Offer Price

The Share Offer Price will be Rupees Twenty Five (LKR 25.00). The Board of Directors of Vallibel One Limited is of the opinion that the Share Offer Price is fair and reasonable to the Company and to all existing shareholders of the Company.

3.5 Objectives of the Issue

The objective of this Issue is to raise LKR 532.8 million to fund the balance capital requirement of Greener Water Ltd, a fully owned subsidiary of the Company, which has undertaken to construct a 300 plus roomed five star hotel in Negombo.

The total cost of the project is estimated at USD 50 million which is approximately LKR 5.6 billion at an exchange rate of LKR 112/USD.

The cost of the project is excluding the cost of the land. The land was purchased by Greener Water Ltd at a cost of LKR 268.06 million.

The company intends to finance a total of LKR 3 billion by utilizing proceeds from the Private Placement and funds raised by this Issue.

Out of the LKR 4.9 billion raised in the Private Placement, the Company will invest a sum of LKR 2,467.2 million in the hotel project.

The amount to be raised in this Issue is LKR 532.8 million. The funds raised through this Offer will be utilized for the hotel project.

Vallibel One Limited will invest by way of equity in Greener Water Ltd. In consideration of such investment, shares will be allotted to Vallibel One Limited by Greener Water Ltd at a price to be decided by the Board of Greener Water Ltd in terms of Section 57 of the Companies Act No. 07 of 2007.

The Directors are of the view that they are able to raise the balance sum of LKR 2.6 billion through debt as and when required. Debt will be incurred/raised by Greener Water Ltd.

In case of an upward revision in the cost estimate of the project, the Directors are of the view that they are able to raise the balance sum through debt by leveraging on the proposed equity investment.

The construction of the hotel is estimated to take two years and commercial operations to commence in early 2014.

In the event Greener Water Ltd is unable to obtain relevant regulatory approvals (refer Section 4.4.8 and 9.3) the Company will utilize the funds generated through this Issue to finance investments in suitable investment opportunities that fall within the strategic scope of the Company. However, given that the proposed project by Greener Water Ltd is within a developed tourist zone, the Company does not anticipate the necessary regulatory approvals to be withheld.

The funds raised on this Issue would be utilized during the period of construction of the hotel as aforesaid.

The Issue will also facilitate the listing of the Company's Ordinary Voting Shares on the Diru Savi Board of the Colombo Stock Exchange with the view to:

- Broaden the ownership of the Company.
- Enhance the marketability of the Company's Shares.
- Permit the Company greater access to the domestic capital market.

The Company is confident that it can meet any shortfall in the event of an under subscription through internally generated funds and borrowings. The Company is presently well capitalized and is financially strong to raise debt financing to part finance the above investment.

3.6 Cost of the Issue

The Directors estimate that the total cost of the Issue including the Managers' fees, Registrars' fees, fees payable in respect of services rendered by any lawyers, accountants, postage, printing stationery, marketing costs, brokerage, stamp duty payable on the Issue of Shares, etc. will be approximately LKR 14 million. Such costs will be met out of internally generated funds.

3.7 Listing

The Issue herein contemplated comprises of Twenty One Million Three Hundred and Eleven Thousand Eight Hundred and Seventy (21,311,870) new Ordinary Voting Shares. If fully subscribed, the Offered Shares will amount to 1.96% of the total number of issued Ordinary Voting Shares of the Company subsequent to the Issue.

An Application has been made to the CSE for permission to deal in and for a listing of One Billion Eighty Six Million Five Hundred and Fifty Nine Thousand Three Hundred and Fifty Three (1,086,559,353) Ordinary Voting Shares being the entirety of the issued and paid up Ordinary Voting Shares of the Company subsequent to this Issue.

Upon the successful completion of this Issue, the Company will be listed on the Diru Savi Board of the CSE.

The Company will be listed subject to compliance with all applicable CSE Listing Rules.

3.8 Subscription List and Closure Date

The subscription list for the Offered Shares will open at 9.00 a.m. on 21 June 2011 and shall remain open for fourteen (14) Market Days (including the date of Opening) until closure at 4.30 p.m. on 08 July 2011. The Board shall close the subscription list on any Market Day within the period of fourteen (14) Market Days in which it is fully subscribed. In such an event, the Company shall inform the CSE in writing immediately of such fact and the subscription list will be closed at 4.30 p.m. on the same day on which it is fully subscribed.

3.9 Eligible Applicants

Applications are invited from the following categories of Investors **having a valid account in the Central Depository System (Pvt) Ltd (CDS Account):**

- Citizens of Sri Lanka who are resident in or outside Sri Lanka and above 18 years of age; or
- Companies, corporations or institutions incorporated or established within Sri Lanka; or
- Corporate bodies incorporated or established outside Sri Lanka; or
- Approved provident funds and contributory pension schemes registered/incorporated/established in Sri Lanka (in this case applications should be in the name of the Trustee/Board of Management in order to facilitate the opening of the CDS account); or
- Foreign citizens above 18 years of age (irrespective of whether they are resident in Sri Lanka or overseas); or
- Global, regional and country funds approved by the SEC.

Please note that Applications made by individuals under 18 years of age or those in the names of sole proprietorships, partnerships, unincorporated trusts and non-corporate bodies will be rejected at the outset.

Application by growth or balanced unit trusts under the Unit Trust Investor category should conform to the criteria defined by the SEC directive dated 10 March 2011.

3.10 Procedure for Application

Applications must be made in the manner set out below. Applications duly completed should be submitted in the manner set out in Section 3.10.9 hereunder.

3.10.1 Prospectus and Application Form

The Prospectus and Application Form will be available free of charge from the collection points listed in Annex D. Investors must apply for shares on the Application Form, which constitutes part of this Prospectus. The Application Form should be legibly completed and be received by the Registrars to the Issue. The Application Form and the Prospectus can also be downloaded from www.cse.lk. Exact size photocopies of the original Application Form will also be permissible.

Applicants applying under the **Employee Category** must apply for Shares only using the separate **BLUE coloured** Application Form printed for this purpose, which constitutes part of this Prospectus. The completed Application Forms should be submitted to the Designated Officer of the Company who is responsible to collect same and forward to the Registrars to the Offer. Employees shall not submit Applications directly to the Registrars to the Offer.

Applicants applying under the **Unit Trust Category** must apply for Shares only using the separate **CREAM coloured** Application Form printed for this purpose, which constitutes part of this Prospectus. The completed Application Forms should be submitted to the Managers to the Offer who will forward the same to the Registrars to the Offer or directly to the Registrars to the Offer.

Care must be taken to follow the instructions on the reverse of the Application Form. Applications that do not strictly conform to such instructions or as set out herein or which are illegible may be rejected.

Please note that Applicant information such as Full Name, Address, National Identity Card No /Passport No/ Residency will be downloaded from the CDS, based on the CDS Account Number indicated in the Application Form. Such information shall take precedence over information supplied in the Application Form.

As per the Directive of the Securities and Exchange Commission made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the Central Depository System (Private) Limited dated November 30, 2010, all Shares allotted shall be directly uploaded to the CDS accounts. As such, all Applicants should indicate their CDS account number in the Application Form. Applicants who do not have a CDS account are advised to open a CDS account prior to submitting the Application.

Please note that upon the allotment of Shares under this Issue, for Applicants who have indicated their CDS account details in the Application Form, THE ALLOTTED SHARES WOULD BE CREDITED TO THE Applicant'S CDS ACCOUNT so indicated. PLEASE NOTE THAT SHARE CERTIFICATES SHALL NOT BE ISSUED.

Please note that if the CDS account number is not indicated in the Application Form, which is not opened at the time of the closure of the subscription list or the CDS account number indicated in the Application Form is found to be inaccurate/incorrect, the Application will be rejected and no allotments will be made.

You can open a CDS account through any Member/Trading Member of the CSE as set out in Annex D or through any Custodian Banks as set out in Annex E of this Prospectus.

Applicants have the option of having their shares 'locked'* in the CDS. Shares that are locked* would not be available for trading purposes and would not be visible to the participant. Such applicants would have to fill in a separate section in the IPO Application Form for this purpose. If the applicant has not specified that his/her Shares need to be deposited to his/her 'locked' *balance, please note that the said Shares would be deposited to applicant's 'trading' balance.

****Definition and operation of a 'locked' balance in the CDS***

In order to preserve the confidentiality of shareholder information and to ensure that securities are not made available for trading for those shareholders who do not want to trade the securities the CDS would provide a mechanism where securities can be 'locked' in the CDS account.

The CDS would maintain two balances for each CDS account, namely a trading balance and a locked balance. The trading balance would be visible to the CDS participant and all dealings and trading would be permitted on the said trading balance, as done presently.

As opposed to the trading balance, the locked balance will not be visible to the CDS participant and all dealings on such locked balance would be suspended thereby maintaining the confidentiality of the information and also safeguarding the account holder from an unauthorized sale by a broker.

At the option and request of an account holder the CDS would transfer a named quantity of shares from the locked balance to the trading balance of a CDS account and/or from the trading balance to the locked balance.

3.10.2 Number of Shares Applied

Application should be made for a minimum of one hundred (100) shares or in multiples of hundred (100) shares thereof.

Applications made for less than one hundred (100) Shares or for a number which is not in multiples of hundred (100) Shares will be rejected and accompanying cheques or bank drafts or bank guarantees will not be sent for clearing and be returned via ordinary post at the risk of the applicant, or in the case of joint applicants, the first named applicant. The cheque or bank draft or bank guarantee should be issued to the exact value of the number of Shares applied for multiplied by the Share Issue Price. Cheques or bank drafts or bank guarantees not conforming to the above requirement will be rejected at the outset. Please refer Section 3.11.1 for details with respect to the mode of remittance.

3.10.3 Responsibility of a Non-Resident Investor

Non-resident investors may be affected by the laws of the jurisdiction of their residence. If the non-resident investors wish to apply for the Shares at the IPO, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and of Sri Lanka.

3.10.4 Margin Trading

Applicants who wish to apply through their margin trading account, should submit the Application in

the name of the “margin provider/applicant’s name” signed by the margin provider. The applicants should state the relevant CDS account number relating to the margin trading account in the space provided for the CDS account number in the Application Form.

A photocopy of the margin trading agreement must be submitted along with the Application.

Please note that the margin provider can apply under its own name and such Applications will not be construed as multiple Applications (details of multiple Applications are available under Section 3.10.7).

3.10.5 Applications made under Power of Attorney

In the case of Applications made under Power of Attorney, a copy of the said POA, certified by a Notary Public to be a true copy of the original, should be lodged with the Registrars to the Issue along with the Application Form. The original POA should not be attached.

3.10.6 Joint Applications

Joint Application Forms should not exceed three applicants (except in the case of executors, administrators or heirs of a deceased member). Joint applicants should note that all parties should either be residents of Sri Lanka or non-residents. An applicant of a joint Application shall not apply through a separate Application Form either individually or jointly. ***Only one Application will be accepted on behalf of a natural person.***

3.10.7 Multiple Applications

An applicant can apply under only one Application Form. If an applicant has applied under more than one Application Form it will be construed as multiple Applications. An applicant of a joint Application, applying through another Application Form is also deemed to have made multiple Applications.

An applicant who has made an Application under a margin trading account should not apply individually or jointly on a separate Application Form. Such Applications will also be construed as multiple Applications.

Only one Application should be made by an Applicant under the **Employee Category**. Additionally an Applicant may make a further Application (One [01] Only) either under Retail Individual Category or Non Retail Category.

Only one Application should be made by an Applicant under the **Unit Trust Category**. Additionally an Applicant may make a further Application (One [01] Only) under Non-Retail Category.

The Company/Managers/Registrars to the Offering reserve the right to reject all multiple Applications and suspected multiple Applications or to accept only one Application Form at their discretion.

3.10.8 Rejection of Applications

- Application Forms which are incomplete in any way and/or are not in accordance with the terms and conditions set out in this Prospectus will be rejected at the absolute discretion of the Company/Managers/Registrars to the Issue.
- **Application Forms that do not indicate the CDS account number, which is not opened at the time of the closure of the subscription list or the CDS account number indicated in the Application Form is found to be inaccurate/incorrect, will be rejected and no allotments will be made.**
- Applications delivered by hand after 4.30 p.m. local time on the Closure Date of the Issue will be rejected. Applications received by courier/post after 4.30 p.m. local time on the succeeding Market Day immediately following the Closure Date of the Issue, will also be rejected even if they carry a courier acceptance date/postmark date earlier than the Closure Date.
- Applications made for less than one hundred (100) Shares or for a number which is not in multiple of hundred (100) Shares will be rejected.

- In the case of multiple Applications and suspected multiple Applications, the Company/Manager/Registrars to the Issue reserve the right to reject all or to accept one Application Form at their discretion.
- An Application Form accompanied by two or more cheques or bank drafts or bank guarantees will be rejected at the outset.
- Applications made by individuals below 18 years of age or those in the names of sole proprietorships, partnerships, unincorporated trusts and non-corporate bodies will be rejected.

Notwithstanding any provision contained herein, the Board of Directors shall reserve the right to refuse any Application or to accept any Application in full or part.

3.10.9 Submission of Applications

Application Form properly filled in accordance with the instructions thereof, along with the applicable remittance for full amount payable on Application should be enclosed in a sealed envelope marked **“Vallibel One Limited – Initial Public Offering”** on the top left-hand corner and be addressed and dispatched by post or courier or delivered by hand to the Registrars to the Issue at the following address.

P W Corporate Secretarial (Pvt) Ltd
No. 3/17, Kynsey Road,
Colombo 08
Sri Lanka

Applications may also be handed over to the Managers to the Offer, the Banker to the Offer and its designated branches, members and trading members of the CSE as set out in Annex D prior to 4.30 p.m. local time on the Closure Date.

In the case of Applications dispatched by courier or post, such Applications should reach the Registrars to the Issue prior to 4.30 p.m. local time on the Market Day immediately following the Closure Date. Any Applications received after the above deadline shall be rejected even though the courier or post mark is dated prior to the Closure Date.

Applicants applying under the Employee Category should submit their Application Forms to the Designated Officer of the Company who is responsible to collect the same and forward to the Registrars to the Issue. Employees shall not submit Applications directly to the Registrars to the Issue.

3.11 Payment of Application Monies

3.11.1 Mode of Remittance

Payment should be made separately in respect of each Application by way of a cheque or bank draft or bank guarantee. Remittances on Applications will be deposited in a separate bank account in the name of **“Vallibel One Limited – Initial Public Offering”**. Each Application Form should be accompanied by only one cheque or bank draft or bank guarantee and should be issued for the full amount indicated in the Application Form. An Application Form accompanied by two or more cheques, bank drafts or bank guarantees will be rejected.

However, in order to accommodate Applications of a value of above LKR 99,999,999.00, in view of the recent Central Bank Directions and the Sri Lanka Inter Bank Payment System, Applications for Shares of a value of above LKR 99,999,999.00 will be permitted to submit multiple Bank Drafts (Not Cheques) or multiple Bank Guarantees. Such Applicants are required to attach a list to the Application Form giving details of such payment, such as; (1) Name of Bank, (2) Name of Branch, (3) Bank Draft No./Bank Guarantee No.

Cash will not be accepted. Anyone wishing to pay cash should obtain a bank draft from any commercial bank in Sri Lanka.

3.11.2 Cheques or Bank Drafts – Resident Sri Lankan Investors

Cheques or bank drafts should be drawn on any commercial bank in Sri Lanka and crossed **“Account Payee Only”** and made payable to **“Vallibel One Limited – Initial Public Offering”**.

Cheques or bank drafts accompanying Application Forms made for less than one hundred (100) Shares or for a number which is not in multiples of hundred (100) Shares will not be sent for clearing and shall be returned via ordinary post at the risk of the applicant, or in the case of joint applicants, to the first named applicant.

In the event that cheques are not realized within three (03) Market Days from the day of presenting the same to the bank for clearing, the cheques will be returned and no allocation of shares will be made to the investors.

Investors residing in outstation areas from which cheque clearance may take over two (02) Market Days are advised to make payment via bank drafts to avoid any delays.

Cheques must be honoured on first presentation to the bank for the Application to be valid. Applications supported by cheques which are not honoured on the first presentation will be rejected.

3.11.3 Bank Guarantees – Resident Sri Lankan Investors

Applications made by resident Sri Lankan investors backed by bank guarantees issued by a licensed commercial bank presented in line with the requirements set out in Section 3.11.1 will be accepted. Bank guarantees will be presented to the respective banks only after the Shares have been allotted. Bank guarantees should be issued in favour of **“Vallibel One Limited – Initial Public Offering”** in a manner acceptable to the Company and be payable on demand.

Foreign investors and non-resident Sri Lankan investors should refer Section 3.11.4 for information regarding procedures for Bank Guarantees.

3.11.4 Foreign Currency Remittance

This section is applicable to citizens of Sri Lanka who are above 18 years of age and resident overseas, corporate bodies incorporated or established outside Sri Lanka, global, regional or country funds approved by the SEC and foreign citizens (irrespective of whether they are resident in Sri Lanka or overseas) who are above 18 years of age.

The above mentioned applicants should make their payments using one of the following methods as the case may be.

- A foreign investor may invest through a Securities Investment Account (SIA) maintained with any commercial bank in Sri Lanka. The procedure for arranging payments through a SIA is presented below:
 - o A foreign investor may use the services of a custodian bank as an intermediary when investing in the Sri Lankan securities market.
 - o The intermediary may open a SIA, on the investor’s behalf. In conjunction with the SIA, an account with the CDS must be opened.
 - o In respect of global, regional or country funds investing for the first time in Sri Lanka, the intermediary will facilitate the approval process regulated by the SEC.
 - o Payment for Shares should be made through a cheque or bank draft or bank guarantee issued by a licensed commercial bank against the funds in the SIA and made payable to **“Vallibel One Limited – Initial Public Offering”**.
- A foreign investor may invest through inward remittances of foreign currency held in a Foreign Currency Banking Unit (FCBU) account of the Applicant maintained with any commercial bank in Sri Lanka. The Applicant should forward the Application Form supported by a bank guarantee drawn on the Applicant’s FCBU account pending allotment of shares.

- o Upon allotment of Shares, foreign currency to the extent of the Sri Lankan Rupee equivalent value Shares allotted would be called on the bank guarantee drawn on the applicant's FCBU account. The requisite funds would then be credited to a SIA opened in favour of the applicant via the aforementioned FCBU account.
- o This procedure would protect a prospective investor from any losses accruing due to fluctuating exchange rates.
- In addition to the payments made through SIA and FCBU mentioned above, a foreign citizen resident in Sri Lanka under the Resident Guest Scheme may invest through the Resident Guest Foreign Currency Account (RGFCA) maintained with any commercial bank in Sri Lanka. An investor who wishes to avail him/herself of this facility should make the payment for shares through a bank draft or a bank guarantee issued by a licensed commercial bank against the funds in the RGFCA and made payable to **"Vallibel One Limited – Initial Public Offering"**.
- Non-resident Sri Lankans can remit money for investment purposes in Sri Lankan companies through Rupee Accounts for Non-Resident Sri Lankan Investment (RANSI) maintained with authorized dealers.
 - o Sri Lankan citizens who have left the country to take up employment, business or a profession and continue to reside abroad and those citizens of Sri Lanka who have made their permanent place of abode outside Sri Lanka are eligible to operate a RANSI with authorized dealers.
 - o Remittances by non-resident Sri Lankans in connection with this share Application Form must be made via bank drafts purchased out of funds in the RANSI. There are no exchange control restrictions on remittance of funds that may be available in a RANSI.
 - o Where a RANSI holder is also the holder of a Non-Resident Foreign Currency (NRFC) account, movement of funds between a RANSI and a NRFC account of the account holder is freely permitted, so long as the account holder continues to reside abroad and does not cease to be a citizen of Sri Lanka. Therefore, funds in the NRFC account could be transferred to a RANSI through which investment in Shares could be made.

Cheques or bank drafts or bank guarantees should be endorsed by the issuing custodian bank, to the effect that, such payment has been made against funds available in the individual's SIA/FCBU/RGFCA account. The endorsement must be clearly indicated on the cheque or bank draft or the bank guarantee. Alternatively, a document detailing the endorsement could be submitted along with the payment and Application.

Bank drafts drawn on a RANSI account should also be endorsed in line with the above.

3.11.5 Restrictions Applicable to Foreign Citizens Resident in Sri Lanka

Foreign citizens resident in Sri Lanka may make payments through Sri Lankan Rupee accounts only if they possess dual citizenship where one such citizenship is Sri Lankan. Foreign citizens having Sri Lankan citizenship should attach a certified copy of the citizenship certificate with the Application Form.

Foreign citizens residing in Sri Lanka having valid residency visas should note that they cannot make remittances via cheques or bank drafts or bank guarantees drawn on Sri Lanka Rupee accounts held in Sri Lanka but may do so via SIA/FCBU/RGFCA account as detailed in Section 3.11.4 above. Applications made by foreign citizens not in accordance to the foregoing shall be rejected.

3.12 Banking of Payments

All cheques or bank drafts or bank guarantees received in respect of Applications will not be banked or called on until the Market Day after the Closure Date of the subscription list, in terms of the CSE Listing Rules.

3.13 Returning of Monies of Rejected Applications

Where an Application Form is rejected, the cheque or bank draft or bank guarantee received in respect of the Application will be returned via ordinary post at the risk of the applicant. In the case of joint applicants, Application monies will be returned to the first named applicant.

Where the Application Form is accepted and the cheque or bank draft or bank guarantee is not honoured at the first presentation, the Application will also be rejected and the cheque or bank draft or bank guarantee will be returned via ordinary post at the risk of the applicant. In the case of joint applicants, Application monies will be returned to the first named applicant.

3.14 The Basis of Allotment

The Issued Shares would be distributed among four broad investor categories, namely:

Employees *	10% of the Offered Shares
Unit Trust Investors**	10% of the Offered Shares
Retail Individual Investors	40% of the Offered Shares
Non-Retail Investors	40% of the Offered Shares

****Employees - Permanent employees of L B Finance PLC, Royal Ceramics Lanka PLC & Sampath Bank PLC. An Employee may make only one Application under the Employees Category. However an Employee may make a further Application (one only) if he/she so wish either under Retail Individual Investor Category or Non-Retail Investor Category.***

***** Unit Trust Investors should be growth and balanced Unit Trusts operated by managing companies licensed by the Securities and Exchange Commission, where such unit trusts comprise of not less than 500 unit holders resident in Sri Lanka who together hold at least 50% of that fund as per the Direction issued by the SEC (Ref: SEC/LEG/11/03/36 of 10 March 2011). Only one Application should be made under the Unit Trust Investor category. However a Unit Trust Investor can make a further Application (one only) under the Non-Retail category.***

Investor/s who apply for up to a maximum of 4,000 Shares (including 4,000 Shares) will be deemed as Retail Individual Investors for Share allotment purposes.

Investors or Unit Trust Investors who do not fall under the Retail Individual Investor definition stated above will be deemed as Non Retail Investors for Share allotment purposes. (All corporate bodies incorporated or established in Sri Lanka or outside Sri Lanka, global, regional or country funds approved by the SEC, shall fall under the Non-Retail category irrespective of the quantum of Shares applied for)

The investor categories have been selected to ensure the broadest possible spread of shareholders while treating all Applicants in a fair manner.

In the case of an under-subscription in the Unit Trust Investor category, the Retail Individual Investor category shall be given first priority in the allotment of the under-subscribed Shares.

In the case of an under-subscription in the Retail Individual Investor category, the Unit Trust Investor category shall be given first priority in the allotment of the under-subscribed Shares.

In the case of an under-subscription in the Non-Retail Investor category, Retail Individual Investor category will be given first priority followed by Unit Trust Investor category in the allotment of the under-subscribed Shares.

In the case of an under-subscription in the Employees category, Retail Individual Investor category will be given first priority followed by Unit Trust Investor category in the allotment of the under-subscribed Shares.

Redistribution will not apply in the event of oversubscription of all four categories stated above.

In the event of an oversubscription of any one or all four categories stated above, the basis of allotment will be decided by the Board of Directors of the Company in a fair and equitable manner.

3.15 Refunds on Applications

Where an Application is accepted only in part, the balance of the monies received on Application will be refunded. Refunds on Shares that have not been allotted will be refunded on or before the expiry of ten (10) Market Days from the Closure Date (excluding Closure Date) as required by the CSE Listing Rules. Applicants would be entitled to receive interest at the last quoted AWPLR published by the Central Bank of Sri Lanka plus 5%, on any refunds not made before the expiry of the above mentioned period.

Refunds via Sri Lanka Inter-bank Payment Systems:

- The refund payment will be made to the bank account specified by the Applicant through the Sri Lanka Inter-bank Payment System (SLIPS) which is subject to a maximum limit of LKR 5 million, on or before the expiry of ten (10) Market Days from the Closure Date (excluding Closure Date) as required by the CSE Listing Rules and a payment advice shall be issued to the applicant provided that the applicant has submitted accurate and complete details of his bank account in the Application Form. In the event the refund payment is effected via SLIPS based on the bank account details provided by the applicant in the Application Form, but is rejected by the applicant's bank due to inaccurate or incomplete information, such refund payments would be made via a crossed cheque in favour of the applicant and sent by ordinary post at the risk of the applicant to the address registered with the CDS Account indicated in the Application Form. In such instances, the Company together with the Registrars to the Issue will send the refund cheques to such applicants at the earliest possible and the applicant should not hold the Company or the Registrars to the Issue accountable for such delays. CDS information will take precedence over information in the Application Form in the event of a discrepancy between the CDS information and information stated in the Application Form.

Refunds via crossed cheque:

- If the applicant has not provided details of the bank account in the Application Form or has provided inaccurate or incomplete details of the bank account, the refund payment will be made by a crossed cheque in favour of the applicant and sent by ordinary post to the address given to the CDS by the applicant as referred to in the Application Form at the risk of the applicant. In the case of a joint Application, a crossed cheque will be drawn in favour of the applicant whose name appears first in the Application Form. Further, even if the applicant has requested for SLIPS transfer for refund amounts and submitted accurate and complete details of the bank account in the Application Form, refund amounts exceeding LKR 5 million will also be made by a crossed cheque in favour of the applicant and sent by ordinary post at the risk of the applicant to the address given to the CDS by the applicant as referred to in the Application Form.

A request cancellation of crossing on the refund cheque, in instances where the applicant does not maintain a current account, should be addressed to the Registrars to the Issue in writing, stating the cheque number and the fact that the applicant does not maintain a current account. The refund cheque and a clear photocopy of the applicant's NIC should accompany the letter.

In the event of a cheque being delivered by hand by a third party to the Registrars to the Issue for cancellation of crossing, a letter of authorization signed by the applicant stating the NIC number of such third party should also be presented with the cheque.

Cheques on which the crossing has been cancelled by the Registrars to the Issue should preferably be collected in person or by a third party authorized by the applicant. Where an applicant has requested the delivery of a cheque on which the crossing has been cancelled via post, the cheque will be sent at the risk of the applicant.

3.16 Successful Applicants and CDS Lodgement

A written confirmation informing successful applicants of their allotment of Shares will be dispatched not later than ten (10) Market Days from the closure of the Issue.

As per the Directive of the Securities and Exchange Commission made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the Central Depository System (Private) Limited dated November 30, 2010, all Shares allotted shall be directly uploaded to the CDS accounts. As such, all Applicants should indicate their CDS account number in the Application Form. Applicants who do not have a CDS account are advised to open a CDS account prior to submitting the Application.

Please note that upon the allotment of Shares under this Issue, for Applicants who have indicated their CDS account details in the Application Form, THE ALLOTTED SHARES WOULD BE CREDITED TO THE Applicant'S CDS ACCOUNT so indicated. PLEASE NOTE THAT SHARE CERTIFICATES SHALL NOT BE ISSUED.

Please note that if the CDS account number is not indicated in the Application Form, which is not opened at the time of the closure of the subscription list or the CDS account number indicated in the Application Form is found to be inaccurate/incorrect, the Application will be rejected and no allotments will be made.

You can open a CDS account through any Member/Trading Member of the CSE as set out in Annex D or through any Custodian Banks as set out in Annex E of this Prospectus.

Applicants have the option of having their shares 'locked'* in the CDS. Shares that are locked* would not be available for trading purposes and would not be visible to the participant. Such applicants would have to fill in a separate section in the IPO Application Form for this purpose. If the applicant has not specified that his/her shares need to be deposited to his/her 'locked'* balance, please note that the said shares would be deposited to applicant's 'trading' balance. (*definition of 'locked' - Section 3.10.1)

The Shares allotted in terms of this Issue will be directly uploaded to the respective CDS account given in the Application Form before the expiry of eighteen (18) Market Days from the Closure Date of the Issue as required by the CSE Listing Rules.

A written confirmation upon the completion of crediting the respective CDS Accounts will be sent to the shareholder within two (02) Market Days of crediting the CDS Accounts by ordinary post to the address provided by each shareholder in their respective Application.

Application Forms stating third party CDS accounts instead of their own CDS account numbers, except in the case of margin trading accounts, will be rejected.

3.17 Transferability of Shares

Shares to be issued under this Prospectus shall not be transferable by the shareholders during the period between the date of allotment of the Shares and up to the date of listing (excluding the date of listing) of the Ordinary Shares of the Company on the CSE.

3.18 Declaration to the Colombo Stock Exchange and Secondary Market Trading

The Company will submit to the CSE a declaration on the Market Day immediately following the day on which investors' CDS accounts are credited with securities. Trading of Ordinary Shares of the Company on the secondary market will commence on or before the third (3rd) Market Day from the receipt of the declaration by the CSE.

4.0 BUSINESS OPERATIONS OF VALLIBEL ONE LIMITED

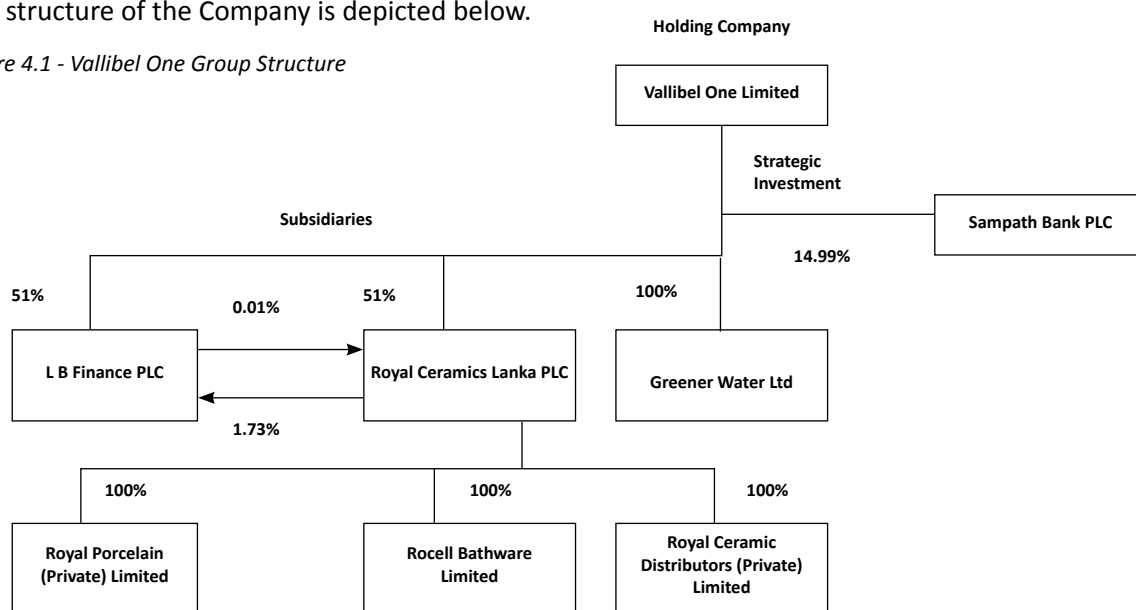
Vallibel One Limited is a diversified holding company which as at date has made strategic investments in financial services, tile and sanitary ware manufacturing, and leisure. Sector specific operations are carried out through its subsidiaries, namely L B Finance PLC, Royal Ceramics Lanka PLC group and Greener Water Ltd respectively. Further, the Company holds a 14.99% stake in Sampath Bank PLC which is treated as a strategic long term investment.

The Company also proposes to make investments in power sector projects in Sri Lanka and further investments in the leisure sector. A sum of LKR 1 billion and LKR 1.25 billion respectively have been set aside for such investments whilst any additional capital requirements will be met through borrowings.

4.1 Group Structure

The structure of the Company is depicted below.

Figure 4.1 - Vallibel One Group Structure



Source: Vallibel One Limited

4.2 Financial Services – L B Finance PLC and Sampath Bank PLC

VOL is engaged in the financial services sector through L B Finance and Sampath Bank.

4.2.1 L B Finance PLC

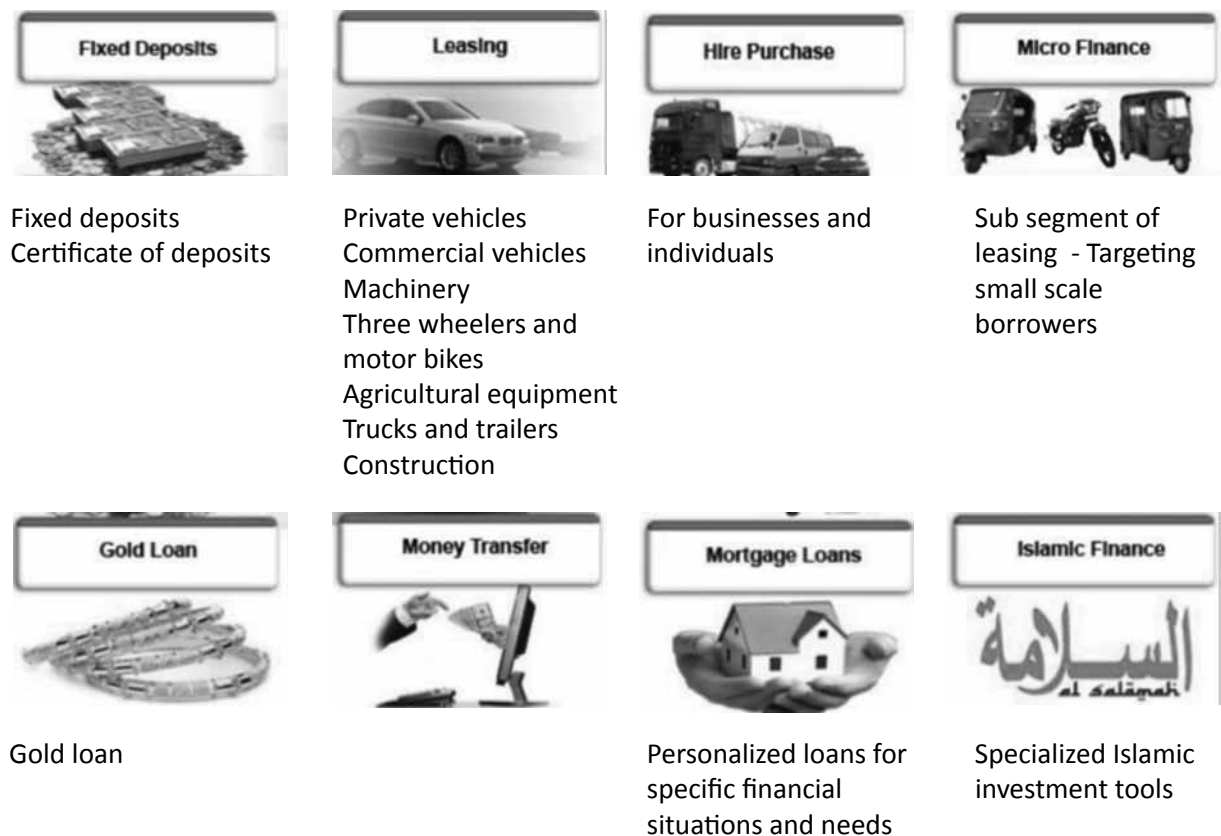
L B Finance PLC operates under the purview of the Central Bank of Sri Lanka as a Registered Finance Company ("RFC") under the Finance Companies Act No. 78 of 1988. The company was incorporated on 30th May 1971 under the Companies Ordinance of No. 51 of 1938 as a private company and subsequently converted into a public company on 29th September 1982. It was listed on the Colombo Stock Exchange on the 30th of December 1997. As a public listed company, L B Finance is subject to the rules and regulations of the CSE, CDS and SEC. L B Finance is rated BBB+/P2 with a stable outlook by RAM Ratings Sri Lanka.

The company is engaged in providing financial services such as leasing, hire purchase, mortgage loans, gold loans, fixed deposits and Islamic finance products.

4.2.1.1 Products Offered

L B Finance offers a range of services and products aimed at meeting the financial needs of a wide range of customers. The business segments mainly consist of lending and deposit products and fee-based services such as money transfers. The company is a recent entry into the Islamic Financing sector in Sri Lanka.

Figure 4.2 – L B Finance Product Portfolio

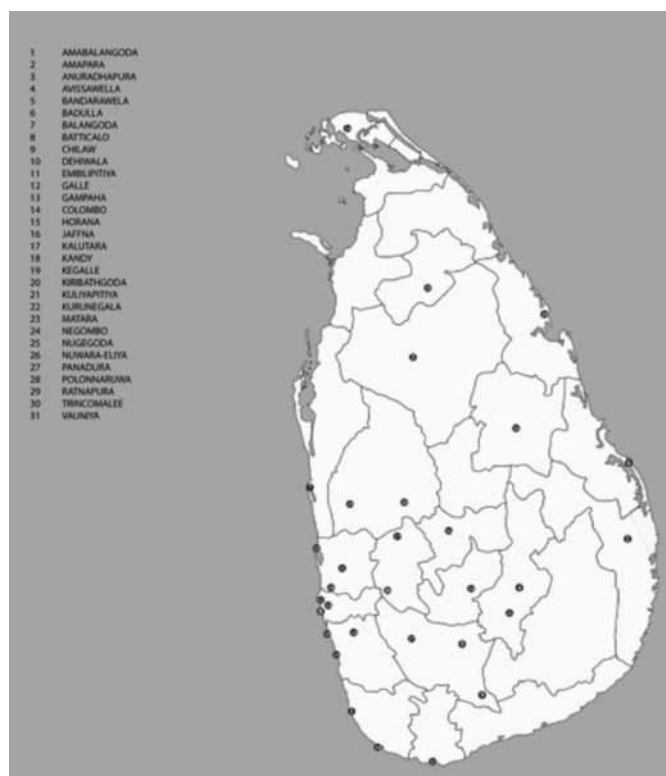


Source: LB Finance PLC

4.2.1.2 Distribution Network

L B Finance has an island wide distribution network of 31 branches and 84 gold loan centers. The staff strength of the company exceeds 1,100, guaranteeing customers a personalized service.

Figure 4.3 - LB Finance Distribution Network



Source: LB Finance PLC

4.2.1.3 Market Share and Competition

L B Finance is the third largest RFC in Sri Lanka, accounting for approx. 10.47% of the industry assets as at September 2010 (source: RAM Ratings). The company operates in a highly competitive landscape. At present there are 36 RFC's offering similar products and services while commercial banks also pose direct competition to larger RFC's like L B Finance.

As per company sources, L B Finance is the largest operator in three-wheel leasing with an estimated target of 32,000 three wheelers per year. The company is the second largest lender for gold loans and the third largest in terms of fixed deposit mobilization. L B Finance competes with larger RFC's such as Central Finance, Lanka Orix Finance, Peoples Leasing Finance and commercial banks.

In the past the company was positioned as a service provider to the middle to lower income segment of the market. Thus many of the product and service were structured to meet the financing needs of this segment. However the management has taken a new directive to enter in to the higher end of the market which will target high net-worth individuals and corporate clients.

4.2.1.4 Core Competencies

Stringent Risk Management Process – L B Finance has adopted a stringent risk management process. The cyclical risk management process involves identification, analysis, assessment, monitoring, control and review of key risk factors faced by the company. Key risk factors which include capital or credit risk, country risk, liquidity risk and interest rate risk are evaluated by an integrated risk management committee. The company has invested in information technology to create a solid platform to provide online real time information required for risk mitigation.

This strong risk management process is a key factor that facilitated LB Finance's growth during the challenging economic backdrop faced by the industry in 2008/09. The management places significant importance on maintaining the quality of the lease portfolio/loan book and recovery process. RAM Ratings has identified L B Finance's asset quality as being amongst the best in the industry during the latest ratings review conducted in September 2010. As at end September 2010 the company's net NPL's to shareholders funds ratio stood at 4.81% compared to 14.41% recorded as at FY 2008/09 (source: RAM Ratings).

Strong Capital Base – L B Finance has continued to grow its capital base over the years, adding stability to the company. As at 31 March 2010 the total Tier 1 capital (core capital) of the company stood at LKR 1,756 million and the total capital base was at LKR 2,116 million. Both the core capital ratio and the total risk weighted capital ratio were well above the statutory requirement of 5% and 10%. As at 31 March 2010 the core capital ratio of the company stood at 14.39% while the total risk weighted ratio was 17.34%.

Experienced Management Team – The Board of Directors of the company is comprised of highly experienced professionals with a proven track record in creating value in their respective fields. The management team with vast experience in the financial sector provides a strong operational base for the company to grow. The management leverages on prudent risk management policies while always striving to be innovative to provide customers with a superior service offering.

Customer Focus – The service and product offering of the company takes a bottom up approach with significant focus on customer requirements. The sales personnel constantly engage customers to identify their requirements enabling the company to be innovative in their product offering. The customer centric approach was a key factor that has projected the company to its current status. L B Finance has built a strong brand presence as a reliable, hassle free service provider who delivers competitive financial solutions to customers.

4.2.1.5 Five Year Financial Summary

Table 4.1 – L B Finance Five Year Financial Summary

	FY2005/06	FY2006/07	FY2007/08	FY2008/09	FY2009/10
Gross Income (LKR'000)	914,463	1,310,792	2,778,862	3,580,173	4,130,993
Interest Income (LKR'000)	849,978	1,229,406	2,082,418	3,431,950	3,953,032
Interest Expenditure (LKR'000)	432,856	655,624	1,318,058	2,238,847	2,249,805
Net Interest Income (LKR'000)	417,122	573,782	764,360	1,193,103	1,703,227
Profit Before Taxation (LKR'000)	173,108	282,401	355,214	555,315	878,290
Net Profit (LKR'000)	77,056	178,776	205,833	359,608	500,161
Lease Rentals Receivables & Stock Out on Hire (LKR'000)	2,830,052	4,641,290	7,256,655	9,006,955	10,440,329
Loans & Advances (LKR'000)	977,435	1,100,386	1,805,470	2,834,414	4,193,815
Total Assets (LKR'000)	4,666,343	6,990,516	10,744,098	14,009,461	17,185,263
Deposits from Non-Bank Customers (LKR'000)	3,344,671	4,561,445	7,309,101	9,558,370	12,489,789
Total Liabilities (LKR'000)	4,311,689	6,403,090	9,769,080	12,659,364	15,428,830
Share Capital (LKR'000)	135,000	202,000	418,411	491,996	491,996
Reserves (LKR'000)	219,654	385,426	556,608	858,101	1,264,436
Total Liabilities & Funds Employed (LKR'000)	4,666,343	6,990,516	10,744,099	14,009,461	17,185,263
Growth in Interest Income (%)	25.48	44.64	69.38	64.81	15.18
Growth in Net Profit (%)	59.18	132.01	15.13	74.71	39.09
Growth in Total Advances (%)	39.79	50.80	57.83	41.02	30.78
Growth in Deposits (%)	28.31	36.38	60.24	30.77	30.67
Net Interest Margin (%)	10.79	10.38	9.11	10.11	11.81
EPS (LKR)	3.95	7.48	5.34	10.96	14.44
NAV (LKR)	26.27	24.56	37.86	41.13	50.72

Source: LB Finance PLC, Annual Report 2009/10

4.2.2 Sampath Bank PLC

Sampath Bank PLC is a Licensed Commercial Bank operating under the purview of the Central Bank of Sri Lanka. The bank was incorporated in 1986 under the Companies Act No. 17 of 1982 and was subsequently listed on the Colombo Stock Exchange.

Sampath Bank offers a wide array of commercial banking products targeting both personal and corporate customers. Some of the personal banking products include current accounts, savings accounts, term deposits, housing loans, credit cards and leasing facilities. Corporate banking services include commercial credit, corporate finance, trade finance and development banking.

As at 30 September 2010, Sampath Bank had consolidated total gross loans and advances of LKR 118.27 billion and a deposit base of LKR 143.07 billion. Sampath Bank is rated AA- by Fitch Ratings Sri Lanka.

4.3 Manufacturing – Royal Ceramics Lanka PLC

Figure 4.4 – “Rocell and “Rocell Bathware”



Source: RCL

Royal Ceramics Lanka PLC is a leading manufacturer of homogenous porcelain tiles, ceramic tiles and sanitaryware in Sri Lanka. RCL was incorporated in 1990 and was subsequently listed on the Colombo Stock Exchange. The primary business of the group is the manufacture and sale of porcelain and ceramic tiles and sanitary ware products under the brand names ‘Rocell’ and ‘Rocell Bathware’.

RCL operates three wholly owned subsidiaries, Royal Porcelain (Pvt) Ltd and Rocell Bathware Limited and Royal Ceramic Distributors (Private) Limited with three manufacturing facilities. The factory at Horana manufactures ceramic tiles, the one at Eheliyagoda manufactures porcelain tiles and sanitary ware is manufactured at the Homagama factory.

4.3.1 Manufacturing Facilities

Eheliyagoda Factory – Homogeneous Vitreous Porcelain Tiles

Figure 4.5 – RCL Eheliyagoda Factory



Source: RCL

The Eheliyagoda factory which was set up in 1992 operates two kilns with a combined capacity of approx. 4,000 sqm/day. The factory is outfitted with state of the art technology to produce homogeneous & porcelain floor tiles to meet the highest international quality standards.

- The factory equipped with a 2,500 ton SACMI press, the only one of its kind in Sri Lanka, is used to press the pre-fired tiles from powder with higher compaction power and accuracy required to produce almost impervious tiles after firing.
- The Rotocolour MPS, the world's most advanced silicon roller based printing technology, is used to ensure that the prints stretch from end to end thereby eliminating unprinted edges on the tile, which is commonly visible with traditional silk screen printing. The technology also enables to produce natural random prints, which improves the aesthetic beauty of tiled floor.
- The Roller Kilns are fired at a temperature of 1,200 degrees centigrade transforming the tile into the vitreous finished product conforming to the UNI-EN 176 – ISO 13006 group B I International Standards.
- The larger tiles are squared at the squaring plant maintaining a minimum size tolerance of only 0.2mm. Certain homogeneous products are also polished in the polishing plant to get glass like surfaces according to the demand.
- The surface quality, flatness and rectangularity are checked for each tile using advanced optical sensors and devices.
- The tiles are packed and palletized using automated packing and robotic palletizing machines ready for shipment.
- Stringent quality assurance system is adhered to before releasing the products into the market. Sampling & testing of finished products are done to ensure compliance of physical, technical and visual properties of finished goods.

Horana Factory – Glazed Ceramic Tiles and Vitrified Glazed Floor Tiles

Figure 4.6 – RCL Horana Factory



Source: RCL

The Horana factory was set up in April 2002 as a BOI enterprise with 10 year tax holiday ending January 2013 and operates 2 kilns with a capacity of 7,500 sqm/day. The factory which manufactures Glazed Ceramic Tiles and Vitrified Glazed Floor Tiles is equipped with the latest technology to meet stringent quality standards set by the company. A capacity expansion project is in progress to increase the output by 3,500 sqm/day from February 2010. Total installed capacity of the factory after expansion will be 11,000 sqm/day.

- The powder is pressed, using state-of-the-art 3,020 ton, 2,890 ton & 1,500 ton SACMI presses to produce pre-fired tiles with highest standards.
- The Rotocolour MPS, the world's most advanced silicon roller based printing technology, is used to ensure that the prints stretch from end to end thereby eliminating unprinted edges on the tile, which is commonly visible with traditional silk screen printing. The technology also enables to produce natural random prints, which improves the aesthetic beauty of tiled floor.
- Dry glaze application technology – DECODRY is used to decorate tiles with irregular surfaces , imitate natural stones and to produce products which stands for heavy traffic usages.
- The tiles are fired in SACMI roller kilns at a temperature of approximately 1,200 degrees centigrade. In the kilns the tiles are transformed into vitreous finished products conforming to the UNI-EN 177 – ISO 13006 group BIIa & EN 176 – ISO 13006 group BIb International Standards.
- The larger tiles are squared at the squaring plant maintaining a minimum size tolerance of only 0.2mm.
- The surface quality, flatness and rectangularity are checked for each tile using advanced optical sensors and devices.
- The tiles are packed and palletized using automated packing and robotic palletizing machines ready for shipment.
- Stringent quality assurance system is adhered before releasing the products into the market. Sampling & testing of finished products are done to ensure compliance of physical, technical and visual properties of finished goods.

Total tile manufacturing capacity at present stands at approx. 11,500 sqm/day while both factories operate at close to 100% capacity utilization. With completion of current factory expansion in Horana, the total installed capacity of tiles will be increased to 15,000 sqm/day from Feb 2011.

Homagama Factory – Vitreous China Sanitary Ware and Fire Clay Sanitary Ware

Figure 4.7 – RCL Homagama Factory



Source: RCL

The most recent venture by RCL was the investment in a state of the art manufacturing facility in Homagama, entering in to the sanitary ware segment. The factory which was set up at a cost of LKR 1.8 billion commenced commercial operations in April 2009.

The factory which operates under RCL's fully owned subsidiary Rocell Bathware Ltd has the advantage of being the only sanitary ware manufacturer in Sri Lanka and it was also recognized as one of the most modern and state of the art production plants in Asia and one of the first plants in the region to manufacture fine fire clay products. This operates as a BOI approved project and enjoys a six year tax holiday and concessionary tax rates thereafter.

Rocell Bathware production plant is equipped with hi-tech machinery including robots for glazing, semi-pressure casting lines, automated dryers and high performance kilns.

Technical know-how and machinery for the plant is sourced from some of the world's premier suppliers for the sanitary-ware industry, namely, UNIMAK of Turkey, SACMI of Italy, Cuccolini of Italy and SIBELCO of UK.

The products are manufactured to the highest international quality standards conforming to British Standard Specification BS 3402:1969. Entire product range is CE certified (product has met EU consumer safety, health or environmental requirements) whilst plumbing accessories such as flushing mechanisms are WaterMark certified for water saving and flushing efficiencies.

Series of pre production tests are conducted at a fully equipped process laboratory thus post production quality assurance tests, which include vacuum tests, load bearing tests and flush efficiency tests are conducted at a modern quality assurance laboratory.

At present the plant has the capacity to produce 240,000 pieces of vitreous china sanitary ware and 10,000 pieces of fine fire clay sanitary ware per annum and an incremental capacity of up to 500,000 pieces during the 2nd stage of expansion.

The plant is certified with ISO 9001 quality management system and ISO 14001 environmental management system.

4.3.2 Products Manufactured

RCL manufactures a range of homogeneous porcelain tiles, glazed ceramic tiles, vitrified glazed floor tiles and vitreous china and fire clay sanitary ware. Designs for these products are sourced from leading European design houses while the products conform to international product specifications.

Figure 4.8 – RCL Product Portfolio

Glazed Porcelain Floor Tiles



Minuit Collection



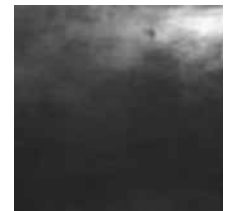
Metrica Collection



Natal Collection



Inox Collection



Iron Collection

Ceramic Floor Tiles



Antique Marble Collection



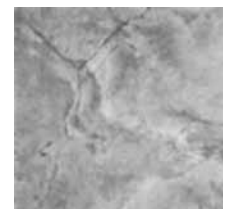
Caliza Collection



Mikonos Collection



Sand Stone Collection



Venato Collection

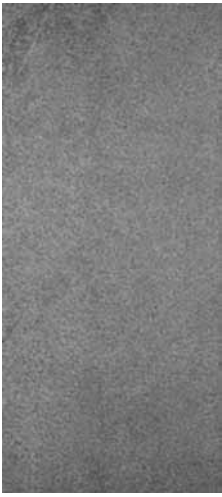
Porcelain Floor Tiles



Techno Quartz
Collection



Natural Wood
Collection



Piasentina
Collection



Quartzo Grafite
Collection



Slate Collection

Sanitary ware Collection



Summer Blue



Flo



Intense



Element Aqua



Deep Blue



Aqua Arc

Source: RCL

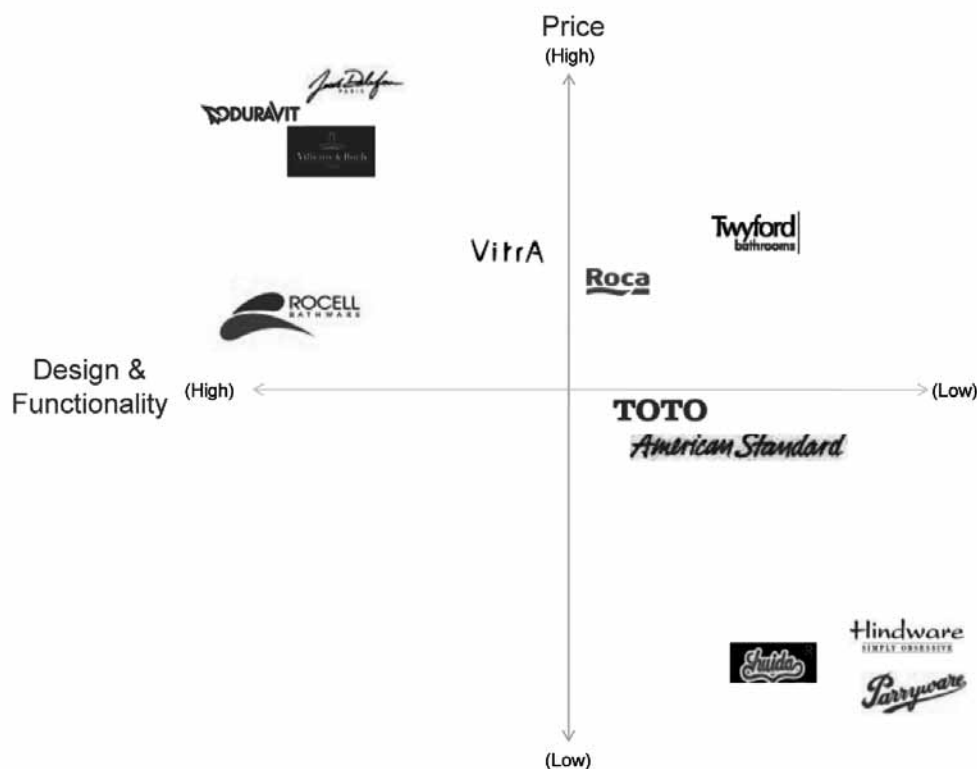
4.3.3 Market Share and Competition

As per the company, RCL is the market leader in the ceramic and porcelain floor tile segment commanding a 45% market share in Sri Lanka. Market share for the sanitary ware segment is estimated at 39% bearing in mind that the company entered this segment in 2009. Also, RCL is the brand leader in both tiles and sanitary ware segments in Sri Lanka.

In the tile segment RCL competes mainly with manufacturers from China, Thailand and India and local manufacturers such as Lanka Tiles. The tile segment does not have any identifiable international brands. Rocell and Lanka Tiles/Lanka Wall Tiles are the two main brands in the Sri Lanka market.

As per the company, the majority of the importers differentiate through low cost – low quality products whereas RCL targets the middle and upper segment of the market. In the sanitary ware segment the main competitors for Rocell Bathware can be identified as imported brands such as American Standard, Toto and Twyford.

Figure 4.9 –Positioning Map of Rocell Bathware



Source: RCL

RCL has a broad customer base ranging from the average residential house builder to large construction companies. The majority of sales are generated in Sri Lanka while the company exports 7% to 9% of total tile production to countries such as Australia, India and Canada. International distribution is through selected exclusive retail channel partnerships.

4.3.4 Awards and Accolades

RCL was one of only two Sri Lankan companies to be featured in the 2010 edition of Forbes “Asia 200 best under a billion” list. The company was among 151 new entrants in the 2010 list, which ranks top performing small-and-mid-sized companies with sales below USD 1 billion in Asia. The inclusion is based on outstanding performance in criteria such as earnings, sales growth and shareholder return on equity during the preceding 12 month period and over 3 years.

Figure 4.10 – Award for Forbes ‘Asia 200 Best Under a Billion’



Source: RCL

4.3.5 Core Competencies

Superior Product Quality – RCL’s product range conform to the international industry quality standards and specifications outlined in the UNI-EN 176 / 177 standards set by the European Committee of Standardization and ISO 13006 group B1 & BII of International Standards Organization. The company has adopted “Total Quality Management” criteria while the production process is standardized as per specifications set out under ISO 9001 standards. The company complies with ISO 14001 process and environment standards. ISO 13006 standards terms and establishes classifications, characteristic and marketing requirements for ceramic tiles of the best commercial quality.

Product Range – RCL offers a wide range of products categorized under different collections for its tile and sanitary ware product range. Products are designed to appeal to a wide consumer audience with varied requirements. Further, RCL produces a range of tile sizes to meet customer requirements.

Innovative Designs – The Company is engaged in a continuous design development process keeping in line with new trends in the consumer market. Designs for both tile and sanitary ware collections are sourced from reputed European design houses in Italy and Spain.

Distribution Network – RCL has a strong island-wide distribution network comprising of 41 showrooms and 320 direct and sub dealers. The company places emphasis on promoting ‘concepts’ rather than the mere display of products. The company opened its first ultra modern “concept centre” during the last financial year. This new approach to marketing tile and sanitary ware products is received well by the target market.

Strong Brand Presence – RCL has built a strong brand name through its two main brand names, “Rocell” and “Rocell Bathware”. Superior product quality, innovative designs, reliability and availability are some strengths projected by the “Rocell” brand creating a strong connection with the target market and consumer loyalty.

RCL has been recognized as one of the leading brands in Sri Lanka by Brand Finance for four years consecutively.

4.3.6 Five Year Summary

Table 4.2 – RCL Five Year Summary

	FY2005/06	FY2006/07	FY2007/08	FY2008/09	FY2009/10
Revenue (LKR'000)	1,941,535	2,594,180	3,474,819	3,741,172	4,451,169
Gross Profit (LKR'000)	781,470	1,039,214	1,472,464	1,643,484	2,118,720
Profit Before tax (LKR'000)	528,502	383,495	643,396	537,892	1,001,644
Net Profit (LKR'000)	466,627	329,032	610,786	517,882	964,310
Total Assets (LKR'000)	2,761,612	3,866,262	5,679,455	6,198,462	6,484,875
Shareholders Funds (LKR'000)	1,430,781	1,634,108	2,653,410	3,060,502	3,886,325
Total Liabilities (LKR'000)	1,330,830	2,232,154	3,026,045	3,137,960	2,598,550
Revenue Growth YoY%	20.46%	33.61%	33.95%	7.67%	18.98%
Gross Profit Margin %	40.25%	40.06%	42.38%	43.93%	47.60%
Net Profit Margin%	24.03%	12.68%	17.58%	13.84%	21.66%
ROA %	19.12%	9.93%	12.80%	8.72%	15.21%
ROE%	38.09%	21.47%	28.49%	18.13%	27.76%
EPS (LKR)	1.53	5.94	11.03	9.35	17.41
NAV (LKR)	25.83	29.50	47.90	55.25	70.16

Source: Royal Ceramics Lanka PLC, Annual Reports

4.3.7 Future Outlook

Expansion of the Distribution Network – A key element of the future strategy of the company will be the expansion of its distribution network to reach all major cities and towns in Sri Lanka. Expansion will mainly focus on the establishment of fully owned stores while stores in identified cities will be revamped as “concept stores”. The stores will feature the complete product range by RCL and will also feature other related accessories. RCL plans to expand its presence in the North and East regions of the island by opening up showrooms in Jaffna, Trincomalee, Batticaloa and Vavuniya.

Capacity Expansion – In order to meet the increase in demand, production capacity at Horana factory has been expanded by 3,500 sqm per day with an investment of LKR 750 million.

Investment in a New Factory – The company has initiated the construction of a new state of the art tile manufacturing plant in Kiriwathguduwa in a 33 acre complex to cater to growing demand for floor and wall tiles. The proposed plant will be one of the most modern tile plants in the world.

New Markets – RCL is constantly looking at expanding market share by way of establishing a stronger brand presence in the existing markets as well as by expansion into new markets. Under this strategy the company is looking at expanding export orders to Europe, Australia, Singapore and India especially under the “Rocell Bathware” brand. The company continues to invest in brand building and positioning to promote “Rocell Bathware” as a high quality, premium life style product.

Investments into Selected Related Industries – The management is open for new investment opportunities that are in line with the scale and nature of its core business. The diversification strategy of the company will be selective with appropriate consideration given for risk versus return of each new venture.

4.3.8 Assumptions on which Future Plans are Based

Demand driven growth is the main assumption on which the future plans of RCL is based upon. Construction sector is envisaged to contribute significantly to the country's economy which is projected to grow at a GDP growth rate of 8.5% in 2011 and 9.0% in 2012. Growth in construction sectors and demand for tile and sanitary ware products are positively correlated which is expected to drive demand in the future. RCL expects to capitalize on this expected growth in demand by investing in capacity expansion and in a new factory. Further the company expects to increase market share through the expansion of its current distribution network and investment in new markets.

4.4 Leisure – Greener Water Ltd

Greener Water Ltd is the leisure sector investment arm of Vallibel One. Greener Water will invest in a 382 room, luxurious five star resort to be located in Kochichikade, Negombo, Sri Lanka. Greener Water has already invested in the 14 acre land at a cost of LKR 268.06 million, which is a free hold land. The initial design concept for the hotel was carried out by WATG of Singapore, one of the world's leading design consultants for the hospitality, leisure and entertainment industry. The first stage architectural designs have already been completed and detailed designing in terms of M&A designs & landscape designs are currently in progress.

Greener Water Ltd was incorporated on 24 June 2010 under the Companies Act No. 7 of 2007.

Greener Water has not commenced commercial operations; however the current progress of the project is given below.

The principal business activities of Greener Water are :

1. To construct, purchase, lease or otherwise acquire hotels, buildings and land for the use of any undertaking for operating hotels and to furnish, equip, improve, develop and exploit same and to manage and market leisure related properties and resorts taken on lease, rent or by management agreement or acquired.
2. To carry on the business of hoteliers and proprietors of restaurants and hotels guest houses, cabanas, chalets, cottages, inns, bars, cafes, holiday resorts, and as providers of facilities for sports games, amusement, recreation or entertainment of any kind.
3. To establish and or to carry on the business of a spa and to equip, maintain, manage and conduct health resorts to provide facilities to feel and be part of nature to organize and operate natural and transitional healthcare systems such as panchakarma, herbal body massage, rejuvenation, therapy, heat treatment, and all other natural traditional treatment methods to promote physical well being and carry on any business of a like nature.
4. To carry on the business of tourist and travel agents and contractors, or to provide travelling and other facilities, tour guides for local and foreign tours and to reserve and book hotels and to arrange other lodging facilities.
5. To carry on any other business which in the opinion of the Directors of the Company may be advantageously or conveniently carried on with any of the above business or be calculated directly or indirectly to enhance the value of or render profitable any of the Company's activities or to further any of its objects.

The Directors of Greener Water are Mr K D D Perera (Chairman) and Mr Tharana Gangul Thoradeniya.

At present Greener Water does not have any employees.

Greener Water is not dependent on any key customers or suppliers.

4.4.1 Project Description by WATG

Figure 4.11 – Initial Concept Design



Source: Greener Water

The project is located in the vicinity of Negombo, approximately 45 minutes drive North of Colombo and only 15 minutes from the island's International Airport.

Situated right on the coast, the site for the project consists of vacant beachfront land vegetated by coconut palms and ground cover plants. The beach is of rich yellow sand and looks directly out onto the ocean, framed on either side by stone breakwater piers. An attractive river mouth meets the sea nearby, and the site is bordered by small dwellings set in a tropical setting.

The concept for the hotel is that of a grand beach hotel, in the tradition of the old colonial masterpieces. As well as luxurious guest rooms and suites, the programme of facilities includes Ballrooms, multiple restaurants, luxury spa & fitness as well as a children's water park, parking and service areas.

The design seeks to evoke the grandeur of Sri Lanka's evocative past. References to the classical architecture of Galle Face and Government buildings seek to root the project in the islands culture, and double height lobby and lounge spaces will make the interior spaces equally splendid.

The hotel accommodation is orientated entirely towards the ocean, giving every room a sea view and a balcony. In front of the hotel block, extensive landscaped gardens and pools will provide space for guests to relax. The pools will give a variety of swimming & sun bathing environments for those that choose not to swim in the sea.

Located at the front of the site is the conferencing facility, composed of a ballroom (divisible into 4 spaces), pre-function and support areas. There are dedicated rooms for wedding participants, and covered walks linking back to a retail arcade and the hotel lobby spaces.

The spa will be designed as a 'village' facility set within a walled water garden. Amongst the lily filled ponds will be treatment pavilions, a salon, and fitness studio and relaxation area. Lush tropical planting will screen the spa for privacy, and a water connection allows users to swim to the beach if they prefer a change in environment.

The service facilities one would expect at a five star property are all located on site – back of house accommodations to support a luxury hotel, covered parking and engineering spaces are all sensitively located on lower level so as not to distract from the ambience.

The resulting design is a grand and commodious building, setting a new standard for accommodation in Sri Lanka. The hotel has the potential to become ‘the’ setting for society events, weddings and gatherings. The guestrooms will be amongst the most luxurious on the island, and with its proximity to Colombo and the airport its restaurants and spa are expected to be well frequented.

4.4.2 Consultants and Contractors

The initial concept design of the hotel was carried out by WATG of Singapore, one of the world’s leading design consultants for the hospitality, leisure and entertainment industry. The company has worked in over 160 countries during 60 years of operation, creating international landmarks renowned for its design as well as bottom line success.

The local architect partner for the project is Suchith Mohotti Associates, Sri Lanka.

Final layout and structural designs are yet to be finalized while the company has not yet appointed a construction contractor for the project.

4.4.3 Management of Resort

The company is looking at attracting reputed international hotel operators to carry out management of the resort. The resort is to be developed to meet standards required by international operators.

4.4.4 Facilities and Services

The hotel will feature the following facilities as planned in the initial conceptual design. Interior design and facilities are to be decided by the company. Facilities will meet standards specified by international hotel operators.

- Accommodation
 - o 150 standard rooms
 - o 150 deluxe rooms
 - o 41 family rooms
 - o 41 suites
- Spa and fitness centre
- 1,500 sqm outdoor swimming pool
- Children’s water park
- Lazy river and water play area
- Kids club
- Two meeting rooms
- 600 seating capacity banquet hall (900 sqm)
- Retail arcade
- Restaurants

4.4.5 Project Time Line/Milestones

The construction of the hotel is estimated to take two years and commercial operations will commence in early 2014 as per the planned project time line. Detailed project time line and milestones will be finalized after the completion of the final layout.

Figure 4.12 – Project Time Line

No	Month	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
	Item																										
1	Civil constructions																										
2	Interior works																										
3	Landscaping																										
4	Electro-mechanical works																										
5	Finishing works																										
6	Staff training																										
7	Testing																										
8	Commissioning/ Commercial operation																										

Source: Greener Water

4.4.6 Breakdown of Project Cost and Funding

Total cost of the project is estimated at USD 50 million which is being funded as referred to in Section 3.5.

4.4.7 Human Resources

The hotel will have a staff of 572 personnel as per the initial project forecast.

Table 4.3 – Greener Water Projected Human Resource Requirement

Department	Number of staff
Room	217
Food and Beverage	249
Administration	52
Marketing	8
Maintenance	46
Total	572

Source: Greener Water

4.4.8 Board of Investment Approval

The Board of Investment of Sri Lanka (BOI) by their letter dated 6 October 2010 reference EC/4/1100/10 approved the investment application made by the Company to construct and operate a 300 plus roomed five star hotel in Negombo with an envisaged investment of LKR 4,520 billion. In terms of the said letter, the Company has identified Greener Water Ltd as the entity through which the project is to be undertaken.

Signing of the BOI agreement will be conditional upon the company receiving preliminary clearance from the BOI by obtaining the following approvals.

- a. Location approval to set up the hotel from the Urban Development Authority (UDA) or relevant local government authority, the Central Environment Authority (CEA) and other state agencies relating to the project.
- b. Final approval from the Sri Lanka Tourist Development Authority (SLTDA).

As at the date of the Prospectus, the company has obtained the following approvals;

- Preliminary approval of the Sri Lanka Tourism Development Authority
- Preliminary approval of the Board of Investment
- Preliminary approval of the Urban Development Authority
- Approval of Ministry of Defence, Public Security, Law and Order
- Land clearance from the Negombo Municipal Council

Approval of the Coast Conservation Department (CCD) and Central Environment Authority (CEA) are yet to be obtained. In order to obtain approval from the CCD and CEA the company has submitted an Environment Impact Assessment (EIA) study for evaluation by the Technical Evaluation Committee (TEC) who will call for subsequent public comments. The company is of the view that signing of the BOI agreement will take approximately four months, provided that the above approvals are obtained.

Activity	Approximate Time duration
TEC committee meeting and open the report to public	2 weeks
Opening for public comments	1.5 month
Addressing public comments, and finalize the report and get the CCD and CEA approval	1.5 month
Get the final approval from Sri Lanka Tourism Development Authority and sign the BOI agreement from the CCD approval	1 month

4.4.9 Details of Target Market and Branding Strategy

The hotel will target the high end of the tourist segment and will be positioned as a five star hotel. The starting net Average Room Rate is estimated at USD 100 and will increase to up to USD 120 in the 5th year of operation.

The hotel will issue four types of accommodation, catering to four key sub segments of the target market. It expects to target high spending tourists from Europe as well as new markets such as China and India. The management is confident of attracting 85% of bookings through foreign markets while the balance is expected to be filled by local tourists.

The management is keen to bring in an internationally reputed hotel management company who would bring with them a globally recognized hospitality brand. Further the company will collaborate with reputed operators to position the hotel as one of the leading luxury hotels in Sri Lanka.

4.4.10 Assumptions on which Future Plans are Based

The number of tourist arrivals in Sri Lanka recorded an year-on-year growth of 46% to 654,476, in 2010 surpassing the previous record of 566,000 arrivals in 2004. Sri Lanka is expected to witness burgeoning growth in tourism development on the back of the industry's resurgence as a key economic contributor. Sri Lanka's strategic tourism plan targets 2.5 million tourists by the year 2016 and will require 58,000

rooms across the island to bring this objective to reality. Currently, the country's tourism product comprises of approximately 15,000 rooms indicating a significant demand-supply gap. Thus, demand driven growth is the main assumption which underlines the future plans of Greener Water. Further, the company assumes that differentiation of its product through superior facilities and service offering will help to mitigate competition and threat of new entrance.

4.5 Investments in Power Sector

In addition to creating value in the business segments falling under RCL, L B Finance and Greener Water, the Company has evaluated several business opportunities in the power segment. The Company will look at acquisition of both operational private power producers and green-field development projects. Although the Company has evaluated several such business opportunities, the company has not committed or signed any agreements to invest in such opportunities. Such investments, when made are expected to help diversify the investment portfolio of Vallibel One Limited.

4.5.1 Assumptions on which Future Plans are Based

Evaluation of investment opportunities in power sector is based on the main assumption that power sector projects are expected to provide above average return in light of expected growth in demand for energy in Sri Lanka. According to the Long Term Generation Expansion Plans, CEB projects electricity demand and generation in Sri Lanka to increase at a compound annual growth rate of 8.6% and 8.4% respectively from 2009 to 2022.

4.6 Degree of Dependence on Key Customers and Suppliers

There is no material dependency on key customers or suppliers in terms of the overall business operations of the Company and its operating subsidiaries.

4.7 Particulars of Debt and Loan Capital

4.7.1 Particulars of Loan Capital Outstanding as at 20 May 2011

The Company does not have any loan capital outstanding as at 20 May 2011.

Amount due to related parties

	Relationship	As at 31 December 2010 LKR
Vallibel Lanka (Pvt) Ltd	Majority shareholding of Vallibel Lanka (Pvt) Ltd is owned by Mr K D D Perera, the major shareholder / Chairman of the Company	3,850

4.7.2 Particulars of Term Loans, Other Borrowings or Indebtedness

The Company does not have any term loans, other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptance or acceptance credits other than as set out above.

4.7.3 Particulars of Leasing, Lease Purchase and Hire Purchase Commitments

As at 20 May 2011 the Company did not hold any leasing, lease purchase and hire purchase commitments.

4.7.4 Particulars of Guarantees and Other Material Contingent Liabilities

As at 20 May 2011 the Company does not have any guarantees or contingent liabilities that would affect its current and future profit.

4.7.5 Particulars of Mortgages and Charges on the Assets of the Company

There are no mortgages or charges on the assets of the Company as at 20 May2011.

4.8 Working Capital

The Board is of the opinion that the working capital is sufficient for the purpose of carrying out day to day operations of the Company.

4.9 Dividend Policy

The Board has decided to adopt a policy of paying out dividends based on a number of factors, including but not limited to the Company's earnings, capital requirements and the overall macro financial conditions.

4.10 Litigation, Disputes and Contingent Liabilities

The Company has not been involved in any legal, arbitration or mediation proceedings in the recent past, which may have had significant effect on the Company's financial position and profitability. There have been no penalties imposed by the Regulatory or State Authorities on the Company.

The Company does not have any guarantees or contingent liabilities that would affect its current and future profit.

5.0 FINANCIAL SERVICES SECTOR

The Sri Lankan financial system comprises of Licensed Commercial Banks (“LCBs”), Non-Banking Financial Institutions (“NBFCs”) (such as finance and leasing companies), Specialized Financial Institutions (such as primary dealers in government securities and unit trusts) and contractual savings institutions (such as employees’ provident fund and insurance companies).

Given below is a breakup of the total assets of the Sri Lankan financial system.

Table 5.1 – Total Assets of the Major Financial Institutions

	2008		2009		2010	
	LKR Bn.	% Share of Total	LKR Bn.	% Share of Total	LKR Bn.	% Share of Total
Banking Sector	3,294.6	68.0	3,835.2	68.3	4,533.2	67.7
Central Bank	597.1	12.3	821.9	14.6	985.4	14.7
Licensed Commercial Banks	2,259.9	46.7	2,506.6	44.7	2,969.3	44.4
Licensed Specialized Banks	437.6	9.0	506.7	9.0	578.5	8.6
Other Deposit Taking Financial Institutions	285.9	5.9	315.7	5.6	400.9	6.0
Registered Finance Companies	175.6	3.6	185.3	3.3	233.6	3.5
Co-operative Rural Banks	105.4	2.2	124.5	2.2	160.6	2.4
Thrift and Credit Co-op. Societies	4.9	0.1	5.9	0.1	6.7	0.1
Other Specialized Financial Institutions	239.7	5.0	257.4	4.6	354.8	5.3
Specialized Leasing Companies	109.9	2.3	111.8	2.0	154.1	2.3
Primary Dealers	84.4	1.7	99.8	1.8	125.8	1.9
Stock Broking Companies	3.2	0.1	6.4	0.1	13.2	0.2
Unit Trusts/Unit Trust Management Companies	6.8	0.1	10.6	0.2	23.0	0.3
Market Intermediaries	-	-	27.1	0.5	37.0	0.6
Venture Capital Companies	1.4	-	1.5	-	1.6	-
Credit Rating Agencies	0.1	-	0.2	-	0.1	-
Other	33.9	0.7	-	-	-	-
Contractual Savings Institutions	1,019.8	21.1	1,205.5	21.5	1,401.5	21.0
Insurance Companies	155.2	3.2	181.0	3.2	221.7	3.3
Employees’ Provident Fund	655.4	13.5	772.0	13.8	902.0	13.5
Employees’ Trust Fund	92.4	1.9	107.3	1.9	125.9	1.9
Approved Private Provident Funds	97.1	2.0	121.9	2.2	126.2	1.9
Public Service Provident Fund	19.7	0.4	23.3	0.4	25.7	0.4
Total	4,840.0	100.0	5,613.8	100.0	6,690.4	100.0

Source: Central Bank of Sri Lanka

The largest sub-segment within the financial system is the banking system which accounted for 67.7% of financial system assets as at December 2010. There are 22 LCBs including 11 domestic and 11 foreign banks and 14 Licensed Specialized Banks (“LSBs”). Despite being large in terms of number of banks, the banking industry is highly concentrated among the biggest players. As at 31 December 2009, the

six largest LCBs accounted for 65.0% of total banking sector assets while the largest LCB accounted for 10.5%. In total the seven largest banks hold 75.5% of banking sectors assets. Even among these seven banks, one could observe the dominant presence of the state banks with a 44.5% ownership of total assets.

5.1 Licensed Commercial Banks

LCB's are regulated by the Central Bank of Sri Lanka and have reached out across the country to offers a broad range of products to a dispersed clientele. The operational and financial performance of the banking system has improved over the last five years. Further improvements are expected due to the highly conducive macro conditions with the integration of the Northern and Eastern provinces after the end of the ethnic conflict. Encouraging numbers were visible with regard to asset quality even during weakening economic conditions while profitability was relatively stable.

Table 5.2 – Key Performing Indicators of the Banking Sector

LKR Billion	2005	2006	2007	2008	2009	2010
Total Assets	1,461	1,786	2,098	2,259	3,013	3,548
Gross Loans and Advances	902	1,151	1,366	1,456	1,596	1,959
Deposits	1,042	1,235	1,456	1,560	2,232	2,587
Borrowings	245	338	373	400	389	497
Net Interest Income	53	71	88	102	130	147
Profit Before Tax	22	30	37	44	52	89
Net Interest Margin (%)	4.1	4.4	4.4	4.4	4.6	4.6
Return on Assets (%)	1.2	1.2	1.1	1.1	1.0	1.8
Gross NPL (%)	7.1	5.6	5.2	6.3	8.5	5.3
Total Capital Adequacy Ratio (%)	12.8	12.7	14.1	14.5	16.1	14.9
Return on Equity (%)	16.4	15.2	14.0	13.4	11.8	21.6
Credit to Deposit Ratio (%)	86.6	93.2	93.8	93.4	71.5	75.7

Source: Central Bank of Sri Lanka

5.2 Registered Finance Companies

Registered Finance Companies gradually recovered in 2010 after experiencing liquidity problems since 2009. As at the end of 2010, along with the issuance of two new licenses, the total number of RFCs in operation increased to 37. Meanwhile the branch network increased by 98 to 376 during 2010. The asset base increased substantially in 2010 with total assets standing at LKR 234 billion showing a growth of 26% compared to the meager 6% growth reported in 2009, due to the increase in accommodations. During 2010, RFC's benefitted from the decline in interest rates and improved economic activity by posting a before-tax profit of LKR 2.2 billion compared to a loss of LKR 1.2 billion in 2009. The increase in the growth of deposits from 16% in 2009 to 22% in 2010 reflected the improved depositor trust in the RFC sector. During 2010, loans and advances account for about 67% of the RFC sector while hire purchase, lease facilities for vehicle financing and pawning accounted for 35%, 30% and 10% respectively.

Table 5.3 – Selected Financial Soundness Indicators

	2008	2009	2010
Interest margin	3.5	2.6	5.0
Tier 1 capital to risk weighted assets	12.3	9.0	5.0
Non performing loans to gross loans	6.7	10.2	9.3
ROA	1.4	-0.7	1.1
ROE	6.7	-9.2	-2.2
Net interest income to total assets	2.4	2.5	4.5
Net interest income to gross income	20.6	20.5	40.8
Non interest expenses to gross income	28.0	34.8	40.0
Provision coverage ratio	46.5	49.0	54.0

Source: Central Bank of Sri Lanka

The major source of the industry's funding requirements is from public deposits. Especially in 2009 when the bank borrowings became increasingly difficult to obtain, the relative share of deposit liabilities increased to 65% of total funding needs compared to 59% in the previous year.

5.3 Positioning of L B Finance

L B Finance is positioned as a leading player in the RFC sector with its offering of a wide array of products and services. L B Finance accounts for approximately 10.47% of industry assets as at September 2010. (Source: RAM Ratings). In the past the company was positioned as a service provider to the middle and lower income segment. Stringent risk management process, strong capital base, experienced management team and customer focus are some of the competencies developed by the company. The management intends to position the company as a leading financial service provider through a wider range of products and services targeting both lower to middle income segment as well as the corporate and high net-worth market.

6.0 TILE AND SANITARY WARE MANUFACTURING SECTOR

6.1 Industry Overview

Sri Lanka's ceramic industry boasts a history dating back several centuries. Sri Lankan ceramic products are unique, distinctive and elegant compared to other Asian competitors as it illustrates the influence of ancient craftsmanship. It makes Sri Lanka a world leader in traditional ceramic products.

One of the major strengths of the Sri Lankan ceramic industry is the availability of raw materials locally such as kaolin, ball clay, feldspar, silica quartz and dolomite. They are available at a reasonable cost and the purity and the quality of these raw materials contribute to the high standard of the products. The other distinct advantage enjoyed by Sri Lanka is the availability of highly skilled and literate work force at reasonable wage rates. They are well trained and exceptionally efficient. Availability of gifted designers, chemists, technologists and engineers contribute to the high standard and internationally recognized products.

Sri Lanka Ceramics Council established in 2003 under guidance of the Ceylon Chamber of Commerce is the apex body for consensus building among manufacturers, research and development institutes, universities, government institutes and other stakeholders in the ceramic industry.

6.2 Key Business Segments

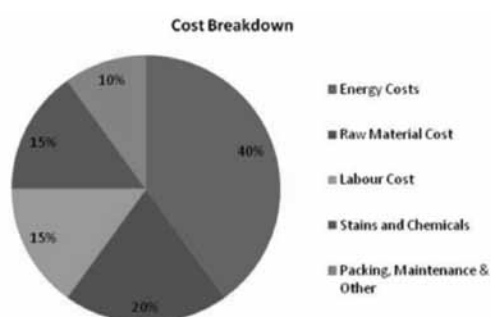
Sri Lankan ceramic industry supplies three main ceramic products to the local and international market. These are Tableware (both porcelain and stoneware or earthenware), Ornamental ware and Ceramic Tiles. According to the International Trade Center (ITC) Sri Lankan market share in the tableware segment, which includes other household articles is 0.65%; in ornamental ware it is 0.92% and in glazed tiles (wall and floor) is 0.19%.

6.3 Tile Industry – Market Size and Value

The value of the local tile industry is estimated at LKR 20 billion. The tile industry can be broken down into two main sub segments, wall tiles and floor tiles. Floor tiles make up approximately 70% of the total value of the sector amounting to LKR 14 billion with an annual production volume of 12.5 million sqm. The rest is contributed by the wall tile segment with an output volume of 5 million sqm and an estimated value of LKR 5 billion per annum. The industry has recorded an average growth rate of 6-7% over the past few years.

6.4 Key Cost Components

Figure 6.1 – Tile Industry Cost Breakdown



Source: Asia Securities, Tile Sector Report

Energy: Energy is one of the largest cost components of the ceramic sector accounting up to 40% of production cost. LPG is the main fuel source used to fire kilns with an estimated monthly consumption of 1,170 Metric Ton (MT). Sri Lankan producers are at a disadvantage as they are forced to bear a higher cost than their regional peers with the introduction of a Cess of LKR 13.12/kg effective 01 September 2010. The cost for regional manufactures located in Thailand and Bangladesh averages LKR 35/kg and

LKR 18/kg whilst Sri Lankan manufactures pay over LKR 95/kg. Adoption of new technology and use of energy efficient production processes has helped local manufactures mitigate the risk of high energy costs.

Raw Material: Sri Lanka has a rich base of diversified minerals, such as kaolin, ball clay, feldspar, silica quarts and dolomite which is largely used in the manufacture of ceramic products. It is estimated that raw material accounts for up to 20% of the production cost. Many of the manufacturing facilities are located in close proximity to raw material deposits.

Table 6.1 – Estimated Production of Mineral Commodities, Sri Lanka

'000 MT	2005	2006	2007	2008	2009
Clays:					
Ball Clay	36,000	61,966	43,004	52,966	48,000
Kaolin	9,400	10,914	11,178	10,039	10,000
Feldspar, crude and ground	34,000	56,864	28,866	32,586	35,000
Quartzite	22,000	25,539	35,066	37,196	38,000
Rutile	3,000	3,000	3,000	7,500	12,000

Source: USGS, Minerals Yearbook 2009

The development of mineral resources is the responsibility of the Geographical Survey & Mines Bureau and is governed by the Mines & Minerals Act No. 33 of 1992 and the Mining (Licensing) Regulations No. 1 of 1993. Restrictions on mining and long approval processes act as barriers that hinder raw material supply.

Largest mining operation in the island is controlled by a Lanka Ceramics, the parent company of Lanka Walltiles PLC and Lanka Tiles PLC.

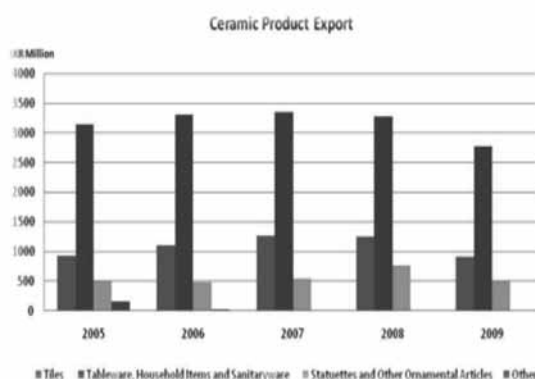
6.5 Markets

The ceramic industry manufactures for both local and the export markets. Sri Lanka's largest buyers of tableware and ornamental ware are the United States and the UK. Other major buyers are Germany, Italy, Canada, Spain, Belgium and Japan. Sri Lanka's porcelain market is export oriented and it has established a reputation in western markets. Sri Lanka's exports have established strong markets in North America and Italy. Sri Lankan products compete with other regional competitors as they are able to offer reasonably priced products of excellent quality to foreign markets by taking advantage of the high quality raw materials and low labour costs.

The tile sector is mainly driven by local sales which account for approximately 70% of the sales volume.

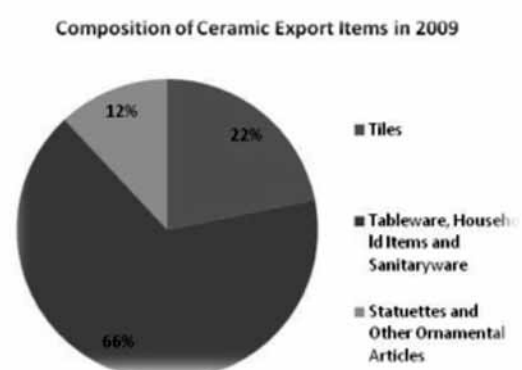
In the year 2009, the total Sri Lankan exports of ceramic products accounts for LKR 4,188 million, of which the major categories of exports were Tableware (66%), Tiles (22%) and statuettes/ornaments (12%).

Figure 6.2 - Ceramic Product Exports, Sri Lanka



Source: Central Bank of Sri Lanka Annual Report 2009

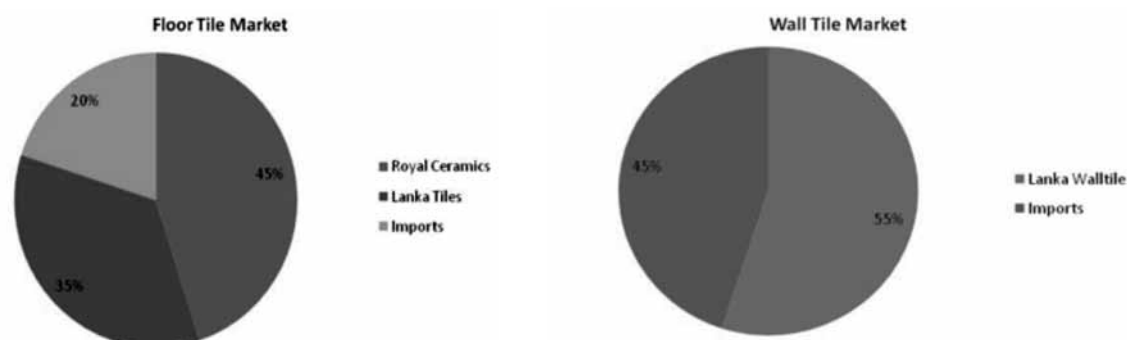
Figure 6.3 - Composition of Ceramic Export Items 2009, Sri Lanka



6.6 Competition

The Sri Lankan tile sector is a highly competitive industry and is dominated by local manufacturers. Listed entities Lanka Tiles and Royal Ceramics are the two main players in the floor tile segment while Lanka Walltiles holds a dominant market share in the wall tile segment. European and Asian manufacturers are the main exporters to Sri Lanka and account for approximately 20% of the floor tile market and 45% of the wall tile market. The import product market is fragmented with no major brand holding a sizeable market share.

Figure 6.4 – Key Players, Floor Tile and Wall Tile



Source: Asia Securities Tile Sector Report

6.7 Growth Prospects

However, post-war Sri Lanka's priorities are to accelerate economic growth, reducing its budget deficit and inflation, with the country's GDP projected to grow by 8% in 2010. Investor confidence has returned as can be seen in the booming stock market and the upturn in the tourism industry, with high inflows of foreign investment also expected into the newly liberated areas of the North and East. As the country prospers and new markets open up, ceramics is also poised for a period of growth.

With the effects of the global recession easing somewhat in 2010/11 and the local construction industry booming, global demand is expected to pick up in the coming year, further strengthening market position.

6.8 Positioning of RCL

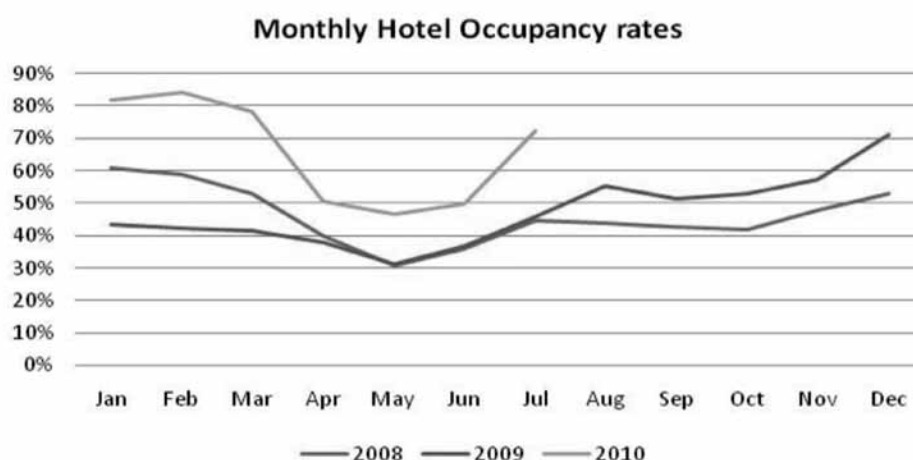
The management intends to position RCL as the leading ceramic and porcelain floor tile manufacturer and sanitary ware manufacturer in Sri Lanka. The company intends to differentiate through superior product quality, wide product range, innovative designs, distribution network and strong brand presence. Growth in the construction industry and overall economic growth in Sri Lanka is envisaged as the main driving force for RCL.

7.0 LEISURE SECTOR

Sri Lanka experienced 16 years of rapid expansion of its tourism sector between 1967 and 1982. Tourist arrivals increased at an average annual rate of 20%, reaching a level of 407,230 in 1982. However after 1983, tourist arrivals to Sri Lanka were highly volatile on the back of travel advisories imposed upon the country with the onset of the armed conflict. During the ceasefire, the country witnessed an all time high in terms of tourist arrivals where numbers reached 566,203 in 2004.

The outlook for the Sri Lankan tourism industry is very promising after the end of the three decade long ethnic conflict in May 2009 and the era of potential stability and peace. The removal of travel advisories by countries such as Britain saw a marked increase in tourist arrivals during the latter part of year 2009.

Figure 7.1 – Monthly Hotel Occupancy Rates, 2008-10

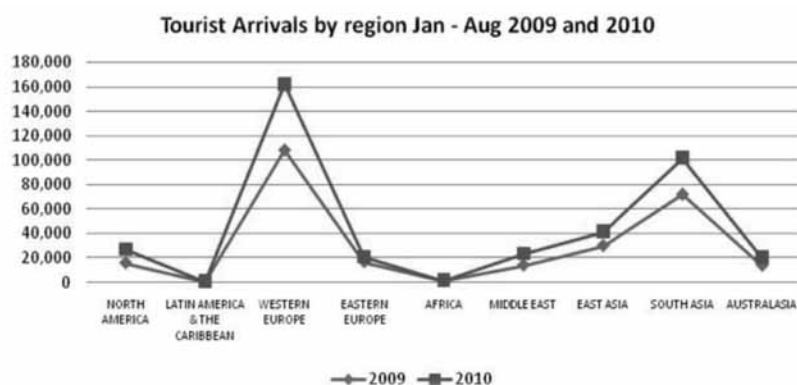


Source: SLTDA

The end of the internal conflict has opened up new vistas for the travel and tourism industry in Sri Lanka. According to the Sri Lanka Tourism Promotion Bureau, tourist arrivals in Sri Lanka in December 2009 rose by 16.2% to 56,862 compared to the comparable period in the previous year, while overall tourist arrivals increased by 2.1% to 447,890 for the whole year up to December 2009, despite the sharp drop during the first few months.

The arrivals, which had been declining, year-on-year, at an average rate of 18.3% during the first five months of 2009, increased significantly with the end of the conflict in May and grew, year-on-year, at an average rate of 20.4% in the subsequent 7 month period.

Figure 7.2 – Tourist Arrivals by Region, Jan-Aug 2009-10



Source: Central Bank of Sri Lanka

Adverse travel advisories issued by some countries were subsequently retracted or relaxed as the circumstances changed. The largest number of tourist arrivals was recorded from India (83,634), followed by the UK (81,594), the Maldives (31,916) and Germany (29,654) in 2009. Increases were also noted from the Middle East, France, Australia, Singapore and Malaysia. Nearly 80% of tourists visited for holiday and pleasure, while 8.6% came for business purposes. The global economic recession and the outbreak of contagious diseases in some countries, such as the swine flu, deterred people from travelling during 2009.

Colombo city hotels also witnessed the re-implementation of the minimum room rate policy from 1st November 2009. This has benefitted the city hotels in particular and the industry in general and has created market stabilization, increased revenue and a viable platform to hoteliers to enhance investments in their ventures.

The hotel room occupancy rate, which dropped to around 40% during the conflict, gradually increased towards the end of the year. In view of the increased demand, Sri Lanka's star class hotels increased their charges for accommodation. However, Sri Lanka remains very competitive compared to similar international tourist destinations.

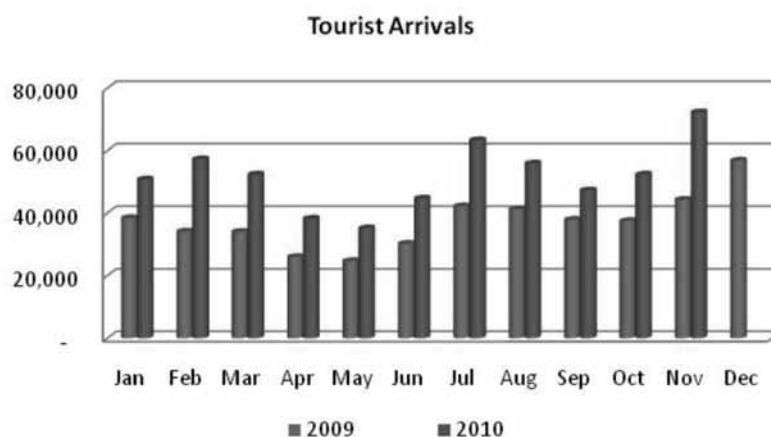
Table 7.1 – Sri Lanka Tourism Key Indicators

Tourism Performance data	2005	2006	2007	2008	2009	Up to Sep 2010
Number of Tourist Arrivals	549,308	559,603	494,008	438,475	447,890	445,225
No of rooms - graded establishments	13,162	14,218	14,604	14,793	14,461	14,461
Occupancy rate (%)	43.6	39.8	46.2	43.9	48.4	66.3% (upto July 2010)
No of rooms - supplementary establishments	3,962	4,989	5,030	5,319	5,946	5,946

Source: Central Bank Annual Report 2009

As the number of tourist arrivals in 2010 has grown by 46% YoY to 654,476, surpassing the previous record of 566,000 arrivals in 2004, measures will be taken to increase the number of hotel rooms and upgrade tourism related infrastructure and facilities to cater to the requirements of the larger number of arrivals.

Figure 7.3 – Monthly Arrivals



Source: SLTDA

According to the UNWTO, Sri Lanka recorded the highest growth in tourist arrivals during the first two months of 2010 (50% growth reported). The report states that Sri Lanka outperformed 23 other countries with double-digit growth rates. Saudi Arabia was ranked second (45%) with Israel ranking third (+37%), while Vietnam (+36%) at the fourth place and Nepal (+30%) fifth. According to the SLTDA, the tourist arrivals in Sri Lanka from January to September 2010 amounted to 445,225 compared to 309,142 for the comparable period in 2009 (which is a 44% increase).

The Northern and Eastern provinces are earmarked by the Government of Sri Lanka as focal areas for tourism development. The opening of these two provinces to tourism activity is critical to Sri Lanka's future as a sustainable tourism destination. In view of the vast income generation potential of the tourism industry, Sri Lanka Tourism Development Authority has taken several measures to develop the tourism sector in the Northern and Eastern provinces, which were affected by the conflict, as well as other selected areas of the island as prime tourist destinations. The government intends to promote the coastal cities of the Eastern province, such as Arugam Bay, Passekudah and Trincomalee as premier recreational centres in the Eastern province as it is known to have the best beaches in the island. Kalpitiya and other selected inland islands are also expected to be developed into attractive tourist resorts. SLTDA is also promoting a series of festivals to cater to the various segments of tourists.

7.1 Sri Lanka's Potential for Growth

Table 7.2 – Comparison with countries in the region (based on year 2009 statistics)

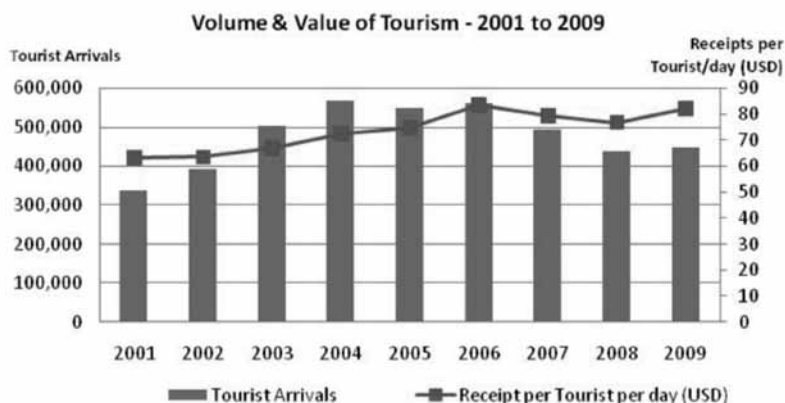
Countries	Avg. Room Rate (ARR)	Avg. Occupancy (%)	Tourist arrivals	Tourism receipts	Receipt per Tourist	No of hotels, resorts etc
Singapore	USD 157	75.8%	9.7 Mn	USD 11.4 Bn	USD 794	99
Maldives	USD 250	60.8%	0.66 Mn	N/A	N/A	98
Cambodia	USD 170	63.57%	2.2 Mn	USD 1.56 Bn	N/A	N/A
Malaysia*	USD 130-430	60.9%	23.6 Mn	USD 16.5 Bn	USD 701	2,373
Thailand*	USD 95-190	37.61%	14.2 Mn	N/A	N/A	6,955
Sri Lanka	USD 85	48.4%	0.45 Mn	USD 355mn	USD 741	242

Source: UN Data website, www.stb.gov.sg, Central Bank of Sri Lanka Annual Report 2009, Euromonitor

* ARR range for 4 star to 5 star hotels

As the table above shows, Sri Lanka lags behind regional competitors in terms of occupancy rates, average room rates, number of arrivals and tourism receipts.

Figure 7.4 – Tourist Arrivals and Receipts, 2001-09



Source: SLTDA

The Sri Lankan government expects to double its tourism income to USD 1 billion by 2015 from the current level of around USD 350 million.

Sri Lanka is expected to witness burgeoning growth in tourism development on the back of the industry's resurgence as a key economic contributor. Sri Lanka's strategic tourism plan targets 2.5 million tourists by the year 2016 and will require 58,000 rooms across the island nation to bring this objective to reality. Currently, Sri Lanka's tourism product comprises of approximately 15,000 rooms with a concerted drive to enhance capacity to 22,000 rooms by the year 2012. With 2011 nominated as the "Visit Sri Lanka" year, Sri Lanka's tourism stakeholders are optimistic and confident of the potential of the industry.

Occupancy rates as at July 2010 average 72.4%. The greater Colombo and Colombo city hotels occupancy rates were well above 86.5% while the South coast and the East coast occupancy rates were 71.6% and 70.1% respectively. The hill country enjoyed an occupancy rate of 60.9% while the hotels which are situated in the ancient cities enjoyed occupancy average occupancy rates of 63.1%.

Further given the limited supply of hotel rooms, the room rates could rise by approximately 20% in the coming six months (five star city hotel rooms are selling for around USD 95 and a four star resort room is selling for around USD 70 at present). Many local hoteliers together with both local and foreign investors have already ventured into building new hotel properties, which could add nearly 800-1,000 rooms by the end of 2013.

According to the BOI, USD 250 million worth of Foreign Direct Investments (FDIs) have poured in to the hotel and leisure sector in 1Q2010, compared with USD 602 million for the whole of year 2009. The tourism sector is set to perform well in the coming years.

The 2011 Budget has identified tourism as a "Billion Dollar Business", as the country has immense potential achieving such an outcome. Despite the steep growth in arrivals, the income from this segment has been moderate. In order to overcome such a situation a levy of USD 20 is to be imposed on a per bed basis on all five star hotels which charged less than USD 125 per guest night from January 2011. From a hotel income point of view, the 2011 budget has been proposed to reduce tax on income earnings from tourism and related business from 15% to 12% which will be a boost to the tourism industry.

7.2 Positioning of Greener Water

The hotel is to be positioned as a five star hotel aimed at capturing the high spending tourist segment. The company intends to capitalize on the projected growth in the tourism industry and expected demand for hotel rooms.

The location of the property will enable the hotel to be categorized both as a resort as well as a city hotel. This will facilitate the company to capture a wider market segment of both foreign and local visitors. Majority of the foreign market is expected to constitute beach tourists while the company aims to capitalize on Meeting, Incentives, Conventions and Exhibitions (MICE) segment as well. The 600 seating capacity banquet hall will aim to capture weddings and other social events.

The hotel aims to differentiate through its superior facilities and service offering and will be positioned as a leading luxury hotel in Sri Lanka.

8.0 POWER SECTOR

8.1 Overview

Energy in Sri Lanka is produced primarily from thermal power and hydro power, with the balance being made up of mini hydro power, wind power and other Non-Conventional Renewable Energy (NCRE) sources such as dendro power and solar power. The maximum recorded demand for electricity in 2009 was 1,868 Mega Watt (MW), with the installed capacity currently at about 2,684 MW. The gross generation for 2009 was 9,982 GWh.

The statutory body responsible for the supply of energy is the Ceylon Electricity Board (CEB), established in 1969 under the Ceylon Electricity Board Act No. 17 of 1969. The CEB comes under the purview of the Ministry of Power & Energy. The CEB is the largest electricity company in Sri Lanka, having more or less a monopoly of the market, and controlling all the major functions of electricity generation, transmission & distribution and retailing in Sri Lanka. It is one of the only two on-grid electricity companies in the country; the other being Lanka Electricity Company (Pvt) Ltd, also known as LECO, in which CEB has a 55.2% majority stake.

The CEB also has agreements with Independent Power Producers (IPPs) or Private Power Producers (PPPs) to produce energy from renewable sources such as mini hydro & wind. This is regulated by the Sri Lanka Sustainable Energy Authority (SLSEA).

Table 8.1 – Operational Statistics 2009

	(Units)	2009	2008	% Change YoY
No. of Power Stations (with PPPs)	No	121	112	8.0%
Installed Capacity (with PPPs)	MW	2,684	2,645	1.5%
Maximum Demand (with PPPs)	MW	1,868	1,922	(2.8%)
Gross Generation (with PPPs)	GWh	9,882	9,901	(0.2%)
System Energy Loss	%	14.59	14.99	(0.4%)
Gross Units Sold	GWh	8,441	8,417	(0.3%)
Avg Sale Price per Unit	Rs/kWh	13.10	13.17	(0.6%)
% of Households Electrified	%	85.4	83.0	2.4%
Avg Electricity Consumption per Capita	KWh/Person	413	416	(0.9%)

Source: CEB Statistical Digest 2009

Regulatory Bodies and their Purview

Figure 8.1 – Regulatory Bodies and their Purview

- Sri Lanka's power sector dates back to 1895 with the first commercial distribution scheme being in Colombo.
- The management of power was given to the state sector with the establishment of a Department for Electricity in 1926, which was later renamed the Department of Government Electrical Undertakings (DGEU)
- With the establishment of the Ceylon Electricity Board (CEB) in 1969, the functions of the DGEU were transferred to CEB
- The electricity industry is regulated by the Electricity Act No. 19 of 1950 and the Ceylon Electricity Board Act No. 17 of 1969.
- Further reforms in the sector were introduced with the passing of the Electricity Reforms Act No. 28 of 2002 and the establishment of a regulatory body named as the Public Utilities Commission of Sri Lanka (PUCSL)
- The Sustainable Energy Authority (SEA) was established in 2007 to achieve objectives of the National Energy Policy. Accordingly, all renewable energy projects to be commissioned in the country require approval from the SEA
- The PUCSL was granted greater authority with the enactment of the new Sri Lanka Electricity Act No. 20 of 2009

Source: Acuity Research

8.2 Thermal Power Vs Hydro Power

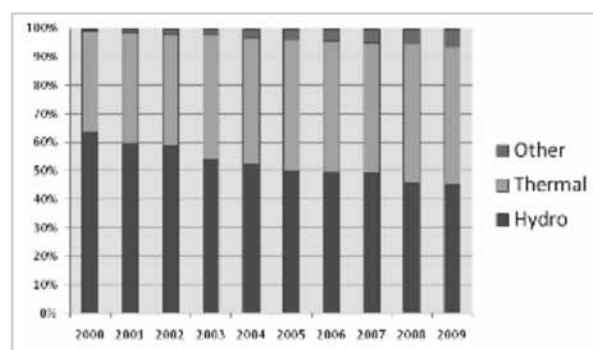
Of the total installed capacity of 2,684 MW and gross generation of 9,982 GWh, the breakup for 2009 versus 2008 by source was as follows:

Table 8.2 – Installed Capacity & Units Generated by Source, 2008-09

		Installed Capacity				Gross Generation			
		2009 (MW)	% of Total	2008 (MW)	% of Total	2009 (GWh)	% of Total	2008 (GWh)	% of Total
Total		2,683	100.00%	2,645	100.00%	9,882	100.00%	9,901	100.00%
CEB	Hydro	1,207	44.98%	1,207	45.63%	3,356	33.96%	3,700	37.37%
	Thermal	548	20.42%	548	20.72%	2,091	21.16%	2,083	21.04%
	Wind	3	0.11%	3	0.11%	3	0.03%	3	0.03%
Private	Hydro	172	6.40%	138	5.22%	528	5.34%	428	4.32%
	Thermal	742	27.66%	737	27.86%	3,883	39.29%	3,680	37.17%

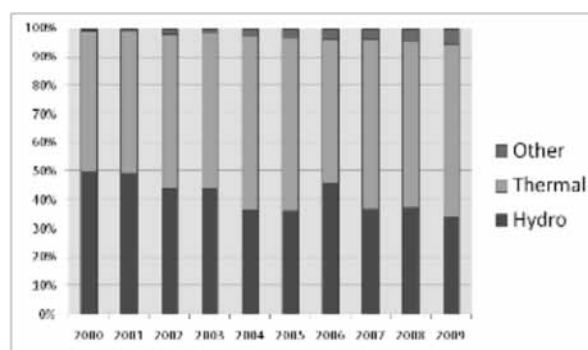
Source: CBSL Annual Report 2009

Figure 8.2 – Breakup of Installed Capacity by Source (Including PPPs), 2000-09



Source: CBSL Annual Report 2009

Figure 8.3 – Breakup of Gross Generation by Source (Including PPPs), 2000-09



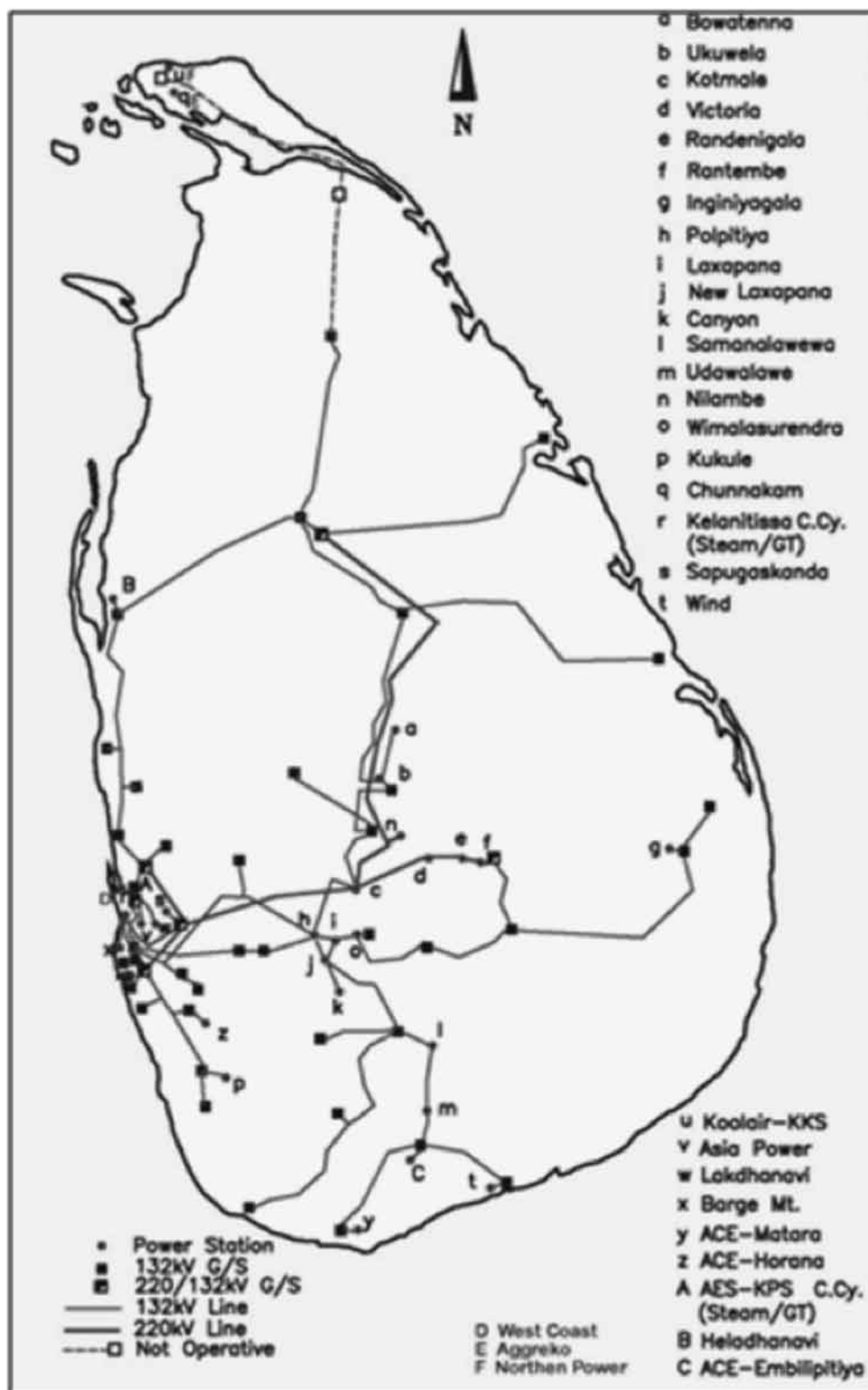
Source: CBSL Annual Report 2009

Over a 10 year period there have been a shift in percentage of thermal power increasing from 35.24% (627 MW) of the installed capacity in 2000 to 48.58% (1290 MW) in 2009, whilst hydro power declined from 63.91% (1137 MW) of the capacity in 2000 to 45.17% (1207 MW) in 2009. This is largely due to the exhaustion of the resource, and the exponential load growth in recent times, which was met by thermal power. It is worth noting, however, that mini hydro power projects are classified under 'Other' (which has seen an increase over the 10 year period) rather than 'Hydro'.

8.3 CEB's Coverage of the Country

The map given below shows the locations of the major hydro & thermal power stations, together with their grid connectivity and coverage. 85% of households have access to grid connection while 2% are provided electricity through off-grid systems.

Figure 8.4 – Power Transmission System



Source: CEB Statistical Digest 2009

8.4 Non Renewable Energy

Coal

Sri Lanka relies almost wholly on diesel powered thermal plants, having historically ignored the cheaper coal alternative (which is currently about half the price of diesel). To remedy this, the government has commissioned two large scale coal power stations to provide a total of 1,900 MW to the grid tentatively by 2014.

Table 8.3 – Coal Power Stations

Station		Capacity	Status
Norochcholai Coal Power Station			
Phase I	–	300 MW	Operational
Phase II & III	–	600 MW 2013	Expected to be completed in
Sampur Coal Power Station			
Phase I	–	500 MW	Expected to be completed in 2012 & 2015 respectively
Phase II	–	500 MW	

Source: Acuity Corporate Finance

Diesel, Gas and Other Fuel Oils

Approximately 83% of the total private sector power generation capacity is from thermal power plants. At present there are more than 10 IPPs operating thermal plants with an aggregate capacity of around 880 MW. Private thermal power producers are required to sell their output to CEB at negotiated tariff rates. This tariff consists of two main components: capacity charge & energy charge. These charges are adjusted in line with the US Consumer Price Index (USCPI) and the Colombo Consumer Price Index (CCPI). Cost per unit is dependent on the type of fuel used in the plants.

Table 8.4 – Diesel, Gas & Other Fuel Oil Power Stations

Station	Owner/ Operator	Capacity	Status
Ace Power Embilipitiya Limited	IPP	100 MW	Operational
Ace Power Horana Limited	IPP	25 MW	Operational
Ace Power Matara Limited	IPP	25 MW	Operational
AES Kelanitissa (Private) Limited	IPP	163 MW	Operational
Asia Power Limited	IPP	51 MW	Operational
Colombo Power (Private) Limited	IPP	64 MW	Operational
Heladhanavi Limited	IPP	100 MW	Operational
Kelanitissa	CEB	380 MW	Operational
Lakdhanavi Limited	IPP	23 MW	Operational
Northern Power Company (Private) Limited	IPP	30 MW	Operational
Sapugaskanda	CEB	160 MW	Operational
West Coast Power (Private) Limited (Yugadhanavi Kerawalapitiya)	IPP	300 MW	Operational

Source: Acuity Corporate Finance

8.5 Renewable Energy

Hydro Power

Hydroelectricity in Sri Lanka has been constantly developing since the introduction of the national grid itself, but is currently declining due to the exhaustion of its resource as well as its susceptibility to drought conditions. Currently, ten large hydroelectric power stations are in operation, all between 38 to 210 MW, with the Victoria being the largest hydroelectric source. Upper Kotmale with an installed capacity of 150 MW is the only new large scale hydro power project in the pipeline. Broadlands with a lower capacity of 35 MW is also in the initial stages.

The following table lists most hydroelectric power stations with a capacity of more than 20 MW.

Table 8.5 – Hydro Power Projects

Project	Capacity (MW)	Status
Bowetenna	40 MW	Operational
Broadlands	35 MW	In initial stages
Kotmale	201 MW	Operational
New Laxapana	100 MW	Operational
Old Laxapana	50 MW	Operational
Randenigala	126 MW	Operational
Rantembe	50 MW	Operational
Samanalawewa	124 MW	Operational
Ukuwela Power Station	38 MW	Operational
Upper Kotmale	150 MW	Under construction
Victoria	210 MW	Operational

Source: Acuity Corporate Finance

8.6 Non Conventional Renewable Energy (NCRE)

The importance of renewable energy has been recognized, and accordingly the SLSEA has been empowered to promote, manage and regulate this sector. The Renewable Energy Development Programme aims to provide 10% of the total electricity generation from NCRE sources by 2015.

Mini Hydro Power

Although most of the country's hydroelectric resources have been utilized, the government still permits small hydro developments by the private sector up to a total installed capacity of 10 MW per project. The present cumulative capacity of mini hydro power stands at 134 MW with 84 projects in operation. 28 mini hydro projects are in various stages of construction with a cumulative installed capacity of 61 MW. Forecasts indicate an increase in capacity to 267 MW by 2016.

Wind Power

CEB owns one 3 MW wind farm in Hambantota, called the Hambantota Wind Farm which consists of five turbines of 600 KW each. There have been several areas highlighted as good sites for wind power projects, one of the highlighted locations being Kalpitiya. The government has awarded eleven licenses totaling 111.5 MW to private developers, one of which is now operational.

Table 8.6 – Wind Power Projects

Project	Capacity (MW)	Status
Hambantota Wind Farm	3 MW	Operational
Mampuri Wind Farm	10 MW	Operational
Seguwantivu Wind Farm	10 MW	Operational
Vidatamunai Wind Farm	10 MW	Operational

Source: Acuity Corporate Finance

Other

Biomass power: The SLSEA has given approval for thirteen biomass projects totaling 51.75 MW, two of which have been commissioned.

Table 8.7 – Biomass Power Projects

Project	Capacity (MW)	Status
Badalgama	1 MW	Partly Commissioned
Tokyo	10 MW	Commissioned

Source: Acuity Corporate Finance

Solar power: The concept of grid-connected solar power has only recently been introduced, with one private project of 0.022 MW having been approved, as well as two projects being developed by the SLSEA themselves in Gonnoruwa.

Table 8.8 – Solar Power Projects

Project	Capacity (MW)	Status
Gonnoruwa-I	0.737 MW	Under Construction
Gonnoruwa-II	0.5 MW	Under Construction

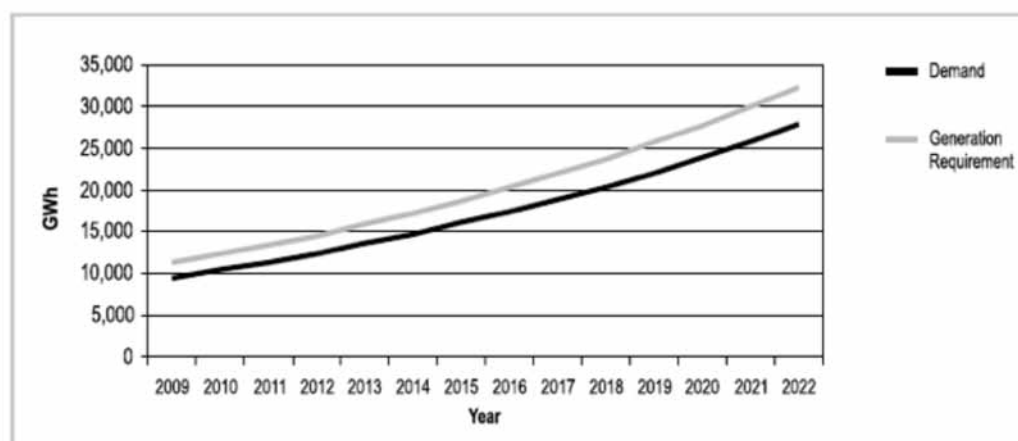
Source: Acuity Corporate Finance

Nuclear power: Nuclear power has been looked at by the government, with plans to implement it within a 20 year timeframe. The Atomic Energy Authority of Power & Energy Ministry intends to implement two projects base on atomic energy at a cost of Rs 1,012 million. With the financial assistance of International Atomic Energy Agency a multi-purpose Gamma Irradiation Facility centre will be established.

Geothermal power: Geothermal power is currently under research, although no power stations of this type are currently operational.

8.7 Future Outlook

The National Energy Policy and the Development Framework of the Government plans to achieve 98% electrification of households by 2016 (the figure as at 2009 stands at 85.4%).

Figure 8.5 – Increase in Demand (GWh) Forecast 2009-2022

Source: Acuity Corporate Finance

The demand for electricity is expected to increase 8-10% annually. Increase in capacity and generation will be from many avenues and will include investment in coal power generation, mini-hydro power and other renewable energy sources.

According to the Long Term Generation Expansion Plan, CEB projects electricity demand and generation in Sri Lanka to increase at a CAGR of 8.6% and 8.4% respectively from 2009 to 2022

Accordingly, the power sector will be required to generate an additional output of circa 22,500 GWh by 2022.

8.8 Positioning of Vallibel One

The Company proposes to make investments in selected power sector projects in Sri Lanka. Although the Company has evaluated several such business opportunities, the company has not committed or made agreements to invest in such opportunities. Such investments, when made are expected to help diversify the investment portfolio of VOL. The management will look at capturing the growth in demand for electricity.

9.0 INVESTMENT CONSIDERATIONS AND ASSOCIATED RISK FACTORS

Risk Factors

Prior to investing in the Offered Shares, prospective investors should pay particular attention to the fact that the Company and its business activities are subject to a number of risk factors which may be within or outside the control of the Company. Risk can be identified as “the effect of uncertainty on objectives, whether positive or negative”. Therefore, risk presents factors that could prevent the achievement of the Company’s objectives.

The risk factors that follow may be considered material to investors in making an informed judgment on the Company. As the Company has exposure to sectors covering financial services, manufacturing, leisure and power through its subsidiaries and strategic investments, risk factors are evaluated based on a subsidiary basis. Whilst this diversification provides a hedge against the positive correlation of business and environmental risk, it also exposes the Company to a wider range of risks and opportunities. If any of the considerations and uncertainties given below develop into actual events, the Company’s business, financial conditions or results of operations and prospects could be adversely affected and this may impact the market price of the Offered Shares. However, given the importance of the sectors in which the Company operates in the national economy, the Company’s business is expected to be sustainable in the foreseeable future.

9.1 L B Finance PLC

Capital risk: Losses resulting from un-recovered loans will affect the company’s capital base. Capital requirements are intended to mitigate the risk of adverse selection by ensuring that the company has at least some minimal level of resources to honour its commitments to depositors.

As a mitigation strategy, the company can ensure that the value of the collateral taken for a loan is greater than the value of the loan granted by the company thus ensuring that in case of a default of payment by the respective client the company is still in a position to recover the loan amount granted.

Legal risk: This is the potential for loss arising from the uncertainty of legal proceedings, such as bankruptcy and potential legal proceeding. As an RFC registered under the Companies Act No.78 of 2007 the company is governed by the directions set by the CBSL. Amendments in statutes, regulations or policies would affect the company in an adverse manner which is beyond the control of the company. To address this risk the company ensures that they comply with the regulatory requirements and that the documentation meets the standards set by the regulating bodies.

Default risk: The borrowers’ inability to meet the obligations towards the company on time would expose a company to this risk.

In order to mitigate default risk, the company has adopted a stringent default risk evaluation process. Assessing the credit worthiness of the client is done by obtaining the details of the assets held by the client, obtaining a report from CRIB, getting credit worthy guarantors, etc. Valuing the credit worthiness of the customer depends on the knowledge and experience of the credit officer in concern hence the company ensures make that the staff is given a comprehensive training in this regard. Further, the company ensures that sufficient collateral is obtained before granting a facility to a client.

Economic risk: A debtors’ capability to meet the obligations as well as a potential borrowers’ ability to borrow would be adversely affected due to changes in the state of the economy. This is to a greater extent beyond the control of the company. However, in order to mitigate the risk company strives to improve the accuracy of the predictions made based on the analysis of past trends and prevailing market conditions.

Interest rate risk: A fall in net interest income or a rise in net interest payment caused by the movements of the interest rates.

Due to the greater level of exposure to this risk, the company is compelled to carry out different and effective mitigation strategies to address this risk. By analysing the past and present trends in the interest rates, T-bill rates, Bond rates etc the company predicts future rates on the assumption that

“history repeats”. Furthermore, the company negotiates terms of facilities with lenders/depositors in order to match the cash flows thus eliminating the asset and liability mismatch.

Liquidity risk: This is the risk faced due to the shortage of cash or cash equivalent to meet the obligations of the company on time.

Management of this risk is mainly a responsibility of the Treasury Department. It is their responsibility to ensure that the company is in a healthy position in terms of liquid cash to meet its obligations and that there is sufficient liquid assets to meet the working capital requirement thus ensuring a smooth running of daily operations. One of the main risks faced in this context is the asset-liability mismatch and to address this, the company negotiates on the term of the facilities obtained from the lenders thus ensuring that the cash inflow is in line with the cash out flow. As an RFC, LB Finance is obliged to maintain 10% of the deposit base in liquid assets. The company has surpassed this requirement, and maintains a healthy level of liquid assets in order to ensure that they are in a position to meet maturing liabilities and working capital requirements.

Operational risk: This is the risk caused by the failure in the routine operational functions of the company. This could arise as a result of a failure in the systems, procedures, processes, failure of the employees to comply with the set rules and regulations or through human error.

As a mitigation strategy, the company places special emphasis on training given to employees thus ensuring that they have comprehensive knowledge and skills required to perform the particular job assigned to them. Further, all the employees are given a well defined job profile which clearly communicates the roles and responsibilities of each. Authority levels are assigned to employees considering the role he/she plays in the corporate hierarchy and it is clearly communicated to the staff thus ensuring that every employee follows the process. This facilitates better monitoring and cross checking to identify discrepancies. A review of the internal controls which are in place is carried out on a regular basis to identify any failures in the process and if any faults are detected they are addressed within the shortest time possible.

Fluctuations in the market price of gold affect the company as a result of the gold loan advances granted. The company monitors the market value of the gold sovereign on a daily basis. Prior to granting advances an informal interview with the customer is carried out by the gold loan officer to ensure that the article is not subject to any fraudulent activity.

9.2 Royal Ceramics Lanka PLC

Loss of Market Position: This is the risk of decline in market share as a result of competition and changes in customer preference. Competition can force the company to reduce margins which will negatively affect the profitability of the company. The inability to keep pace with market trends can result in the loss of brand equity.

RCL takes a bottom up approach to understand customer requirements. The company strives to keep up with current trends in the tile and sanitary ware market and takes measures to constantly update designs. RCL has reduced the risk of reliance on one company by employing the services of a number of international design houses. RCL maintains design contacts ensuring continuity and a binding relationship with their partners.

RCL has adopted a differentiation strategy to address the risk of competition. The company aggressively promotes “Rocell” and “Rocell Bathware” brands which are centered on key brand values such as quality and innovative design. The strong distribution network is also a key strategy that helps to mitigate the risk of competition.

Raw Material: RCL uses mineral raw materials such as kaolin, ball clay, feldspar, silica quarts and dolomite in the production of tiles and sanitary ware. Raw material which is a key input of the production process account for approximately 20-25% of the production cost. Therefore the scarcity of raw material or a significant increase in raw material prices can adversely affect the performance of the company.

Greater part of the raw material used by the company is sourced from Sri Lanka while a limited amount of imported material is used for specific processes and products. The company sources material from

a large number of suppliers, reducing the risk of supplier concentration. The company maintains long term supply contracts. As an additional risk mitigating measure the company has a land bank which can be used for mining of ball clay and silica.

Energy Cost: Energy cost account for approximately 40% of total cost of production and a significant increase can adversely affect the profitability of the company.

The manufacturing process mainly uses LPG and electricity for the kilns and spray driers. The company has adopted energy efficient processes which will reduce the negative impact of an increase in energy cost. As a virtual price maker, the company is in position to pass through part of the cost to customers.

9.3 Greener Water Ltd

Not obtaining regulatory approval: The project requires regulatory approval from relevant authorities including and not limited to the Urban Development Authority, the Coastal Conservation Department, the Central Environment Authority, Sri Lanka Tourism Development Authority and Board of Investment. The company being unable to obtain such approvals or delay in approvals could result in significant adversity or delays in project progress. In order to mitigate this risk the company will ensure compliance with all regulatory requirements and address issues immediately if they arise.

Non performance of contractor: The non performance of the contractor could adversely affect project completion and could result in cost overruns. In order to mitigate this risk the company will evaluate identified contractors based on their past performance, financial strength, rating, and the ability to meet other specifications required.

The company will appoint a project team to evaluate and overlook project progress. The team will report to the management on a periodic basis and take necessary steps to ensure that milestones are met and that the project is within the budget.

Unforeseeable obstructions: Unforeseeable obstructions could occur at different stages of construction.

Construction cost increase: Increase in construction cost could have a material impact on the feasibility and return projections of the project. Project forecasts are based on current costs and inclusion of price escalations. The company will constantly engage in monitoring project cost, evaluating any variances and take necessary action to ensure that the project is within its budgeted cost.

Environmental Issues: Environmental concerns may arise due to the hotel being located near the coast and due to the large number tourists arriving at the hotel when operational. The company will ensure that all approvals are obtained from the relevant authorities so that there will be no obstructions during construction. Further the management will ensure that the operations of the hotel will be eco friendly and would adhere to stringent environmental standards.

Negativity in the Sri Lanka Tourism Market: Any unforeseen events that may cause a negative outlook regarding Sri Lanka as a tourist destination will have a material impact on the operation of the hotel.

Lack of market appeal: The inability to reach out to the target market is a risk faced by the company. Starting from the initial design stage, evaluation of the requirements of the target market will be carried out. Further the hotel will be branded and positioned in the international market through reputed operators to ensure that the forecasted occupancy rates are met.

9.4 Power Sector Projects

Power sector projects are faced with many risk factors including and not limited to obtaining approval by regulatory authorities, opposition by environmental and special interest groups, obtaining power purchase agreements and tariff revisions, government regulations covering taxes and land use, demand for electricity and purchase of power by the Ceylon Electricity Board, cost overruns during construction and increase in industry competition.

Adverse effects of the above risks will negatively affect the future outlook for power sector investments of the Company. Therefore, the Company will evaluate the above risks and assess feasibility of respective projects prior to investment. Management is of the view that Vallibel One Limited not investing in power sector projects will not have a material impact on the overall future outlook for the Company as the company will seek to evaluate other suitable investments within its scope of business.

10.0 CORPORATE STRUCTURE

10.1 The Board of Directors

The Board of Directors guides and supervises the business and operations of Vallibel One Limited. The Board consists of three (3) Non-Executive Independent Directors, one (1) Non-Executive Director and two (2) Executive Directors including the Chairman. The Board has the power to appoint the Executive Directors including the Chairman. As at the date of this Prospectus, the Board comprises of the following six (6) Directors.

Table 10.1 – Details of Vallibel One Limited Board of Directors

Name	Age	Address	Designation
Kulappuarachchige Don Dhammika Perera	43	No. 70/3 Ward Place, Colombo 07, Sri Lanka.	Chairman/Managing Director
Wannakuwattawaduge Don Nimal Hemasiri Perera	51	No. 10/11 C, Walawwatta Place Galpotta Road Nawala, Sri Lanka.	Executive Deputy Chairman
Shiran Harsha Amarasekera	47	No. 03, Sravasti Place Off Flower Road, Colombo 07, Sri Lanka.	Independent Non-Executive Director
John Anthony Sunil Sumith Adhihetty	60	No. 01, Cambridge Terrace, Colombo 07, Sri Lanka.	Non-Executive Director
Kimarli Fernando	46	No. 14/2 Ward Place, Colombo 07, Sri Lanka.	Independent Non-Executive Director
Rajanayagam Nalliah Asirwatham	69	No. 27/1, Unity Place, Colombo 03, Sri Lanka.	Independent Non-Executive Director

10.2 Profiles of the Board of Directors

Mr. K.D.D. Perera – Chairman/Managing Director

Mr. Dhammika Perera is a well-known prominent entrepreneur and investor whose business interests include Hydropower Generation, Manufacturing, Hospitality, Entertainment, Banking and Finance.

He serves as the Chairman of L B Finance PLC, The Fortress Resorts PLC, Vallibel Power Erathna PLC, Vallibel Finance PLC, Vallibel Holdings (Pvt) Ltd and holds directorships in his other private sector companies. He is the Deputy Chairman of Royal Ceramics Lanka PLC and Amaya Leisure PLC. Director Sampath Bank PLC, Sri Lanka Insurance Corporation Ltd, Hayleys PLC, Haycarb PLC, Hayleys-MGT Knitting Mills PLC, Hotel Services (Ceylon) PLC which owns Ceylon Continental Hotel, Colombo, Hunas Falls Hotels PLC, Nirmalapura Wind Power Pvt Ltd, Dipped Products PLC, Alutec Anodising & Machine Tools (Private) Ltd and Greener Water Ltd.

He is the Secretary to the Ministry of Transport and a Member of the Board of Directors of Strategic Enterprise Management Agency (SEMA).

Mr. Nimal Perera – Executive Deputy Chairman

Mr. Nimal Perera is the Deputy Chairman of Pan Asia Banking Corporation PLC, Managing Director of Royal Ceramics Lanka PLC, Group Finance Director of Amaya Leisure PLC. He also serves as a Director of Hayleys PLC, LB Finance PLC, The Fortress Resorts PLC, Vallibel Power Erathna PLC, Vallibel Finance PLC and Sathosa Motors PLC. He counts over 28 years experience in the fields of Finance, Capital Market Operations, Manufacturing, Marketing and Management Services. He is a member of the Sri Lanka Institute of Marketing.

Mr. H. Amarasekera – Independent Non-Executive Director

Mr. Harsha Amarasekera is an Attorney-at-Law by profession and has a wide practice in the Original Courts as well as in the Appellate Courts. He has specialized in Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law. He serves as an Independent Director in several listed companies in the Colombo Stock Exchange including CIC Holdings PLC, Amaya Leisure PLC, Keells Food Products Ltd and Vallibel Power Erathna PLC

Mr. Sumith Adhihetty – Non-Executive Director

A well known professional in the marketing field Mr. Adhihetty has over 30 years of experience in the finance sector. He was formerly the Deputy Managing Director of Mercantile Investments Limited and served as a Director of Nuwara Eliya Hotels Company PLC, Grand Hotel (Pvt) Ltd, Royal Palm Beach Hotels Limited, Mercantile Fortunes (Pvt) Limited, Tangerine Tours Limited and Security Ceylon (Pvt) Limited. Mr. Adhihetty joined the Board of LB Finance PLC on the 10th December 2003 and was appointed the Managing Director on 6th January 2004. He serves on the Board of Vallibel Finance PLC, Pan Asia Banking Corporation PLC and is the Managing Director of The Fortress Resorts PLC.

Ms. Kimarli Fernando – Independent Non-Executive Director

Mrs. Kimarli Fernando holds an LLB (Hons) from the London School of Economics & Political Science London, UK, she is a Barrister-at-Law, Lincoln's Inn, UK and an Attorney-at-Law, Sri Lanka. She joined the Board of LB Finance PLC on 26th August 2008 and is also currently Director of National Development Bank. She has more than 20 years experience in the field of banking and had held senior positions at Pan Asia Banking Corporation PLC, Standard Chartered Bank, Sri Lanka, Director of Lanka Clear Pvt Ltd, Bankers Association and Deutsche Bank AG, Sri Lanka. She has also served Deutsche Bank, AG in Frankfurt, Germany.

Mrs. Kimarli Fernando is the author of "Company Law of Sri Lanka, 2nd Edition" which was the definitive reference book for students and practitioners of Company Law in Sri Lanka, published in 1992 and was responsible for the publication of the handbook, "Barrier Free Access" for Standard Chartered Bank, a guide for business to comply with the law and spirit of inclusion of those with disabilities in the work place.

Mr. Rajan Asirwatham – Independent Non-Executive Director

Mr. Ranjan Asirwatham was the Senior Partner and Country Head of KPMG Ford Rhodes Thornton & Company from 2001 to 2008. Further he was the Chairman of the Steering Committee for the Sustainable Tourism Project funded by the World Bank for the Ministry of Tourism. As at present, Mr. Asirwatham, a fellow member of the Institute of Chartered Accountants of Sri Lanka, is the Chairman of the Financial Services Stability Committee of the Central Bank of Sri Lanka. He was also a member of the Presidential Commission on Taxation, appointed by his Excellency of the President, a member of the Ceylon Chamber of Commerce Advisory Council and a member of the council of the University of Colombo. He also serves on the Boards of Ceylon Tea Services PLC, Brown & Company PLC, Lanka Orix Leasing Company PLC, Aitken Spence PLC, CIC Holdings PLC, Lanka Orix Financial Company Limited and Renuka Hotels Pvt Ltd.

10.3 Directors' Interest in Shares

10.3.1 Directors' Direct and Indirect Shareholdings in the Company

The Directors' direct shareholdings in the Company as at 20 May 2011 are tabulated below.

Table 10.2 – Directors' Shareholdings in Vallibel One Limited as at 20 May 2011

Name of Director	Number of Shares Held	Percentage of Shareholding (%)
Kulappuarachchige Don Dhammika Perera	685,351,969	64.34%
Wannakuwattawaduge Don Nimal Hemasiri Perera	8,200,000	0.77%
Shiran Harsha Amarasekera	1,000,000	0.09%
John Anthony Sunil Sumith Adhihetty	100,000	0.01%
Kimarli Fernando	800,000	0.08%
Rajanayagam Nalliah Asirwatham	N/A	N/A

Note: Mr. K.D.D. Perera through related parties/companies holds 183,895,514 (17.26%) of Ordinary Voting Shares of the Company.

10.3.2 Sale or Purchase of Shares by the Directors

Mr. K.D.D. Perera was issued a total of 685,351,969 Shares in consideration for the transfer of shares held by him as more fully disclosed in Section 10.3.5 and Annex C. Mr. K D D Perera was allotted one Share at a value of LKR 10 per share on 08 July 2010. Total of six Shares held by the initial shareholders were transferred to Mr. K D D Perera on 19 October 2010 at a value of LKR 10 per Share. Mr. K D D Perera was allotted 685,351,962 Shares at a value of LKR 25 per Share on 28 December 2010.

Vallibel Investments (Private) Limited was issued 91,966,451 Shares on 28 December 2010 at a value of LKR 25 per Share in consideration for the transfer of shares held by the Vallibel Investments (Private) Limited as more fully described in Section 10.3.5.

Vallibel Leisure (Private) Limited was issued 91,929,063 Shares on 28 December 2010 at a value of LKR 25 per Share in consideration for the transfer of shares held by the Vallibel Leisure (Private) Limited as more fully described in Section 10.3.5.

Refer Section 11.2 for Schedule of Share Allotments.

Refer Section 10.3.5 for Directors Interest in Material Contracts.

The following Directors were allotted Shares on 25 January 2011 via the Private Placement carried out on 17 January 2011.

Name of Director	Number of Shares Allotted	Consideration /Share (LKR)	Date of Allotment
Wannakuwattawaduge Don Nimal Hemasiri Perera	8,200,000	25.00	25 Jan 2011
Shiran Harsha Amarasekera	1,000,000	25.00	25 Jan 2011
John Anthony Sunil Sumith Adhihetty	100,000	25.00	25 Jan 2011
Kimarli Fernando	800,000	25.00	25 Jan 2011
Rajanayagam Nalliah Asirwatham	N/A		

10.3.3 Directors' Emoluments

The Company being incorporated on 09th June 2010, no payment of remuneration has been made to the Executive and Non-Executive Directors of the Company to date. The Directors are expected to be remunerated in the form of salaries, bonuses during FY 2010/11 to an approximate extent of LKR 7.2 Million.

10.3.4 Other Directorships Held by the Board

Table 10.3 – Other Directorships

Name of Director	Other Directorships Held
Kulappuarachchige Don Dhammika Perera	Royal Ceramics Lanka PLC Royal Porcelain (Pvt) Ltd Royal Ceramics Distributors (Pvt) Ltd Rocell Bathware Limited Rocell Roofing Limited Rocell Ceramics Ltd Sampath Bank PLC Sri Lanka Insurance Corporation Ltd Hayleys PLC Hayleys MGT Knitting Mills PLC Haycarb PLC Hotel Services (Ceylon) PLC Hunas Falls Hotels PLC Nirmalapura Wind Power Pvt Ltd Dipped Products PLC Alutec Anodising & Machine Tools (Private) Ltd L B Finance PLC Amaya Leisure PLC Culture Club Resorts (Pvt) Ltd Kandyan Resorts (Pvt) Ltd Connaissance Hotel Management (Pvt) Ltd CDC Convention (Pvt) Ltd The Beach Resorts Ltd The Fortress Resorts PLC La Fortresse (Pvt) Ltd Vallibel Power Erathna PLC Country Energy (Pvt) Ltd Vallibel Power Ltd Vallibel Finance PLC Alternate Power Systems (Pvt) Ltd Vallibel Holdings (Pvt) Ltd Vallibel Lanka (Pvt) Ltd Vallibel Leisure (Pvt) Ltd Vallibel Investments (Pvt) Ltd Vallibel Plantations (Pvt) Ltd Anuradha Traders (Pvt) Ltd Greener Water Ltd Blue Whale Resort (Pvt) Ltd
Wannakuwattawaduge Don Nimal Hemasiri Perera	Royal Ceramics Lanka PLC Pan Asian Banking Corporation PLC Amaya Leisure PLC L B Finance PLC

	The Fortress Resorts PLC Vallibel Finance PLC Hayleys PLC Sathosa Motors PLC
Shiran Harsha Amarasekera	CIC Holdings PLC Amaya Leisure PLC Keels Food Products PLC Vallibel Power Erathna PLC
John Anthony Sunil Sumith Adhihetty	L B Finance PLC Vallibel Finance PLC Pan Asia Banking Corporation PLC The Fortress Resorts PLC
Kimarli Fernando	L B Finance PLC National Development Bank PLC
Rajanayagam Nalliah Asirwatham	Aitken Spence Hotel Holdings PLC Browns Beach Hotel PLC Ceylon Tea Services PLC Lanka Orix Leasing Company PLC Aitken Spence PLC CIC Holdings PLC Lanka Orix Finance Company Limited Renuka Hotels Pvt Ltd

10.3.5 Directors' Interest in Contracts

The Directors have no interest in assets acquired, disposed or leased by the Company during the two years preceding the Issue other than as set out in below. Furthermore, it is not proposed that the Directors will hold any interest in assets to be acquired, disposed or leased by the Company in the two years subsequent to the Issue.

The following assets/investments held directly under Mr. K.D.D Perera were transferred to Vallibel One Limited. The transfers were done at the prevailing market price at the date of transfer and full consideration was settled through the allotment of shares in Vallibel One Limited at a share price of LKR 25 per share.

Table 10.4 – Directors' Interest in Contracts

Name of Director	Investment	Number of Shares	Value per share (LKR)	Total Value (LKR)
Mr. K.D.D. Perera	Royal Ceramics Lanka PLC	28,251,300	325.00	9,210,365,226.57
	LB Finance PLC	17,660,600	300.00	5,314,736,812.50
	Sampath Bank PLC	7,640,314	300.00	2,299,256,994.38
	Greener Water Ltd	26,673,001	10.00	266,730,010

The following assets/investments held by companies related to Mr. K.D.D. Perera were transferred to Vallibel One Limited. The transfers were done at the prevailing market price at the date of transfer and the full consideration was settled through the allotment of shares in Vallibel One Limited at a share price of LKR 25 per share.

Table 10.5 – Related Company Interest in Contracts

Name of related company	Investment	Number of Shares	Value per share (LKR)	Total Value (LKR)
Vallibel Investments (Pvt) Limited	Sampath Bank PLC	7,369,996	300.00	2,299,161,296.25
Vallibel Leisure (Pvt) Limited	Sampath Bank PLC	7,636,890	300.00	2,298,226,584.38

10.3.6 Statement - Board of Directors

No Director or a person nominated to become a Director of the Company is or was involved in any of the following events:-

- A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer;
- Convicted for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.

10.4 Corporate Governance Practices

The Directors place a high degree of importance on sound corporate governance practices and are committed to the highest standards of corporate governance within the organization.

The Company understands, supports and has applied the core concepts that underlie enterprise governance and ensures that its standards remain in compliance with regulatory requirement of the CSE Listing Rules.

In line with this, the Company has appointed three Independent Directors to the Board of Vallibel One Limited facilitating independent judgment in Board discussions and decisions. The Board consists of three Non-Executive Independent Directors, one Non-Executive Director and two Executive Directors including the Chairman.

In line with this, Directors and functions of the above committees are detailed below.

10.5 Remuneration Committee

The Remuneration Committee consists of a Non-Executive Director and two Non-Executive Independent Directors. They are namely Mr. Sumith Adhihetty, Mr. Harsha Amarasekara and Ms. Kimarli Fernando. The Committee is responsible for making recommendations to the Board on;

- Remuneration framework and levels of the Senior Management
- Senior Management performance and equity based remuneration plans including performance incentives and hurdles
- Remuneration of Executive Directors

The Chairman of the Remuneration Committee is Mr. Harsha Amarasekara.

The remuneration policy is to attract and retain a highly qualified and experienced Senior Management.

10.6 Audit Committee

The Audit Committee consists of three Non-Executive Independent Directors. They are namely Mr. Rajanayagam Asirwatham, Mr. Harsha Amarasekara and Ms. Kimarli Fernando. The Committee is responsible for the following;

- Evaluating and monitoring the Company's control environment and risk management function
- Overseeing and reviewing the quality, cost and scope of internal and external audits
- Reviewing the reports presented to the Committee by both auditors and management
- Recommending to the Board the appointment of internal and external auditors
- Reviewing the Company's management and statutory reporting
- Reviewing and approving of finance and accounting policies and the ongoing monitoring of their implementation and effectiveness
- Ongoing financial monitoring of the Company's various disclosure obligations
- The review and pre-approval of any non audit services provided by the internal or external auditors to ensure their independence is maintained at all times

10.7 Corporate Management

The corporate management team of the Company is headed by the Managing Director and ably supported by a strong senior management team. As an investment holding company VOL is not directly involved in operations. The core operations are carried out by the respective subsidiaries. The subsidiaries are managed by the respective management teams.

The key management personnel set out below are employees of the subsidiaries of VOL. They are responsible for corporate management affairs of VOL in addition to managing key responsibilities at the respective subsidiary companies.

Mr. K. D. D. Perera – Chairman/Managing Director

Refer profile in Section 10.2

Mr. Haresh Somashantha – Head of Finance

Haresh Somashantha is a member of the Institute of Chartered Accountants of Sri Lanka & also holds a Bachelor's degree in Mathematics from the University of Kelaniya. He is currently the Head of Finance & Treasury of Royal Ceramics Lanka PLC, Chief Financial Officer & Alternate Director of Amaya Leisure PLC. He is also a Director of Vallibel Power Erathna PLC and an Alternate Director of The Fortress Resorts PLC. Having started his career with Ernst & Young, the International Accounting & Consulting firm, he counts over 10 years experience in audit, financial management and reporting, including strategic and corporate planning across different industries.

Mr. Neil Bogahalande – Head of Human Resources

Mr. Neil Bogahalande counts 25 years of Managerial experience in Manufacturing, Trading, Plantation and Financial sectors. He serves as a Visiting Lecturer, Mentor and Final Year Examiner in Local and International Universities.

He is a "Certified Professional" by the International Public Management Association of USA, and a Council member of Institute of Personnel Management SL. He obtained his Master of Business Administration from the University of Sunderland UK and is currently reading for his PhD from Management & Science University Malaysia.

In 2006, he was invited to serve as an Advisory Council Member of the World HRD Congress. In 2010, he was conferred by the World HRD Congress with the most prestigious "Pride of HR Profession" award.

Mr. D.J. Silva – Head of information Technology

Mr. Dulanjana Silva is a graduate in Computer Science & Engineering and holds qualifications from the National University of Singapore and the University of Sunderland, UK. He is currently reading for an MBA from the University of Wales. Having begun his career at the Port of Singapore Authority, he has

experience in planning, developing, deploying, and supporting a wide range of IT solutions. At present, he is the Head of IT of Royal Ceramics Lanka PLC.

10.7.1 Corporate Management Emoluments

Emoluments were not paid to the Managing Director and the Corporate Management in the form of salaries and bonuses from the date of incorporation, namely 09th June 2010 to up to the date of this Prospectus. Corporate Management will be remunerated by the respective subsidiaries in which they are employed.

10.8 Statement – Chairman

Chairman of the Company has not been involved in any of the following:

- A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer;
- Convicted for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.

10.9 Details of the Management Agreements

There are no management agreements presently in force or currently being considered by Vallibel One Limited.

10.10 Human Resources

There are no employees under Vallibel One Limited apart from the Managing Director.

As at the date of the Prospectus, there were no Trade Unions, Collective Agreements or actions pending against the Company in the Labour Tribunals.

11.0 CAPITAL STRUCTURE

As at the date of this Prospectus, the Stated Capital of the Company is Sri Lankan Rupees Twenty Six Billion Six Hundred and Thirty One Million One Hundred and Eighty Seven Thousand and Ten (LKR 26,631,187,010.00) divided into One Billion Sixty Five Million Two Hundred and Forty Seven Thousand Four Hundred and Eighty Three (1,065,247,483) fully paid Ordinary Voting Shares.

11.1 An Overview of the Capital Structure

The detailed breakdown of the Stated Capital of Vallibel One Limited is given below.

Table 11.1 – Stated Capital of Vallibel One Limited

	20 May 2011	31 December 2010	2009
Stated Capital (LKR)	26,631,187,010	21,731,187,010	N/A
Number of Ordinary Shares in Issue	1,065,247,483	869,247,483	N/A

- All the shares in issue (except for the seven shares issued at the time of incorporation) were allotted at LKR 25.00 per share.
- The Company has no other classes of shares other than the above mentioned Ordinary Shares.
- There are no restrictions on the purchase of shares by non-residents.

11.2 Details of Share Allotments

Details of Share allotments from the date of incorporation up to the date of this Prospectus is set out in Annex C.

11.3 Free Transferability of Shares

Upon the Ordinary Voting Shares of the Company being listed on the CSE, such shares shall be freely transferable and the registration of the transfer of such listed shares shall not be subject to any restriction, save and except to the extent required for compliance with statutory requirements.

There are no restrictions placed on the transfer of Shares. The Shares of the Company are freely transferable

11.4 Other Securities

The Company has not issued any convertible debt securities or any other class of shares other than the Shares stated above. Further there are no securities of the same or other class subscribed or sold privately in conjunction with this Issue.

11.5 Takeover Offers

There have been no takeover offers by third parties in respect of the Company's shares from the date of incorporation, namely 09th June 2011 up to the date of this Prospectus and no takeover offers have been made by the Company in respect of shares of third parties.

11.6 Share Re-Purchases or Redemptions

The Company has not engaged in any share re-purchase, redemption or stated capital reduction exercises from the date of incorporation, namely 09th June 2010 up to the date of this Prospectus.

11.7 Ten Largest Shareholders as at 20 May 2011

Table 11.2 – Ten Largest Shareholders – Pre IPO

Name	No. of Ordinary Shares	%
Mr. K D D Perera	685,351,969	64.34%
Vallibel Investments (Private) Limited	91,966,451	8.63%
Vallibel Leisure (Private) Limited	91,929,063	8.63%
Y A S H I K Silva	10,446,000	0.98%
W D N H Perera	8,200,000	0.77%
Rose Wood (Pvt) Ltd	4,180,000	0.39%
Nuwaraeliya Property Developers (Pvt) Ltd	4,180,000	0.39%
I W Senanayake	4,000,000	0.38%
T G Thoradeniya	3,000,000	0.28%
S N Kumar	2,613,000	0.25%
Other Shareholders*	159,381,000	14.96%
Total	1,065,247,483	100.00%

*Shareholding is amongst 734 shareholders

Table 11.3 – 'Public Holding(s)' as per the Definition of the Listing Rules of the CSE is 17.41%

Type	Name	Number of Shares	% Holding
Directors	K D D Perera	685,351,969	64.34%
	W D N H Perera	8,200,000	0.77%
	S H Amarasekara	1,000,000	0.09%
	J A S S Adhihetty	100,000	0.01%
	K Fernando	800,000	0.08%
Directors Spouse	M J Fernando	419,000	0.04%
Related Companies	Vallibel Investments (Private) Limited	91,966,451	8.63%
	Vallibel Leisure (Private) Limited	91,929,063	8.63%
Other	Public	185,481,000	17.41%
Total		1,065,247,483	100.00%

Table 11.4 – Post IPO Shareholding Structure

Name	No. of Ordinary Shares	%
Mr. K D D Perera	685,351,969	63.08%
Vallibel Investments (Private) Limited	91,966,451	8.46%
Vallibel Leisure (Private) Limited	91,929,063	8.46%
Other Shareholders	217,311,870	20.00%
Total	1,086,559,353	100.00%

11.8 Material Transfer or sale of shares from the date of incorporation

There has been no sale or transfer of Shares from the date of incorporation up to the date of the Prospectus other than the transfer of subscriber shares to Mr. K D D Perera as set out below.

Table 11.5 – Material Transfer or Sale of Shares From the Date of Incorporation

Transferor	Transferee	Number of Shares	Price per Share LKR	Date of Transfer
K D A Perera	K D D Perera	1	10.00	19 Oct 2010
K D H Perera	K D D Perera	1	10.00	19 Oct 2010
S Munasinghe	K D D Perera	1	10.00	19 Oct 2010
W Ariarasah	K D D Perera	1	10.00	19 Oct 2010
P I Perera	K D D Perera	1	10.00	19 Oct 2010
W D N H Perera	K D D Perera	1	10.00	19 Oct 2010

Details of Share allotments from the date of incorporation are set out in Annex C.

12.0 STATUTORY AND OTHER GENERAL INFORMATION

12.1 Hosting of Prospectus, Application Form and the Articles of Association on the Web

This Prospectus, Application Form and the Articles of Association of the Company will be available on the website of the CSE (www.cse.lk) and/or from the Company's website (www.vallibelone.com) from the date hereof, for a period not less than fourteen (14) Market Days.

12.2 Inspection of Documents

The Articles of Association, the Auditor's, Report Audited Financial Statements for Vallibel One Limited as at 31st December 2010, and all other documents to which references are made in this Prospectus could be inspected by the public during normal working hours at the Registered Office of the Company from the date hereof, for a period not less than fourteen (14) Market Days.

12.3 Brokerage

Brokerage at the rate of zero decimal five per centum (0.5%) of the Share Issue Price will be paid in respect of the number of shares allotted/allocated on Applications bearing the seal of the Bankers to the Offer, or a member/trading member of the CSE.

12.4 Underwriting/ Minimum Subscription

The Issue is not underwritten and is not conditional upon any minimum subscription being met.

The Company can meet capital requirements as detailed under this Issue through debt financing.

12.5 Business Which The Promoters/Subscribers Intend To Carry Out During the Period of Five Years

As an investment holding company, Vallibel One intends to carry on normal business operations falling under its main subsidiaries namely, L B Finance in the finance sector, RCL in the tile and sanitary ware sector and Greer Water in the leisure sector. Further the Company proposes to make investments in selected power sector projects in Sri Lanka.

12.6 Length of Time During Which The Business of the Company Has Been Carried On

Vallibel One Limited was incorporated on 9th June 2010 and the following assets/investments were transferred to the Company as follows. (Refer Section 10.3.5)

Business operations of the Company are carried out by the respective subsidiaries. Date of incorporation of the subsidiaries and investments and length of time which the business has been in operation is stated below.

Table 12.1 - Length of Time During Which The Business of the Company Has Been Carried On

Name	%	Date of transfer	Date of Incorporation	Duration of business operation
Royal Ceramic Lanka PLC	51% (51.01% - through direct and indirect holding)	26 October 2010	29th August 1990	20 years
Sampath Bank PLC	14.99%	16 December 2010	10th March 1986	24 years
L B Finance PLC	51% (52.73% - through direct and indirect holding)	25 October 2010	30th May 1971	39 years
Greener Water PLC	100%	28 December 2010	24th June 2010	8 months

The hotel project under Greener Water is expected to commence commercial operations in 2013.

12.7 Concentration of Assets, Liabilities and Off Balance Sheet Items by Industry

The following disclosure pertains to the Consolidated Financial Statements of Vallibel One Limited as required under Sri Lanka Accounting Standards SLAS 33, Revenue Recognition and Disclosures in the Financial Statements of Finance Companies.

12.2 - Concentration of Assets, Liabilities and Off Balance Sheet Items by Industry

	31.12.2010 (LKR'000)
Agriculture	1,063,940
Manufacturing & Distribution	859,898
Hotels & Tourism	288,983
Services	11,243,224
Trading	10,905,467
Transport	1,011,789
Construction	348,837
Others	480,871
Distribution of Total Advances	26,203,009
Lease & Hire Purchase Receivables	19,542,969
Loans & Advances	6,660,041
Total Advances	26,203,009

The following disclosure pertains to L B Finance PLC segmental analysis of Assets and Liabilities as at 31 December 2010.

Table 12.3 - L B Finance PLC Segmental Analysis of Assets and Liabilities

	Lease & Stock Out on Hire (LKR'000)	Term Loans (LKR'000)	Real Estate (LKR'000)	Gold Loans (LKR'000)	Others (LKR'000)	Total (LKR'000)
Segment Assets	14,635,843	1,635,369	222,691	5,053,298	2,270,804	23,818,005
Unallocated Assets						611,852
Total Assets						24,429,857
Segment Liabilities	2,081,655	232,598	29,610	718,730	450,000	3,512,593
Unallocated Liabilities						18,697,381
Total Liabilities						22,209,974

Source: L B Finance PLC Interim Financial Statements for the Nine Months Ended December 31, 2010

12.8 Non Performing Advances Under Specific Categories as at 31 December 2010

The following disclosure pertains to the Consolidated Financial Statements of Vallibel One Limited.

Non- performing advances included in the Lease Rentals Receivable, Stock Out on Hire and Loans and Advances are as follows.

Table 12.4 - Non Performing Advances Under Specific Categories

	Lease & Hire Purchase (LKR'000) 31.12.2010	Term Loans (LKR'000) 31.12.2010	Trade Finance Loans (LKR'000) 31.12.2010	Gold Loans (LKR'000) 31.12.2010	Total (LKR'000) 31.12.2010
Amount Receivable	643,546	104,913	21,576	5,322	775,356
Less:					
Finance Charges Suspended	111,465	34,070	895	1,904	148,334

Provision for Bad Debts	506,007	4,031	20,681	1,426	532,144
Net non-performing advances	26,074	66,812	-	1,992	94,878

12.9 Details of Post Balance Sheet Events

The Company raised LKR 4,900,000.00 by issuing 196,000,000 new Ordinary Voting Shares at the share offer price of LKR 25.00 per share through a Private Placement. The shares were allotted on the 25th of January 2011. The funds raised above have been utilized as follows:

Table 12.5 - Details of Post Balance Sheet Events

	Amount (LKR)
Investment in Fixed Deposits*	
Vallibel Finance PLC	500,000,000
L B Finance PLC	3,000,000,000
Pan Asia Banking Corporation PLC	737,000,000
Sampath Bank PLC	100,000,000
Hatton National Bank PLC	100,000,000
Re-payment of Short Term Loan - Hatton National Bank PLC	115,000,000
Investment in Waskaduwa Beach Resort Ltd**	280,000,000
Private Placement Brokerage and other related expenses	25,500,000
Stamp Duty on issue of new shares and Debit Tax	30,500,000
Other Expenses	12,000,000

*L B Finance PLC is a subsidiary of Vallibel One Limited and Sampath Bank is a strategic investment of Vallibel One Limited.

The following directors of Vallibel One also hold directorships in companies in which the above investments in Fixed Deposits are maintained.

Vallibel Finance PLC	L B Finance PLC	Pan Asian Banking Corporation PLC	Sampath Bank PLC
K D D Perera	K D D Perera	W D N H Perera	K D D Perera
W D N H Perera	W D N H Perera	J A S S Adhihetty	
J A S S Adhihetty	J A S S Adhihetty		
	K Fernando		

****Investment in Waskaduwa Beach Resort Limited** – The Company invested in 28 million Ordinary Voting Shares of Waskaduwa Beach Resort Limited on a long term basis for a total consideration of LKR 280,000,000. The investment account for 20% of the voting shares of the company.

13.0 TAXATION

The following information is an overview of selected taxation and other regulations that may be relevant to the Company and potential investors.

13.1 Corporate Taxation in respect of Vallibel One Limited

In accordance with the provisions of the Inland Revenue Act No, 10 of 2006 and its subsequent amendments, the Company at present is liable to corporate income tax at the rate of 35% of its income. As per the Budget 2011 presented by the Government of Sri Lanka, the rate of corporate income tax has been revised to 28%.

13.2 Withholding Tax on Dividends

In general, dividends distributed by resident companies out of taxable income to resident or non resident shareholders are subject to WHT at the rate of 10%. The Company is required to deduct dividend tax at source and remit the same to the Department of Inland Revenue.

13.3 Stamp Duty

The Company is liable to pay stamp duty at the rate of zero decimal five per centum (0.5%) for the Issue and on any new Shares that may be issued in the future in line with current stamp duty regulations. In addition, the Company is required to pay stamp duty on all receipts up to a maximum of LKR 25.00 per receipt.

13.4 Taxation of Share Transactions

A transaction tax at the rate of zero decimal three per centum (0.3%) on the sales and purchases of all share transactions is charged from both the buyer and the seller. This tax is part of the transaction cost charged when trading shares on the CSE. Any profits from the sale of any share on which this tax has been paid is exempt from income tax.

13.5 Deemed Dividend Tax

The Company is required to declare a dividend of a minimum of twenty five per centum (25%), before 18 months commencing from the first day of the year of assessment to which such distributable profits are related, to avoid a deemed dividend tax of fifteen per centum (15%) of such distributable profits. As per the Budget 2011 presented by the Government, the minimum threshold of twenty five per centum (25%) of the distributable profit which needs to be distributed to avoid the imposition of the deemed dividend tax has been reduced to ten per centum (10%). These proposals are expected to be effective from April 1, 2011.

13.6 Exchange Controls

The operations of SIA, RANSI and RGFC A are governed by the rules and regulations formulated under the Exchange Control Act. In addition, RGFC A is subject to the regulations of CBSL and the Department of Immigration and Emigration.

Dividends and proceeds from the sale of shares can be remitted without exchange control permission if the funds for purchase of the said shares have been affected through a SIA or a RANSI. However, if the funds for purchase of the shares have been effected through a RGFC A, an approval from the Controller of Exchange is required to remit the dividends and proceeds from the sale of shares.

All funds for purchase cost, brokering and bank charges including inward remittances and repatriation of dividends and all credits, sales proceeds and dividend proceeds should be channelled through the SIA/RANSI. Remittances to SIA/RANSI should be backed by documentary evidence of the transaction, giving rise to the said remittance (i.e. dividend warrant, contract note). Such documentation should be produced to the commercial bank at which the respective SIA/RANSI is held. A tax clearance certificate from the Department of Inland Revenue is not required for remittances in respect of remittance of dividends and sales proceeds of shares held in listed companies.

13.7 Taxation – Greener Water Ltd

As stated under sections 4.4.8 of this Prospectus, Greener Water Ltd being a company approved under Section 17 of the BOI Act enjoy the following tax concessions, subject to the company meeting other terms and conditions.

Table 13.1 – Greener Water Tax Details

Corporate Income Tax exempt period	Period of 8 years from the year in which the enterprise commences making profits or any year of assessment not later than two years from the date on which the enterprise commenced operations (whichever is earlier)
Taxation at 15%	After the expiry of the tax exempt period.

13.8 Taxation – Royal Ceramics Group

Royal Porcelain (Pvt) Ltd which is a subsidiary of Royal Ceramics Lanka PLC being a BOI approved company enjoy the following tax concessions:

Table 13.2 – Taxation – Royal Ceramics Group

Royal Porcelain (Pvt) Ltd	Corporate Income Tax exempt period	Period of 10 years from the year in which the enterprise commenced commercial production after the required investment is made [2002/2003 to 2012/2013]
	Taxation at 35% [As per the Budget 2011 presented by the Government of Sri Lanka, the rate of corporate income tax has been revised to 28%. These proposals are expected to be effective from 1st April 2011]	From the end of the tax exempt period
	Commencement of commercial operations	January 2003
	Signing of BOI agreement	20 December 2001
Rocell Bathware Ltd	Corporate Income Tax exempt period	Period of 6 years from the year in which the enterprise commences making profits or any year of assessment not later than two years from the date on which the enterprise commenced operations (whichever is earlier)
	Taxation at 15%	From the end of the tax exempt period
	Commencement of commercial operations	April 2009
	Signing of BOI agreement	7 July 2006

14.0 STATUTORY DECLARATIONS

Statutory Declaration by the Directors

06 June 2011

We, the undersigned being the Directors of Vallibel One Limited hereby declare and confirm that we have read the provisions of the Companies Act No.7 of 2007 relating to the issue of the Prospectus and that those provisions have been complied with.

This Prospectus has been seen and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given and confirm that the provisions of the CSE Listing Rules of the Colombo Stock Exchange and the Companies Act. No. 7 of 2007 and any amendments to it from time to time have been complied with and after making all reasonable enquiries and to the best of our knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of the Company have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to the Company and making assumptions that are considered to be reasonable at the present point in time and according to our best judgement.

Name	Designation	Signature
Kulappuarachchige Don Dhammika Perera	Chairman/Managing Director	Sgd.
Wannakuwattawaduge Don Nimal Hemasiri Perera	Executive Deputy Chairman	Sgd.
Shiran Harsha Amarasekera	Director	Sgd.
John Anthony Sunil Sumith Adhihetty	Director	Sgd.
Kimarli Fernando	Director	Sgd.
Rajanayagam Nalliah Asirwatham	Director	Sgd.

Declaration by the Managers to the Issue

06 June 2011

We, Acuity Partners (Private) Limited, of 53, Dharmapala Mawatha, Colombo 3 being the Managers to this Public Share Issue of Vallibel One Limited hereby declare that to the best of our knowledge and belief the Prospectus constitutes full and true disclosure of all material facts about the Issue and Vallibel One Limited whose Ordinary Voting Shares are being Issued.

Sgd.
Director

Sgd.
Director

Declaration by the Company

06 June 2011


An application has been made to the Colombo Stock Exchange for permission to deal in and for a listing for all of the Ordinary Voting Shares Issued by the Company and those Ordinary Voting Shares which are the subject of this Issue. Such permission will be granted when the ordinary shares are listed on the Colombo Stock Exchange. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this Prospectus. Listing on the Colombo Stock Exchange is not to be taken as an indication of the merits of the Company or of the securities Issued.

Sgd.
Director

Sgd.
Director

15.0 FINANCIAL STATEMENTS AND AUDITORS' REPORT

ANNEX A: ACCOUNTANT'S REPORT FOR THE INCLUSION IN THE PROSPECTUS



ERNST & YOUNG

Chartered Accountants
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Colombo 10
Sri Lanka
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BW/CSW/PNG

21 March 2011

The Board of Directors
Vallibel One Limited
27/2, East Tower
World Trade Centre
Echelon Square
Colombo-1

Dear Sirs

Accountants' Report for inclusion in the Prospectus

Introduction

This report has been prepared for inclusion in the Prospectus to be issued in connection with the initial public offering of 21,311,870 new Ordinary Voting Shares of Rs. 25/- each.

We have examined the financial statements of Vallibel One Limited and our report as follows:

1. **Incorporation**

Vallibel One Limited was incorporated on 09th June 2010 under the companies Act No 07 of 2007. The principal activity of the company is investment in other companies
2. **Financial Statements**
 - 2.1 **Financial Year End**

The accounting date of the company is March 31st.
 - 2.2 **Five - Year Summary of Audited Financial Statements**

Since the Company was incorporated on 09th June 2010, there were no five year financial statements to be presented.
 - 2.3 **Reviewed Financial Statements for the 07 Months Period Ended 31 December 2010.**

Balance Sheet, Income Statement, Statement of Changes in Equity and Cash Flow Statement along with the accounting policies and notes to the Financial Statements of the Company and the Group for the 07 months period ended 31st December 2010 are set out on pages 04 to 42. We have reviewed these financial statements, and our report issued on 21st March 2011 is also set out on page 03.

Partners: A D B. Siliwalle FCA FCMA M P D Cooray FCA FCMA J N de Saram ACA FCMA Ms. Y A De Silva ACA W R H Fernando FCA FCMA
W K B S P Fernando FCA FCMA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond)
H M A Jayasinghe FCA FCMA Ms. G G S Mahalinga ACA Ms. L C O Nanayakkara FCA FCMA B E Wijesuriya ACA ACMA

2.4 Review Reports

We have reviewed the financial statements of the Company and the Group for the 07 months period ended 31 December 2010 and an unqualified review opinion has been issued for the above period based on Sri Lanka Standard on Review Engagements 2400.

2.5 Accounting Policies

Financial Statements referred to in paragraphs 2.3 comply with the Sri Lanka Accounting Standards.

2.6 Dividends

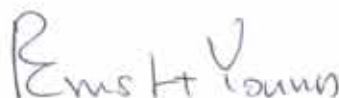
No dividends have been declared by the company from the date of incorporation up to 31 December 2010.

2.7 Events after the Balance Sheet date (31 December 2010)

- i Company has raised Rs. 4,900,000,000/- by issuing 196,000,000 new Ordinary Voting Shares at the share offer price of Rs. 25/- per share through a private placement. Out of the above funds, Rs 4,337,000,000/- invested in Fixed Deposits in related companies on a short term basis and Rs 280,000,000/- Invested in 28 Million Ordinary Shares in Waskaduwa Beach Resort Limited (20% Holding) on a long term basis. Further, Company has settled the short term loan of Rs 115,000,000/- which was existed as at the balance sheet date.
- ii The Board Directors of LB Finance PLC has announced a Bonus Share Issue of 1:1 per share from reserves of the company.
- iii Royal Ceramics Lanka PLC recommend to the shareholders a capitalization of reserves for the issue of 55,394,692 fully paid ordinary shares of Rs.10/- each to the holders of ordinary shares in the company as at end of trading on 10th January 2011 in the proportion of one new ordinary share for every one existing ordinary share held, by capitalizaing a sum of Rs. 553,946,920/- out of the funds standing credit to the Company's Revaluation Reserve (Rs.350,423,938/-) & Revenue Reserve (Rs.203,522,982/-) .
- iv Royal Ceramics Lanka PLC and Mr.K.D.Dhammika Perera have made an offer to purchase from the shareholders of Hayleys PLC ("Hayleys") all the issued and paid up shares of Hayleys under the terms and conditions set out in the offer document at a price of Rs.380/- per share. The number of such remaining shares as at the date of this offer (01 March 2010) was 52,498,773 shares constituting approximately 70% of the total number of shares in issue in Hayleys.

Other than the above, there have been no material events occurred after the balance sheet date that requires adjustment or discloser in the financial statements.

Yors faithfully,



ANNEX B: VALLIBEL ONE LIMITED AND ITS SUBSIDIARIES, AUDITORS REPORT TO THE BOARD OF DIRECTORS AND REVIEWED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 07 MONTHS PERIOD ENDING 31 DECEMBER 2010



Chartered Accountants

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**AUDITORS REPORT TO THE BOARD OF DIRECTORS
VALLIBEL ONE LIMITED**

We have reviewed the accompanying financial statements of Vallibel One Limited and the consolidated financial statements of the company and its subsidiaries which comprise the balance sheet as at December 31, 2010 and the income statement, statements of changes in equity and cash flow statement for the 07 months ended, and a summary of significant accounting policies and other explanatory notes. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Sri Lanka Standard on Review Engagements 2400 applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries do not give a true and fair view in accordance with Sri Lanka Accounting Standards.

Signed

21 March 2011
Colombo

Partners: A B E Tawakke FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. Y A De Silva ACA W R H Fernando FCA FCMA
W K B P Fernando FCA FCMA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond)
H M A Jayasinghe FCA FCMA Ms. G G S Manatunge ACA Ms. L C G Nanayakkara FCA FCMA B E Wijesuriya ACA ACMA

Vallibel One Limited and Its Subsidiaries

BALANCE SHEET

As at 31 December 2010

	Note	Company As at 31.12.2010 Rs.	Group As at 31.12.2010 Rs.
ASSETS			
Cash and Cash Equivalents		6,999,709	408,441,641
Treasury Bills and Other bills eligible for re-discounting with Central Bank	3	-	1,566,020,809
Placements with Other banks	4	-	364,917,827
Loans and Advances	5	-	1,597,963,843
Gold Loans	6	-	5,003,391,377
Lease Rentals receivables and Stock out on hire	7	-	14,231,905,257
Advance for Vehicle Stock		-	256,822,242
Real Estate Stock	8	-	224,539,647
Other Debtors, Deposits and Prepayments	9	-	1,032,805,831
Investments in Securities	10	6,910,395,270	8,365,851,695
Investments in Subsidiaries	11	14,822,125,320	-
Amount Due From Related Parties	12	-	178,181,371
Income Tax Recoverables		-	938,350
Inventories	13	-	1,276,692,344
Goodwill	14	-	11,268,862,221
Intangible Assets	15	-	7,920,773
Property, Plant and Equipment	16	-	4,623,993,105
Total Assets		21,739,520,299	50,409,248,331
LIABILITIES			
Deposits from non-bank customers	17	-	15,923,367,969
Interest Bearing Loans and Borrowings	18	115,000,000	6,396,655,616
Trade and Other Payables	19	2,454,180	1,827,497,808
Amount Due To Related Parties	20	3,850	23,134
Dividend Payable	21	-	19,128,051
Debentures	22	-	450,000,000
Retirement Benefit Liability	23	-	128,996,404
Income Tax Liabilities		-	96,031,099
Deferred Tax Liabilities		-	332,134,639
Total Liabilities		117,458,030	25,173,834,720
Shareholders' Funds			
Equity Attributable to Equity Holders of the Parent			
Stated Capital	24	21,731,187,010	21,731,187,010
Reserves	25	(109,124,741)	162,425,217
		21,622,062,269	21,893,612,227
Minority Interest			3,341,801,385
Total Equity		21,622,062,269	25,235,413,612
Total Equity and Liabilities		21,739,520,299	50,409,248,331

These Financial Statements are in Compliance with the requirements of Companies Act No. 07 of 2007.

Signed

□ □ □ □ □ □ □ □

Chief Financial Officer

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

Signed for and on behalf of the board by.

Signed

□ □ □ □ □ □ □ □ □ □

Director

Signed

□ □ □ □ □ □ □ □ □ □

Director

The Accounting Policies and the Notes on pages 8 through 42 form an integral part of these Financial Statements.

21 March 2011

Colombo

Vallibel One Limited and Its Subsidiaries

INCOME STATEMENT

For the 07 Months period ended 31 December 2010

	Note	Company 2010 Rs.	Group 2010 Rs.
Revenue	27	-	2,082,870,927
Cost of Sales		-	(1,042,596,553)
Gross Profit/ (Loss)		-	1,040,274,374
Other Income and Gains	28	-	54,359,171
Administrative Expenses		(109,124,741)	(276,801,237)
Distribution Expenses		-	(201,152,144)
Finance Cost	29	-	(33,963,076)
Provision for fall in value of Investments, Bad and Doubtful Loans and Write Offs		-	(37,352,950)
Profit From Operations	30	(109,124,741)	545,364,138
Value Added Tax on Financial Services		-	(46,239,423)
Profit /(Loss) before tax		(109,124,741)	499,124,715
Income Tax Expense	31	-	(85,440,237)
Net Profits for the Year		(109,124,741)	413,684,478
Attributable to :			
Equity holders of the Parent		-	161,541,116
Minority Interest		-	252,143,362
Net Profits for the Year		-	413,684,478
Earnings / (Loss) Per Share	32	(0.53)	0.79

The Accounting Policies and the Notes on pages 8 through 42 form an integral part of these Financial Statements.

Vallibel One Limited and Its Subsidiaries

STATEMENT OF CHANGES IN EQUITY

For the 07 Months period ended 31 December 2010

Company	Stated Capital	Reserve Fund	Retained Earnings	Minority Interest	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 09 June 2010	-	-	-	-	-
Profit/ (Loss) for the period	-	-	(109,124,741)	-	(109,124,741)
Issue of Shares	21,731,187,010	-	-	-	21,731,187,010
Balance as at 31 December 2010	<u>21,731,187,010</u>	<u>-</u>	<u>(109,124,741)</u>	<u>-</u>	<u>21,622,062,269</u>
Group					
Balance as at 09 June 2010	-	-	-	-	-
Profit/ (Loss) for the period	-	-	161,541,116	252,143,362	413,684,478
Appropriation of Bad Debts	-	-	884,101	792,555	1,676,656
Issue of Shares	21,731,187,010	-	-	-	21,731,187,010
Acquisition of Subsidiaries	-	-	-	3,088,865,468	3,088,865,468
Transfers	-	24,408,313	(24,408,313)	-	-
Balance as at 31 December 2010	<u>21,731,187,010</u>	<u>24,408,313</u>	<u>138,016,904</u>	<u>3,341,801,385</u>	<u>25,235,413,612</u>

The Accounting Policies and the Notes on pages 8 through 42 form an integral part of these Financial Statements.

Vallibel One Limited and Its Subsidiaries

CASH FLOW STATEMENT

For the 07 Months period ended 31 December 2010

	Note	Company 31.12.2010 Rs.	Group 31.12.2010 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit/ (Loss) before Taxation		(109,124,741)	499,124,715
ADJUSTMENTS FOR			
Depreciation		-	71,225,073
Amortisation of Computer Software		-	641,653
Interest cost on Finance Leases		-	377,134
Provision For doubtful debts		-	37,352,950
Provision for impairment of assets		-	8,025,280
Provision For Defined Benefit Plan Costs		-	6,367,026
Profit/ (Loss) from sale of Fixed Assets		-	15,116,540
Notional Tax Credit on Interest on Treasury Bills		-	467,201
Withholding Tax attributed to Fixed Deposit & professional fees		-	(2,808,490)
(Gain) /Loss from Sale of Investments		-	(2,591,781)
Finance Cost		-	33,963,076
Dividends Received		-	(24,312)
Operating Profit before Working Capital Changes		(109,124,741)	667,028,411
(Increase)/Decrease in Real Estate Stock		-	(15,215,451)
(Increase)/Decrease in Lease Rentals Receivable and Stock out on hire		-	(1,118,192,948)
(Increase)/Decrease in Government of Sri Lanka Treasury Bills		-	(350,514,741)
(Increase)/Decrease in Loans and Advances		-	(264,227,789)
(Increase)/Decrease in Gold Loans		-	(895,489,866)
(Increase)/Decrease in Trade & Other Debtors, Deposits & Prepayments		-	(78,638,522)
(Increase)/Decrease in Vehicle Stocks		-	(61,355,392)
(Increase)/Decrease in Placements with Banks		-	500,000,000
Increase/(Decrease) in Deposits from Non Bank Customers		-	945,314,745
Increase/(Decrease) in Trade & Other Payables		2,454,180	133,961,502
(Increase)/Decrease in Inventories		-	73,894,782
Increase/(Decrease) in Amounts Due to Related Companies		3,850	3,850
Cash Generated from Operations		(106,666,711)	(463,431,419)
Retirement Benefits Liabilities paid		-	(1,254,347)
Finance Cost Paid		-	(33,963,076)
Taxes Paid		-	(89,920,527)
Net Cash from/(Used in) Operating Activities		(106,666,711)	(588,569,369)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant & Equipment		-	(118,497,310)
Acquisition of Intangible Assets		-	(911,869)
Acquisition of Investments		(35,235,270)	(177,142,821)
Dividends Received		-	24,312
Acquisition of Subsidiaries	2.1.3	(75,542,820)	(439,804,143)
Net Cash used in Investing Activities		(110,778,090)	(736,124,177)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal Payment under Finance Lease Liability		-	(2,876,190)
Issue of Shares on Acquisition Costs		109,444,510	109,444,510
Proceeds from Interest Bearing Loans & Borrowings		115,000,000	850,017,808
Repayment of Interest Bearing Loans & Borrowings		-	(420,508,836)
Dividend Paid		-	(3,774,729)
Net Cash from Financing Activities		224,444,510	532,302,563
Net Increase / (Decrease) in Cash & Cash Equivalents		6,999,709	(792,390,983)
Cash and Cash Equivalents at the beginning of the Period		-	-
Cash and Cash Equivalents at the end of the Period	26	6,999,709	(792,390,983)

The Accounting Policies and the Notes on pages 8 through 42 form an integral part of these Financial Statements.

1. CORPORATE INFORMATION

1.1 General

Vallibel One Ltd (“the Company”) is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at 27-2, East Tower, World Trade Centre, Echelon Square, Colombo – 01.

The Consolidated Financial Statements of the company for the period ended 31 December 2010 comprise the Vallibel One Ltd (Parent Company) and its subsidiaries (together referred as the “Group”) Royal Ceramics Lanka PLC, Royal Ceramics Distributors (Private) Limited, Royal Porcelain (Private) Limited., Rocell Bathware Limited, L B Finance PLC and Greener Water Ltd.

1.2 Parent Enterprise and Ultimate Parent Enterprise

Vallibel One Ltd does not have an identifiable parent of its own.

1.3 Principal Activities and Nature of Operations

During the year the principal activities of the group were as follows:

Vallibel One Ltd	-	Investments
Royal Ceramics Lanka PLC tiles and undertaking designing and laying of tiles.	-	Manufacture and marketing of floor and wall
Royal Ceramics Distributors (Private) Limited	-	Non Operational.
Royal Porcelain (Private) Limited	-	Manufacture and marketing of floor tiles.
Rocell Bathware Limited	-	Manufacture and marketing of sanitaryware. The company commenced commercial production in April 2009
L B Finance	-	Acceptance of Deposits, Granting Lease facilities, Hire Purchase, Mortgage Loans and other credit facilities, Real Estate Development and related services and Pawn Broking.
Greener Water Ltd	-	Intended Hotel Operator

1.4 Date of Authorization for Issue

The Financial Statements of Vallibel One Ltd, for the 07 months period ended 31 December 2010 were authorized for issue in accordance with the resolution of the Board of Directors on 21 March 2011.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

The Financial Statements have been prepared on a historical cost basis, except for certain land and buildings of subsidiaries that have been measured at fair value. The Financial Statements are presented in Sri Lankan Rupees for the purpose of presentation of the Balance Sheet, the directors are of the opinion that the liquidity basis presents fairly the performance of the group. The Income Statement has been presented on the function expenses method as described in 2.7. The Management is responsible for the preparation and presentation of these Financial Statement and these Financial Statements are in compliance with the Companies Act. No. 7 of 2007.

2.1.1 Statement of Compliance

The Financial Statements of Vallibel One Ltd and all its subsidiaries (The Group) have been prepared in accordance with Sri Lanka Accounting Standards.

2.1.2 Comparative Information

Since this is the first period of operations, there are no comparative information to be disclosed.

2.1.3 Business Combinations and Goodwill

Business Combinations are accounted for using the purchase method. The cost of an acquisition is measured at the fair value of the assets, equity instrument issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any minority interest.

On 31 October 2010, the group acquired 51.02% and 52.73% of the voting shares of Royal Ceramics Lanka PLC and LB Finance PLC. Listed companies engaged in the business of Manufacturing and Financial Services sectors respectively. Further, on 28 December 2010, group acquired 100% voting shares of Greener Water Ltd which is intended to be hotel operating company. The acquisitions have been accounted for using the purchase method of accounting.

NOTES TO THE FINANCIAL STATEMENTS

For the 07 Months period ended 31 December 2010

2.1.3 Business Combinations and Goodwill (Cont.)

Acquisition of Subsidiaries

The fair value of assets acquired and liabilities assumed of Royal Ceramics Lanka PLC, LB Finance PLC and Greener Water Limited were as follows;

ASSETS	Rs.
Cash and Cash Equivalents	364,348,849
Treasury Bills & Other bills eligible for re-discounting with Central Bank	1,702,978,576
Placements with Other banks	864,917,827
Loans and Advances	1,367,775,387
Gold Loans	4,106,475,269
Lease rentals receivables & Stock out on hire	13,144,973,677
Real Estate Stock	200,903,363
Advance for Vehicle Stock	195,466,850
Other Debtors, Deposits and Prepayments	916,457,391
Investments in Securities	1,510,792,917
Intangible Assets	7,650,557
Property, Plant & Equipment	4,579,698,171
Income Tax Recoverables	66,350,427
Inventories	1,350,587,124
LIABILITIES	
Deposits from non-bank customers	(14,978,053,223)
Interest Bearing Loans and Borrowings	(5,087,738,107)
Trade & Other Payables	(1,647,789,657)
Debentures	(450,000,000)
Retirement Benefit Liability	(123,883,728)
Deferred Taxation	(513,969,348)
Dividends Payable	(22,902,780)
Income Tax Payable	(11,674,535)
Bank Overdraft	(879,563,654)
Amount Due To Related Parties	(19,282)
Net Assets	6,663,782,071
Net Assets Acquired (51.01 % in RCL, 52.73% in LB and 100% in Greener Water)	(3,564,306,423)
Goodwill	(11,268,862,221)
Total Value of Investment Acquired	(14,833,168,644)
Value of shares Transferred	14,757,625,824
Cash consideration paid on acquisition of subsidiaries	(75,542,820)
Cash and Cash Equivalents acquired with subsidiaries	(364,261,323)
Net cash outflow on acquisition of subsidiaries	(439,804,143)

Note: The assets and liabilities as at the acquisition date are stated at their provisional fair values and may be amended in accordance with SLAS 25 (Revised 2004) - Business Combination.

From the date of acquisition, Subsidiaries have contributed a profit of Rs.270,665,857/- to the net profit of the Group. If the combination had taken place at the beginning of the year, the profit from continuing operations for the period would have been Rs.889,148,994/-

2.2 BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

The Consolidated Financial Statements of the Company for the period ended 31 December 2010 comprise of the Company and its Subsidiaries. The details of Subsidiaries are as follows:

Company Name	Year of Incorporation	Ownership Percentage
Vallibel One Limited	2010/2011	
Royal Ceramics Lanka PLC	1990/1991	51.01%
Royal Ceramics Distributors (Private) Limited.	1993/1994	51.01%
Royal Porcelain (Private) Limited	2000/2001	51.01%
Rocell Bathware Limited	2005/2006	51.01%
L B Finance PLC	1971/1972	52.73%
Greener Water Ltd	2010/2011	100%

The Consolidated Financial Statements incorporating all Subsidiaries in the Group are prepared to common financial year ending March 31 using uniform Accounting Policies for like transactions and in similar circumstance and are applied consistently. However, these reviewed financial statements prepared for the period ended 31 December 2010.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

All intra-group balances, income and expenses and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Goodwill acquired in business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Financial Statements are sensitive to assumptions and estimates made in measuring certain carrying amounts represented in the Balance Sheet and amounts charged to the Income Statement. These could result in a significant risk of causing material adjustments to the carrying amounts of assets and liabilities.

Judgements

In the process of applying the Group's Accounting Policies, the management is required to make judgments, apart from those involving estimations, which may have a significant effect on the amounts recognised in the Financial Statements.

Impairment Losses on Leases, Stock out on Hire and Loans and Advances

In addition to the provisions made for possible loan losses based on the directives for specific provisions on Leases, Stock out on Hire and Loans and Advances by the Central Bank of Sri Lanka, the Group reviews its portfolio at each reporting date to assess whether an allowance for impairment should be recorded in the financial statements. Judgment by the management is required in the estimation of these amounts and such estimations are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Review of Impairment Losses on Non-Financial Assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date or more frequently if events or changes in circumstances require doing so. This requires the estimation of the 'value in use' of the cash generating units. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash generating unit and also to select a suitable discount rate in order to calculate the present value of the relevant cash flows. This valuation requires the Group to make estimates about expected future cash flows and discount rates, and hence, they are subject to uncertainty.

Useful lives of Property, Plant and Equipment

The Group reviews the asset's residual values, useful lives and methods of depreciation at each reporting date. Judgment by the management is required in the estimation of these values, rates and methods, and hence, they are subject to uncertainty.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Value of Unquoted Equity Investments

The unquoted equity investments have been accounted at cost and were valued by Directors by considering the recoverability of the investment.

Defined Benefit Plans

The Defined Benefit Obligation and the related charge for the year are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates etc. Due to the long term nature of such obligations these estimates are subject to significant uncertainty.

Real Estate Stocks

Real Estate Stocks have been accounted at cost as disclosed under Accounting Policy 2.4.11. The Directors have evaluated the recoverability considering the current market prices of respective stocks

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.4.1 Foreign Currency Translation

The Financial Statements are presented in Sri Lanka Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.4.2 Taxation

(a) Income Tax

Vallibel One Ltd, Royal Ceramics Lanka PLC, Royal Ceramics Distributors (Private) Limited and L B Finance PLC

The Provision for income tax is based on the elements of income and expenditure as reported in Financial Statements and computed in accordance with the provisions of the Inland Revenue Act.

Royal Porcelain (Private) Limited.

Pursuant to agreement dated 20 December 2001 entered into with Board of Investment under section 17 of the Board of Investment Law, Inland Revenue Act relating to the imposition, payment and recovery of income tax shall not apply for a period of 10 years from the year of assessment 2002/2003. This exemption expires on year of assessment 2012/2013.

Rocell Bathware Limited.

Pursuant to agreement dated 07 July 2006 entered into with Board of Investment under section 17 of the Board of Investment Law, Inland Revenue Act relating to the imposition, payment and recovery of income tax shall not apply for a period of 06 years from the year of assessment in which the company commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operations whichever year is earlier. After the expiration of tax exemption period the profit and income of the Company shall be charged for any year of assessment at the rate of 15 %.

(b) Deferred Tax

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

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

- where the deferred income tax liability arises from initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or subsequently enacted as at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in the equity statement and not in the income statement.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relates to the same taxable entity and the same taxation authority.

Royal Porcelain (Private) Limited. and Rocell Bathware Limited.

As the Inland Revenue Act does not apply as stated above, temporary differences do not exist during the tax exemption period. Therefore deferred tax does not apply.

(c) Economic Service Charge (ESC)

As per the provisions of the Economic Service Charges Act No 13 of 2006, ESC is payable on the liable turnover at specified rates. ESC paid is deductible from the income tax liability. Any unclaimed liability can be carried forward and set off against the income tax payable for further four years.

(d) Social Responsibility Levy (SRL)

As per the provisions of the Finance Act No 5 of 2005, as amended by the Finance Act no 11 of 2006, SRL was introduced with effect from 1 January 2005. SRL is payable at the rate of 1.5% on all taxes and levies chargeable as specified in the First schedule of the said Act.

(e) Turnover Based Taxes

Turnover based taxes include Value Added Tax (VAT), Turnover Tax and Nation Building Tax. The Company/Group pays such Taxes in accordance with the respective statutes.

2.4.3 Borrowing Cost

Borrowing costs are recognised as an expense in the period in which they are incurred except to the extent where borrowing cost that are directly attributable to acquisition, construction or production of assets that takes a substantial period of time to get ready for its intended use or sale. Such borrowing costs are capitalized as part of those assets.

2.4.4 Development Cost

Development expenditure incurred on product development is recognized as an asset to the extent that such expenditure is expected to generate future economics benefits and amortized over the expected useful life time which is 5 years.

2.4.5 Inventories

Inventories are valued at lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition are accounted using the following cost formulae

- (a) Raw material - at actual cost on first-in-first-out (FIFO) basis.
- (b) Finished goods and Work in progress - at the cost of direct material, direct labour and appropriated proportion of fixed production overheads based on normal operating capacity.
- (c) Goods in transit have been valued at cost.

2.4.6 Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realize net of allowances for bad and doubtful receivables.

Other receivables and dues from Related Parties are recognized at cost less allowances for bad and doubtful receivables.

2.4.7 Loans and Advances

Loans and advances to customers are stated net of provision for bad and doubtful loans and interest not accrued to revenue

2.4.8 Lease Rentals Receivable & Stock Out on Hire

Assets leased to customers under agreements, which transfer substantially all the risks and rewards associated with ownership other than legal title, are classified as finance leases. Lease rentals receivable represents the total minimum lease payments due net of unearned income and allowance for doubtful recoveries.

Assets sold to customers under fixed rate hire agreements, which transfer all the risks and rewards as well as the legal title at the end of such contractual period are classified as stock out on hire. Such assets are accounted for in a similar manner as finance leases.

2.4.9 Operating Lease

Assets leased to customers under agreements by which all the risk and rewards incident to ownership of an asset remains with lessor, are classified as operating leases. Lease rentals receivable are recognized on a straight line basis over the term of the lease.

2.4.10 Provisions for Bad and Doubtful Debts

Amounts are set aside with regard to possible losses on loans, advances, hire purchase, finance leases and operating leases in line with Finance Companies (Provision for Bad and Doubtful Debts) Direction No. 3 of 2006 issued by the Central Bank of Sri Lanka.

2.4.11 Real Estate Stock

Real estate stock comprises all costs of purchase, cost of conversion and other costs incurred in bringing the real estate to its saleable condition.

Purchase Cost	-	Land cost with legal charges.
Cost of conversion	-	Actual Development costs

2.4.12 Cash and Cash Equivalents

Cash and cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

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.

2.4.13 Property, Plant and Equipment

(a) Cost and valuation

All items of property, plant and equipment are initially recorded at cost.

The cost of property, plant and equipment is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its working condition for its intended use. Subsequent to the initial recognition as an asset at cost, re-valued assets are carried at re-valued amounts less any subsequent depreciation thereon. All other property, plant and equipment are stated at cost less accumulated depreciation. Accumulated depreciation is provided for, on the bases specified in (c) below.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

(b) 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. Other subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure incurred on repairs or maintenance of Property, Plant and Equipment in order to restore or maintain the future economic benefits expected from the originally assessed standard of performance, is recognised as an expense when incurred.

(c) Depreciation

Depreciation is calculated by using a straight-line basis on all property, plant and equipment, other than freehold land, in order to write off the cost and valuation over the estimated economic life of such assets. The annual rates of depreciation generally used by the Companies in the Group are as follows.

Building & electricity Scheme	Over 25 to 40 years
Motor Vehicles, Furniture & Fittings, Construction and Other Equipment	Over 4 to 6 years
Tools and Sundry Inventory	Over 2 years
Factory Equipment, Plant & Machinery, Moulds and Communication Equipment	Over 10 to 20 years
Office Equipment	Over 6.67 years
Household Items – Light	Over 02 years
Household Items – Heavy	Over 05 years

(d) Revaluation

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the asset revaluation reserve.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

(e) De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

(f) Capital Work in Progress

Capital work in progress represents the cost of civil construction work not completed and property plant and equipment that are not ready for their intended use.

2.4.14 Leases

Finance leases, which transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. The depreciation policy for depreciable leased assets is consistent with that for depreciable asset that are owned as described in note 2.4.13(c).

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

2.4.15 Investments

(a) Short Term Investments

Short-term investments are stated at lower of cost and market value on an aggregate portfolio basis, with any resultant gain or loss recognized in the income statement.

Treasury bill investments are stated at cost plus a portion of discount or premium.

The cost of the investment is the cost of acquisition inclusive of brokering fee, duties and bank fees.

(b) Long Term Investments

Quoted and unquoted investments in shares held on long-term basis are stated at cost. The cost of the investment is the cost of acquisition inclusive of brokering fee, duties and bank fees.

Carrying amounts are reduced to recognize a decline other than temporary, determined for each investment individually. These reductions, other than temporary declines in carrying amounts are charged to income statement.

2.4.16 Provision

Provisions are recognized when the Company/Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

2.4.17 Retirement Benefit Obligations

(a) Defined Benefit Plan ☐Gratuity

The Group measures the present value of the promised retirement benefits for gratuity, which is a defined benefit plan with the advice of an independent professional actuary once in every three (03) years using the Projected Unit Credit Method (PUC) as required by Sri Lanka Accounting Standards No 16-Employee Benefits (Revised 2006).

The item is stated under Retirement Benefit Liability in the Balance Sheet.

Recognition of Actuarial Gains and Losses

Actuarial gains and losses are recognised as income or expenses when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceeded 10% of the higher of the defined benefit obligation.

The gains/losses are recognised over the expected average remaining working lives of the employees participating in the plan.

Funding Arrangements

The Gratuity liability is not externally funded.

(b) Defined Contribution Plans- Employees ☐Provident Fund and Employees ☐Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective statutes and regulations. These are recognized as an expense in the income statement as incurred.

The group contributes 12% - 15% and 3% of gross emoluments of the employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.4.18 Impairment of Assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously re-valued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

2.5 Income Statement

2.5.1 Revenue Recognition

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

(a) Sale of Goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods has not passed to the buyer; with the group retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(b) Interest Income

Interest income from loans and advances is recognised on an accrual basis. However, income from loans and advances ceases when the account is overdue for more than six months in compliance with Direction No. 15 of 1991 (Accrued Interest) and thereafter recognised on a cash basis.

Interest income from Government of Sri Lanka Treasury Bills is recognised on a time proportion basis, and discounts on purchase are amortised to income on a straight line basis over periods to maturity.

Income from all other interest bearing investments is recognised as revenue on an accrual basis.

(c) Dividends

Dividend Income is recognised when the shareholders' right to receive the payment is established.

(d) Rendering of Services

Revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed.

(e) Rental Income

Rental income is recognised on an accrual basis.

(f) Income from leasing activities and hire purchase agreements

Income from Finance leases is recognised on the basis of the financing method. The excess of aggregate rental receivable over the cost of the leased assets constitute the total unearned income at the commencement of the contract. The earned income is taken into revenue over the term of the lease, commencing from the month in which the lease is executed, in proportion to the declining receivable balance of the lease.

Income from operating leases is recognised on a straight line basis over the term of the lease.

Income arising from the residual interest in hire purchase agreements is credited to the profit and loss account as it accrues in proportion to the declining receivable balance of the agreement.

However, accrual of income both from leases and hire purchase agreements ceases when the account is overdue for more than six months in compliance with Direction No. 15 of 1991 (Accrued Interest) and thereafter recognised on a cash basis.

(g) Insurance agency fees

Agency Fees received in respect of insurance is recognized on accrual basis.

(h) Overdue Interests

Overdue interest income from leasing and other loans have been accounted for on a cash received basis.

(i) Real Estate Sales

Revenue is recognised when properties are sold and the buyer has taken possession of such properties. However, when there is insufficient assurance as to the receipt of the total consideration, income is accounted for on a cash received basis.

(j) Other

Other income is recognised on an accrual basis.

Net Gains and losses of a revenue nature on the disposal of property, plant and equipment and other non current assets including investments have been accounted for in the income statement, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. On disposal of revalued property, plant and equipment, amount remaining in Revaluation Reserve relating to that asset is transferred directly to Retained Earnings.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

2.6 Segment Reporting

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services that is subject to risk and returns that are different from those of other business segments.

In accordance with SLAS 28 on Segment Reporting, segment information is presented in respect of the Group.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The accounting policies adopted for segment reporting are the same accounting policies adopted for preparing and presenting the Financial Statements of the Group.

2.7 Expenditure Recognition

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

2.8 Future changes in accounting policies

Effect of Sri Lanka Accounting Standard issued but not yet effective

a) The following standards have been issued by the Institute of Chartered Accountants of Sri Lanka.

- Sri Lanka Accounting Standard 44 Financial Instruments; Presentation (SLAS 44)
- Sri Lanka Accounting Standard 45 Financial Instruments; Recognition and Measurement (SLAS 45)
- Sri Lanka Accounting Standard 39 Share Based Payments (SLAS 39)

The effective date of SLAS 44, 45 and 39 was changed during the year to be effective for financial periods beginning on or after 01 January 2012. These three standards have been amended and forms a part of the new set of financial reporting standards mentioned under note (b) below.

b) Following the convergence of Sri Lanka Accounting Standards with the International Financial Reporting Standards, the Council of the Institute of Chartered Accountants of Sri Lanka has adopted a new set of financial reporting standards that would apply for financial periods beginning on or after 01 January 2012. The application of these financial reporting standards is substantially different to the prevailing standards.

Vallibel One Limited and Its Subsidiaries
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For the 07 Months period ended 31 December 2010

3. TREASURY BILLS & OTHER BILLS ELIGIBLE FOR RE-DISCOUNTING WITH CENTRAL BANK

	Company 2010 Rs.	Group 2010 Rs.
Government of Sri Lanka Treasury Bills - Face Value	-	753,332,763
Less : Income allocated for future periods	-	(3,751,295)
Re-Purchase Agreements	-	816,439,341
	<u>-</u>	<u>1,566,020,809</u>

4. PLACEMENTS WITH OTHER BANKS

Fixed Deposits	-	364,917,827
	<u>-</u>	<u>364,917,827</u>

5. LOANS AND ADVANCES

Real Estate Loans	-	7,444,593
Term Loans (Note 5.1)	-	721,300,893
Trade Finance	-	109,856,785
Vehicle Loans	-	814,716,898
	<u>-</u>	<u>1,653,319,169</u>
Less : Provision for Bad debts	-	(13,913,156)
- Charged against Profit and Loss Account	-	(12,574,911)
- Appropriations	-	(26,488,067)
	<u>-</u>	<u>(28,867,259)</u>
Finance charges in suspense	-	1,597,963,843
	<u>-</u>	<u>1,597,963,843</u>

5.1 Term Loans include loans granted to Company Officers, the movement of which is as follows :

As at the beginning of the period	-	3,019,248
Add : Loans granted during the period	-	5,610,792
Less : Repayments during the period	-	(4,908,732)
As at the end of the period	<u>-</u>	<u>3,721,308</u>

6. GOLD LOANS

Gold Loan Capital	-	4,790,615,176
Gold Loan Interest Receivable	-	216,106,178
	<u>-</u>	<u>5,006,721,354</u>
Finance Charges in suspense	-	(1,903,734)
Provision for Bad Debts	-	(1,426,243)
	<u>-</u>	<u>5,003,391,377</u>

7. LEASE RENTALS RECEIVABLE AND STOCK OUT ON HIRE

	Within one year 2010 Rs.	1 - 5 years 2010 Rs.	Over 5 years 2010 Rs.	Total 2010 Rs.
Gross Investment				
- Lease Rentals	4,775,060,090	6,028,541,709	3,478,156	10,807,079,955
- Amounts receivable from hirers	3,931,583,469	4,783,808,715	20,496,633	8,735,888,817
	<u>8,706,643,559</u>	<u>10,812,350,424</u>	<u>23,974,789</u>	<u>19,542,968,772</u>
Less: Unearned Income	(2,653,081,515)	(2,019,491,358)	(1,587,327)	(4,674,160,200)
Net Investment	<u>6,053,562,044</u>	<u>8,792,859,066</u>	<u>22,387,462</u>	<u>14,868,808,572</u>
Less : Provision for bad and doubtful debts				
- Charged against Profit and Loss Account				(502,343,106)
- Appropriations				(1,831,835)
				<u>(504,174,941)</u>
Rentals received in advance				(21,262,943)
Finance charges in suspense				(111,465,431)
				<u>14,231,905,257</u>

7.1 Lease & Hire Purchase receivable granted to Company Officers, the movement of which is as follows :

As at the beginning of the period	73,588,454
Add : Granted during the period	49,447,076
Less : Repayments during the period	(2,749,410)
As at the end of the period	<u>120,286,120</u>

Vallibel One Limited and Its Subsidiaries

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For the 07 Months period ended 31 December 2010

8.	REAL ESTATE STOCKS	Company 2010 Rs.	Group 2010 Rs.	
	Real Estate Stocks	-	216,118,814	
	Lands Transferred from Mortgaged Loans	-	25,627,633	
	Less : Advances received against Real Estate Stocks	-	(17,206,800)	
		<u>-</u>	<u>224,539,647</u>	
9.	OTHER DEBTORS, DEPOSITS & PREPAYMENTS			
	Debtors	-	603,504,452	
	Deposits, Prepayments and Advances	-	429,768,290	
	Provision for Doubtful Debts	-	(466,911)	
		<u>-</u>	<u>1,032,805,831</u>	
10.	INVESTMENT IN SECURITIES			
	Non Current Investments 10 (a)	6,910,395,270	7,249,416,967	
	Current Investments 10 (b)	-	1,116,434,728	
		<u>6,910,395,270</u>	<u>8,365,851,695</u>	
10(a)	INVESTMENT IN SECURITIES			
	Non Current Investments Group (Quoted Shares)	Number of Shares 2010	Cost as at 2010 Rs.	Market Value as at 2010 Rs.
	Bank Finance and Insurance			
	Commercial Bank of Cey. PLC	40	5	10,396
	Merchant Bank PLC	61	6,027	2,794
	Seylan Bank PLC	2,500	155,396	244,500
	Seylan Bank (Non Voting)	90,700	1,685,000	4,444,300
	Singer Finance	103,000	1,918,831	1,545,000
	Softlogic Finance	1,540,000	63,155,870	68,684,000
	Sampath Bank PLC	22,917,200	6,910,395,270	6,231,186,680
	Beverages, Food and Tobacco			
	Bairaha Farms PLC	17,600	424,979	5,707,680
	Keells Food Products PLC	549	21,420	66,500
	Lanka Milk Foods PLC	5,500	249,732	621,500
	Soy (F&W) Ltd	22	880	3,630
	Hotels and Travels			
	Aitken Spence Hotel Holdings PLC	308	5,672	32,556
	Hotel Sigiriya PLC	700	30,333	55,580
	Riverina Hotels PLC	72	3,467	7,582
	Fortress Resorts PLC	4,501,100	81,989,955	83,452,660
	Manufacturing			
	Blue Diamond Jewellery PLC	74	848	133
	Central Industries PLC	4,092	149,805	368,280
	Ceylon Grain Elevators PLC	344	40,766	25,697
	Dankotuwa Porcelain PLC	14,450	867,938	887,230
	Lanka Walltiles PLC	16,450	789,882	2,284,905
	Samson International PLC	5,363	929,800	506,804
	Stores and Supplies			
	Hunter Ltd	10	2,767	13,850
	Trading			
	Hayleys PLC	547,422	187,039,544	188,860,590
			<u>7,249,864,188</u>	<u>6,589,012,847</u>
	Less: Fall in value of investment		(751,921)	-
			<u>7,249,112,267</u>	<u>6,589,012,847</u>

Vallibel One Limited and Its Subsidiaries
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10(a) Unquoted Shares	Number of Shares 2010	Cost as at 2010 Rs.	Directors Valuation as at 2010 Rs.
Samual Sons & Company Ltd	16,000	492,750	-
Credit Information Bureau	1,047	104,700	104,700
Finance House Association	20,000	200,000	200,000
		<u>797,450</u>	<u>304,700</u>
Less: Fall in Value of Investment		(492,750)	-
Net Investment in Unquoted shares		<u>304,700</u>	<u>304,700</u>
Total Non Current Investments		<u><u>7,249,416,967</u></u>	
Company (Quoted Shares)	Number of Shares 2010	Cost as at 2010 Rs.	Market Value as at 2010 Rs.
Sampath Bank PLC	22,917,200	<u>6,910,395,270</u>	<u>6,231,186,680</u>
10(b) INVESTMENT IN SECURITIES	Number of Shares 2010	Cost as at 2010 Rs.	Market Value as at 2010 Rs.
Current Investments			
Group (Quoted Shares)			
Bank Finance and Insurance			
Singer Finance (Lanka) PLC	92,800	1,692,000	4,565,760
First Capital Holdings PLC	1,000,000	20,245,000	19,000,000
Hotels and Travels			
John Keells Hotels PLC	2,000,000	42,428,400	40,000,000
Aitken Spence PLC	175,000	35,226,786	29,732,500
Fortress Resorts PLC	13,676,350	176,041,247	281,732,810
Manufacturing			
Lanka Tiles PLC	2,397	51,510	321,917
Lanka Walltiles PLC	1,750	40,490	243,075
Tokyo Cement PLC (Non Voting)	448,900	17,681,568	18,090,670
Telecommunication			
Dialog Telekom PLC	1,468,700	13,649,405	17,330,660
ACL Cables PLC	298,700	28,667,376	25,419,370
Trading			
Hayleys PLC	2,533,161	780,710,945	873,940,545
Net Investment in quoted shares		<u><u>1,116,434,728</u></u>	<u><u>1,310,377,307</u></u>

Vallibel One Limited and Its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

For the 07 Months period ended 31 December 2010

11. INVESTMENT IN SUBSIDIARIES			Company 2010 Rs.	Group 2010 Rs.
Quoted Investments	Number of Shares 2010	Holding(%)		
Royal Ceramics Lanka PLC (Market Value - Rs. 8,613,821,370/-)	28,259,287	51.01	9,228,728,572	-
LB Finance PLC (Market Value - Rs. 4,625,311,140/-)	18,259,340	52.73	5,325,333,098	-
			<u>14,554,061,670</u>	<u>-</u>
Unquoted Investments				
Greener Water Ltd (Directors Valuation - Rs. 268,063,650/-)	26,673,000	100	268,063,650	-
Total			<u>14,822,125,320</u>	<u>-</u>
12. AMOUNTS DUE FROM RELATED PARTIES			Company 2010 Rs.	Group 2010 Rs.
Rocell Ceramics Limited			-	178,181,371
			<u>-</u>	<u>178,181,371</u>
13. INVENTORIES			Company 2010 Rs.	Group 2010 Rs.
Raw Materials			-	296,163,346
Construction Consumables			-	4,413,956
Spares and Consumables			-	302,667,967
Work In Progress			-	67,542,242
Seat Covers and Accessories			-	46,949,684
Finished Goods			-	629,724,215
Goods in Transit			-	23,820,666
			<u>-</u>	<u>1,371,282,076</u>
Less : Provision for Obsolete and Slow Moving Inventory			-	(94,589,732)
			<u>-</u>	<u>1,276,692,344</u>
14. GOODWILL ON CONSOLIDATION			Company 2010 Rs.	Group 2010 Rs.
COST				
At the beginning of the period			-	-
Additions / Disposals during the period			-	11,268,862,221
Adjustment			-	-
At the end of the period			<u>-</u>	<u>-</u>
			<u>-</u>	<u>11,268,862,221</u>
Amortisation				
At the beginning of the period			-	-
Impairment of Goodwill			-	-
At the end of the period			<u>-</u>	<u>-</u>
Net carrying amount at the end of the period			<u>-</u>	<u>11,268,862,221</u>

The assets and liabilities as at the acquisition dates are stated at their provisional fair values, and maybe ammended in accordance with the SLAS 25 - Business Combinations, thus resulting an increase/decrease in the above goodwill

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15.	INTANGIBLE ASSETS	Company 2010 Rs.	Group 2010 Rs.
15.1	Summary		
	Cost		
	As at the Beginning of the period	-	39,118,024
	Acquired during the period	-	911,868
	As at the end of the period	-	40,029,892
	Amortisation		
	As at the Beginning of the period	-	31,467,466
	Charge for the period	-	641,653
	As at the end of the period	-	32,109,119
	Net book value	-	7,920,773

15.2 Intangible Assets include computer software of the Group.

16. PROPERTY, PLANT & EQUIPMENT - Group

16.1	Gross Carrying Amounts	Balance as at 09.06.2010 Rs.	Acquisition Rs	Additions During the period Rs.	Transfers/ Disposals Rs.	Balance as at 31.12.2010 Rs.
	Cost					
	Freehold Assets					
	Land	-	775,114,221	18,000	-	775,132,221
	Building	-	1,114,199,947	3,576,066	(20,002,181)	1,097,773,832
	Furniture and Fittings	-	184,651,313	25,016,421	-	209,667,734
	Equipment	-	313,556,590	12,679,865	-	326,236,455
	Motor Vehicles and Accessories	-	149,547,402	9,564,721	-	159,112,123
	Computer Hardware	-	98,783,988	3,147,350	-	101,931,338
	Air Conditioning	-	24,476,296	1,050,479	-	25,526,775
	Telephone System	-	34,711,917	255,200	-	34,967,117
	Leasehold Improvements	-	152,246,059	4,361,145	-	156,607,204
	Fixtures and Fittings	-	250,146,169	20,746,239	-	270,892,408
	Water Supply Scheme	-	295,687	-	-	295,687
	Electricity Distribution	-	12,592,145	-	-	12,592,145
	Tools and Implements	-	71,989,983	236,533	-	72,226,516
	Plant and Machinery	-	2,928,003,588	17,572,139	3,080,681	2,948,656,408
	Plant and Machinery-Polishing Plant	-	62,295,726	-	-	62,295,726
	Moulds	-	124,527,774	-	-	124,527,774
	Household Item - Heavy	-	8,406,057	29,000	-	8,435,057
	Household Item - Light	-	4,834,904	189,000	-	5,023,904
	Stores Buildings on Leasehold Land	-	9,038,945	-	-	9,038,945
		-	6,319,418,711	98,442,158	(16,921,500)	6,400,939,369
	Assets on Finance Lease					
	Furniture and Fittings	-	12,653,596	-	-	12,653,596
	Construction and Other Equipment	-	5,329,148	-	-	5,329,148
	Motor Vehicle	-	34,410,800	20,164,515	-	54,575,315
	Total Value of Depreciable Assets	-	6,371,812,255	118,606,673	(16,921,500)	6,473,497,428
16.2	Capital work in progress	Balance As At 09.06.2010 Rs.	Acquisition Rs	Additions During the period Rs.	Disposal/ Transferred Rs.	Balance As At 31.12.2010 Rs.
	Capital work in progress	-	334,041,979	116,729,131	(96,673,979)	354,097,131
	Assets Impairment					
	Provision for Impairment	-	(4,550,827)	-	(8,025,280)	(12,576,107)
		-	329,491,152	116,729,131	(104,699,259)	341,521,024
	Total Gross Carrying Amount	-	6,701,303,407	235,335,804	(121,620,759)	6,815,018,452

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16.3 Depreciation	Balance as at 09.06.2010 Rs.	Acquisition Rs.	Charge for the Period Rs.	Transfers/ Disposals Rs.	Balance as at 31.12.2010 Rs.
Freehold Assets					
Building	-	82,456,391	6,352,556	(1,804,960)	87,003,987
Furniture and Fittings	-	91,214,774	6,578,322	-	97,793,096
Equipment	-	207,218,476	5,532,824	-	212,751,300
Motor Vehicles and Accessories	-	89,764,464	4,053,520	-	93,817,984
Computer Hardware	-	57,818,137	2,420,943	-	60,239,080
Air Conditioning	-	13,393,215	582,762	-	13,975,977
Telephone System	-	18,100,443	934,561	-	19,035,004
Leasehold Improvements	-	55,194,793	3,448,396	-	58,643,189
Fixtures and Fittings	-	57,021,232	3,387,039	-	60,408,271
Water Supply Scheme	-	160,742	1,972	-	162,714
Electricity Distribution	-	4,230,166	53,871	-	4,284,037
Tools and Implements	-	65,436,866	1,003,918	-	66,440,784
Plant and Machinery	-	1,268,532,340	31,415,892	-	1,299,948,232
Plant and Machinery-Polishing Plant	-	54,299,535	547,235	-	54,846,770
Moulds	-	24,259,649	2,482,118	-	26,741,767
Household Item - Heavy	-	5,162,551	230,554	-	5,393,105
Household Item - Light	-	5,539,595	217,976	-	5,757,571
Stores Buildings on Leasehold Land	-	6,269,426	66,085	-	6,335,511
	-	2,106,072,795	69,310,544	(1,804,960)	2,173,578,379
Assets on Finance Lease					
Furniture and Fittings	-	421,787	210,893	-	632,680
Construction and Other Equipment	-	177,638	177,639	-	355,277
Motor Vehicle	-	14,933,014	1,525,997	-	16,459,011
	-	2,106,072,795	71,225,073	(1,804,960)	2,191,025,347
Net Book Value					<u>4,623,993,105</u>

16.4 During the financial period, the Group acquired Property, Plant and Equipment to the aggregate value of Rs.118,497,310/-

16.5 The fair value of land and buildings of Royal Ceramic Lanka PLC was determined by means of a revaluation during the financial year 2008 by Mr. A.A.M. Fathihu, an independent valuer, in reference to market based evidence. The results of such valuation was incorporated in the financial statements from its effective date, which is 31 March 2008. The surplus arising from the revaluation net of deferred tax was transferred to a Revaluation Reserve.

The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less accumulated depreciation is as follows.

Class of Asset	Gross carrying Amount Before Last Revaluation Rs.	Cumulative Depreciation if assets were carried at cost Rs.	Net Carrying Amount 31.12.2010 Rs.
Land	159,107,402	-	159,107,402
Building	413,208,467	128,292,059	284,916,408
	<u>572,315,869</u>	<u>128,292,059</u>	<u>444,023,810</u>

16.6 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 939,438,146/-.

17. DEPOSITS FROM NON BANK CUSTOMERS	Company 2010 Rs.	Group 2010 Rs.
Fixed Deposits	-	15,625,851,854
Certificates of Deposit (17.1)	-	297,516,115
	-	<u>15,923,367,969</u>
17.1 Certificates of Deposit		
Certificates of Deposit - Face Value	-	313,100,000
Less : Interest allocated for future periods	-	(15,583,885)
	-	<u>297,516,115</u>

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18. BORROWINGS	Company			Group		
	Current 2010 Rs.	Non Current 2010 Rs.	Total 2010 Rs.	Current 2010 Rs.	Non Current 2010 Rs.	Total 2010 Rs.
Bank Loans (18.1)	115,000,000	-	115,000,000	2,575,507,797	2,345,672,251	4,921,180,048
Bank Overdrafts	-	-	-	1,423,803,232	-	1,423,803,232
Finance Lease (18.2)	-	-	-	9,913,622	41,758,714	51,672,336
	<u>115,000,000</u>	<u>-</u>	<u>115,000,000</u>	<u>4,009,224,651</u>	<u>2,387,430,965</u>	<u>6,396,655,616</u>

18.1 Bank Loans	As at 01.11.2010 Rs.	Loans Obtained Rs.	Repayments Rs.	As at 31.12.2010 Rs.	Terms of the Loan	Security Offered
Group						
Ceylon Income Fund	22,500,000	-	-	22,500,000	48 months	
Seylan Bank	4,010,197		(334,824)	3,675,373	48 months	Vehicle
Bank of Ceylon 100M	4,166,667		(4,166,667)	-	48 months	Book Debts/shares
Bank of Ceylon 100M	10,416,667		(4,166,667)	6,250,000	48 months	Book Debts/shares
Cey Lease	-	200,000,000	(100,000,000)	100,000,000	Short Term Loan	
Bank of Ceylon 150M	12,500,000		(8,333,333)	4,166,667	36 months	Book Debts/shares
NDB	-	200,000,000		200,000,000	Short Term Loan	
Deutsche Bank Securitization 199.78M	144,839,922	-	(17,518,876)	127,321,046	24 months	Book Debts
Deutsche Bank Securitization 150 M	300,000		(300,000)	-	47 months	Book Debts
Deutsche Bank Securitization 158 M	28,600,000		(6,500,000)	22,100,000	48 months	Book Debts
Deutsche Bank Securitization 408 M	332,809,626	-	(28,947,459)	303,862,167	36 months	Book Debts
Deutsche Bank Securitization 50 M	18,000,000		-	18,000,000	37 months	Book Debts
Deutsche Bank Securitization 49.99 M	12,499,014		(2,777,778)	9,721,236	36 months	Book Debts
Deutsche Bank Securitization 450 M	388,100,000	-	(22,500,000)	365,600,000	48 months	Book Debts
Deutsche Bank Securitization 216 M	148,900,000		(15,600,000)	133,300,000	48 months	Book Debts
Deutsche Bank Securitization 804 M	746,797,626	-	(56,170,000)	690,627,626	46 months	Book Debts
Deutsche Bank Securitization 903.8 M	903,800,000	-	-	903,800,000	48 months	Book Debts
Deutsche Bank Securitization 400 M	315,300,000		(21,200,000)	294,100,000	48 months	Book Debts
PABC Short Term Loan	-	900,000,000	(900,000,000)	-		
Commercial Bank Ceylon Ltd	934,886,499	205,955,500	(235,219,699)	905,622,300		
Hattan National Bank Ltd	344,175,799	61,155,612	(24,473,332)	380,858,079		
HSBC Bank	70,505,885	31,328,048	(29,989,424)	71,844,509	Refer Note 18.3 for details	
NDB Bank	2,884,150		(1,923,060)	961,090		
Seylan Bank	43,237,000	34,668,000	(41,133,000)	36,772,000		
Standard Chartered Bank	2,286,905	202,811,050		205,097,955		
Company						
Hattan National Bank Ltd		115,000,000		115,000,000	Short Term Loan	
	<u>4,491,515,957</u>	<u>1,950,918,210</u>	<u>(1,521,254,119)</u>	<u>4,921,180,048</u>		

18.2 Finance Leases	As at 01.11.2010 Rs.	New Leases Obtained Rs.	Repayments Rs.	As at 31.12.2010 Rs.
Commercial Bank of Ceylon PLC	39,049,330	15,084,927	(6,538,374)	47,595,883
Seylan Bank PLC	8,038,702	8,760,215	(698,145)	16,100,772
	<u>47,088,032</u>	<u>23,845,142</u>	<u>(7,236,519)</u>	<u>63,696,655</u>
Gross Liability	47,088,032			63,696,655
Finance Charges allocated for future periods	(11,857,328)			(11,873,826)
Down payment	(150,493)			(150,493)
Net Liability	<u>35,080,211</u>			<u>51,672,336</u>

18. BORROWINGS (Contd..)

18.3 Details of the Long Term Loans; Group

Lender	Approved Facility	Purpose	Repayment Terms	Security	Security Amount Rs.Mn	Included Under
Company : Royal Ceramics Lanka PLC						
Hatton National Bank PLC	Rs.200 Million	Expansion of production capacity	96 equal monthly installments commencing from 3rd December 2002	Primary Floating Mortgage bond over plant & machinery & land at Eheliyagoda	350.3 Mn	Property Plant & Equipment
Hatton National Bank PLC	Rs.75 Million	For the purpose of rescheduleing of existing loan	96 equal monthly installments commencing from 10th December 2002	Primary Floating Mortgage bond over plant & machinery & land at Eheliyagoda	350.3 Mn	Property Plant & Equipment
Commercial Bank of Ceylon PLC	Rs.85 Million	Refurbishment of showrooms & Head Office and purchasing land	60 equal monthly installments commencing from January 2005	Mortgage over lands at- 101 Nawala Road, Nugegoda, 472 High Level Road- Nugegoda & BaddegedaraMulla-Meegoda.	162 Mn	Property Plant & Equipment
Hatton National Bank PLC	Rs 100 Million	To finance capital expenditure	60 equal monthly installments commencing from Sept 2006	Primary Floating Mortgage bond over plant & machinery & land at Eheliyagoda	350.3 Mn	Property Plant & Equipment
Commercial Bank of Ceylon PLC	Rs. 73 Million	Purchase of premises at Nawala, Kottawa & land bordering RPL Factory premises, Changing the layout of the Head Office premises & construction of new showrooms at Nittabuwa, Gampaha and Ambalangoda.	60 equal monthly installments commencing from April 2006	Mortgage over lands at- 101 Nawala Road, Nugegoda, 472 High Level Road- Nugegoda & BaddegedaraMulla-Meegoda.	162 Mn	Property Plant & Equipment
HSBC Limited	Rs. 310 Million	Purchase of machinery	48 installments- 6months grace period commencing from June	Primary mortgage over selected machinery at rocell Bathware Ltd. Corporate guarantee of Rocell Bathware Ltd	300 Mn 300 Mn	Property Plant & Equipment
NDB Bank PLC	Rs. 50 Million	Working capital requirements	60 equal monthly installments commencing from October 2006	Primary mortgage bond of 10 Million shares of Fortress Resorts Ltd	100 Mn	Investments
Commercial Bank of Ceylon PLC	Rs 185 Million	To finance the cost of machinery imported for Rocell Bathware Ltd/ or to meet construction cost relating to the Rocell Bathware project	65 equal monthly installments with one year grace period Commencing from August 2008	Primary mortgage bond over shares of LB Finance PLC	28 Mn	Investments
Hatton National Bank PLC	Rs.100 Million	For the expansion of showroom network	59 equal monthly installments of Rs.167Mn each and final installment of Rs.1.47Mn.	Primary Floating Mortgage bond over plant & machinery & land at Eheliyagoda	350.3 Mn	Property Plant & Equipment

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Company : Royal Porcelain (Pvt) Ltd

DFCC Bank PLC	Rs. 150 Million	Purchase of a Walltile manufacturing plant	60 equal monthly installments commencing from August 2005. Rescheduled with effect from February 2008 for equal monthly 29 installments.	pari-passu Concurrent registered primary floating mortgage bond (Between HNB & DFCC) over the factory premises of RPL in Horana together with machinery at Lot No.A1 depicted in plan No.3787 dated 26/11/1995 situated in Uduwa Horana.	Rs. 150 Mn	Property Plant & Equipment
Commercial Bank of Ceylon PLC	Rs. 400 Million	Capital expenditure of the group	60 equal monthly installments commencing from December 2006	pari-passu Concurrent registered primary floating mortgage bond (Between HNB & DFCC) over the factory premises of RPL in Horana together with machinery at Lot No.A1 depicted in plan No.3787 dated 26/11/1995 situated in Uduwa Horana.	Rs. 460Mn	Property Plant & Equipment
Commercial Bank of Ceylon PLC	Rs. 45 Million	Importation of a printing machine & a complete sorting & palletizer machine for the walltile manufacturing project.	60 equal monthly installments commencing from July 2006	Corporate guarantee of Royal Ceramics Lanka PLC	Rs. 450 Mn	Property Plant & Equipment
				Primary Mortgage bond over a printing machine & a complete sorting & palletizer machine.	Rs. 45 Mn	
Commercial Bank of Ceylon PLC	Rs. 55 Million	To finance the cost of 02 Ball Mills and batch Feeder	60 equal monthly installments with 6 months grace period commencing from April 2008	Corporate guarantee of Royal Ceramics Lanka PLC	Rs. 45 Mn	Property Plant & Equipment
				Primary Mortgage bond over 2 Ball Mills & Batch Feeder.	Rs 55 Mn	
Commercial Bank of Ceylon PLC	Rs 22 Million	To finance the cost of a Rotocolor Machine	60 equal monthly installments with 6 months grace period commencing from February 2008	Corporate guarantee of Royal Ceramics Lanka PLC	Rs 55 Mn	Property Plant & Equipment
				Primary Mortgage bond over Roto color Machine.	Rs 22 Mn	
Commercial Bank of Ceylon PLC	Rs 22 Million	To finance the cost of a Rotocolor Machine	60 equal monthly installments with 6 months grace period commencing from February 2008	Corporate guarantee of Royal Ceramics Lanka PLC	Rs 22 Mn	Property Plant & Equipment
				Primary Mortgage bond over Roto color Machine.	Rs 22 Mn	

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Commercial Bank of Ceylon PLC	Rs 14 Million	To finance the cost of a Dedusting System and Vacuum Cleaner	60 equal monthly installments with 6 months grace period commencing from April 2008	Primary mortgage bond over Dedusting System & vacuum Cleaner	Rs 14 Mn	Property Plant & Equipment
				Corporate guarantee of Royal Ceramics Lanka PLC	Rs 14 Mn	
Commercial Bank of Ceylon PLC	Rs 15 Million	To finance the cost of an additional raw material storage building at the factory premises at Horana	60 equal monthly installments with 6 months grace period commencing from June 2008	Corporate guarantee of Royal Ceramics Lanka PLC	Rs 15 Mn	Property Plant & Equipment
Commercial Bank of Ceylon PLC	Rs 280 Million	To finance the factory opening enhancement project	59 equal monthly installments final settlement of rs.4470,000 commencing Nov. in 2011	pari-pasu Concurrent registered primary floating mortgage bond (Between HNB & DFCC) over the factory premises of RPL in Horana together with machinery at Lot No.A1 depicted in plan No.3787 dated 26/11/1995 situated in Uduwa Horana.	280 Mn	Property Plant & Equipment
Commercial Bank of Ceylon PLC	Rs 150 Mn	For the expansion of the group's show room network & to finance the increased cost of the Ball Mill, Batch Feeder & raw material storage yard at Horana	48 equal monthly installments with three months grace period commencing from first drawn	Corporate guarantee of Royal Ceramics Lanka PLC	Rs.150 Mn	Property Plant & Equipment
Commercial Bank of Ceylon PLC	Rs 100 Mn	To finance the cost of Press and Sorting machine	59 equal monthly installments with three months grace period commencing from first drawn	Corporate guarantee of Royal Ceramics Lanka PLC	100 Mn	Property Plant & Equipment
				pari-pasu Concurrent registered primary floating mortgage bond (Between HNB & DFCC) over the factory premises of RPL in Horana together with machinery at Lot No.A1 depicted in plan No.3787 dated 26/11/1995 situated in Uduwa Horana.	100 Mn	
Hatton National Bank PLC	Rs.75 Mn	To finance factory expansion & to purchase of new machinery	59 equal monthly installments with 12 months grace period commencing from last disbursement or 5 months from first disbursement whatever falls first.	Corporate guarantee of Royal Ceramics Lanka PLC	75 Mn	Property Plant & Equipment
				pari-pasu Concurrent registered primary floating mortgage bond (Between HNB & DFCC) over the factory premises of RPL in Horana together with machinery at Lot No.A1 depicted in plan No.3787 dated 26/11/1995 situated in Uduwa Horana.		

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Company : Rocell Bathware Limited

Commercial Bank of Ceylon PLC	Rs. 150 Million	To finance the cost of machines imported/ to be imported	66 installments with grace period of 15 months commencing from December 2008	Primary concurrent mortgage bond with HNB over Lease hold property at Templeburg Industrial Estate, Panagoda, Building & machinery	Rs. 150Mn	Property Plant & Equipment
				Corporate guarantee of Royal Ceramics Lanka PLC	Rs. 150 Mn	
Hatton National Bank PLC	Rs. 300 Million	Importation of plant & machinery & to meet other cost associated with the RBL project.	66 installments with grace period of 15 months commencing from July 2008	Primary Concurrent Mortgage bond with Commercial Bank of Ceylon PLC over Lease hold property at Templeburg Industrial Estate, Panagoda, Building & machinery	Rs.300 Mn	Property Plant & Equipment
				Corporate guarantee of Royal Ceramics Lanka PLC	Rs. 300 Mn	
Hatton National Bank PLC	Rs 150 Million	To retire the L/C's opened for Rocell Bathware Ltd. To import required plant & machinery / pre engineered structure	66 instalment with grace period of 15 months commencing from March 2009	Primary Concurrent Mortgage bond with Commercial bank over Lease hold property at Templeburg Industrial Estate, Panagoda, Building & machinery	Rs 150 Mn	Property Plant & Equipment
				Corporate guarantee of Royal Ceramics Lanka PLC	Rs. 150 Mn	

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19. TRADE & OTHER PAYABLES	Company 2010 Rs.	Group 2010 Rs.
Trade & Other Payables	2,454,180	411,014,741
Accrued Expenses	-	1,416,483,067
	<u>2,454,180</u>	<u>1,827,497,808</u>
20. AMOUNTS DUE TO RELATED COMPANIES	Company 2010 Rs.	Group 2010 Rs.
Vallibel Lanka (Pvt) Ltd	3,850	23,134
	<u>3,850</u>	<u>23,134</u>
21. DIVIDENDS PAYABLE	Company 2010 Rs.	Group 2010 Rs.
Unclaimed Dividend	-	19,128,051
	<u>-</u>	<u>19,128,051</u>
22. DEBENTURES	Company 2010 Rs.	Group 2010 Rs.
Unsecured Debentures	-	450,000,000

The Rs.450,000,000 Unsecured Redeemable Subordinated listed Debentures were issued by LB Finance PLC at following rates and will mature on 20 th September 2013 .

Category	Interest payable	Amount (Rs.)	Interest rate
Type ' A '	Monthly	149,480,000	21% p.a
Type ' B '	Annually	296,570,000	24% p.a
Type ' C '	Variable quarterly	2,500,000	Simple Average of the weighted average three months gross Treasury Bill rate published by the Central Bank of Sri Lanka at the primary auctions during the month immediately preceding the end of the Quarter plus 3.5% p.a
Type ' D '	Variable annually	1,450,000	Simple Average of the weighted average one year gross Treasury Bill rate published by the Central Bank of Sri Lanka at the primary auctions during the month immediately preceding the end of the Quarter plus 3.5% p.a

23. RETIREMENT BENEFIT LIABILITY	Company 2010 Rs.	Group 2010 Rs.
Retirement Benefit Obligations - Gratuity		
Balance at the beginning of the period	-	123,883,728
Amount Charged/(Reversed) for the period	-	6,367,026
Payments made during the period	-	(1,254,350)
Balance at the end of the period	<u>-</u>	<u>128,996,404</u>

An actuarial valuation of the gratuity of subsidiary companies was carried out as at 31st March 2009 and 2010 by a firm of professional actuaries. The valuation method used by the actuary to value the Fund is the "Projected Unit Credit Method", recommended by SLAS No.16.

23.1 Actuarial assumptions

Discount Rate	11% / 12%
Future Salary increase	10% to 15% p.a.
Staff Turnover	
LB Finance PLC	
20 years	
25 years	
30 years	
35 years	25%
40 years	
45 years	1%
50 years	1%
Royal Ceramic Lanka PLC Group	10%
Retirement age	- Normal retirement Age

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24. STATED CAPITAL	Company 2010		Group 2010	
	Number	Rs.	Number	Rs.
24.1 Fully paid ordinary shares	869,247,483	21,731,187,010	869,247,483	21,731,187,010

25. RESERVES - Company	Retained Profits/ (Losses) Rs.
At the beginning of the period	-
Profit/ (Loss) for the period	(109,124,741)
At the end of the period	(109,124,741)

RESERVES - Group	Reserve Fund Rs.	Retained Profits Rs.	Total Rs.
At the beginning of the period			
Profit for the period		161,541,116	161,541,116
		161,541,116	161,541,116
Appropriation of Bad debts		884,101	884,101
Transfers to/(from) during the period	24,408,313	(24,408,313)	-
At the end of the period	24,408,313	138,016,904	162,425,217

Reserve Fund is a capital reserve which contains profits transferred as required by Section 3(b)(ii) of Central Bank Direction No. 1 of 2003.

26. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT	Company 2010 Rs.	Group 2010 Rs.
Cash and Bank Balances	6,999,709	408,441,641
Re - Purchase Agreements (Less Than 03 Months)	-	222,970,608
Bank Overdrafts	-	(1,423,803,232)
	6,999,709	(792,390,983)

27. INCOME	Company 2010 Rs.	Group 2010 Rs.
27.1. Summary		
Manufacturing Sector	-	1,180,225,130
Financial Services Sector	-	902,645,797
	-	2,082,870,927

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28. OTHER OPERATING INCOME	Company 2010 Rs.	Group 2010 Rs.
Income from Investments - quoted	-	24,312
Profit/(Loss) on Disposal of Investments	-	2,591,781
Profit/(Loss) on Sale of Fixed Assets	-	(15,116,540)
Real Estate Income (net of cost)	-	161,106
Profit from Fee based activities	-	55,724,328
Income from Operating Lease	-	1,406,771
Management Fee Income	-	100,000
Recoveries of Bad Debts on write offs	-	7,195,890
Sundry Income	-	2,271,523
	<u>-</u>	<u>54,359,171</u>

29. FINANCE COST

Interest on Loans	-	23,455,189
Interest on Bank Overdrafts	-	9,586,783
Interest on Finance Leases	-	921,104
	<u>-</u>	<u>33,963,076</u>

	Company 2010 Rs.	Group 2010 Rs.
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30. PROFIT FROM OPERATION STATED AFTER CHARGING THE FOLLOWING EXPENSES

Transport Costs		16,471,251
Advertising Costs		23,131,668
Auditors' Remuneration (Fees and Expenses)	72,800	883,206
Depreciation		71,225,073
Amortization of Intangible Assets- Software		641,653
Employee Benefits including the following		182,378,220
Defined Benefit Plan Costs - Gratuity		4,633,109
Defined Contribution Plan Costs - EPF & ETF		16,665,814
Export Duty Rebate		(470,849)
Provision/(Reversal) for Inventory		(20,000,000)
Profit on translation of foreign currency		82,394
Damage Stocks net of insurance claims received		3,132,495
Sales Promotion		13,660,174
Donation		48,950

31. PROVISION FOR INCOME TAX

The major components of income tax expense for the years ended 31 December are as follows :

Income Statement	Company 2010 Rs.	Group 2010 Rs.
Current Income Tax		
Current Income Tax charge	-	180,935,625
Deferred Income Tax		
Deferred Taxation Charge/(Reversal)	-	(95,495,388)
Income tax expense reported in the Income Statement	<u>-</u>	<u>85,440,237</u>

The above Tax is a provisional computation.

Vallibel One Limited and Its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

For the 07 Months period ended 31 December 2010

32. EARNINGS PER SHARE

32.1 Basic Earnings Per Share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

32.2 The following reflects the Income and Share data used in the Basic Earnings Per Share computation .

	Company 2010 Rs.	Group 2010 Rs.
Amounts Used as the Numerators:		
Net Profit Attributable to Ordinary Shareholders of the Parent for Basic Earnings Per Share	<u>(109,124,741)</u>	<u>161,541,116</u>
	2010 Number	2010 Number
Number of Ordinary Shares Used as Denominators for Basic Earnings per share		
Weighted Average number of Ordinary Shares in issue		
Applicable to Basic Earnings Per Share	<u>204,127,242</u>	<u>204,127,242</u>

Vallibel One Limited and Its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

For the 07 Months period ended 31 December 2010

33. SEGMENT INFORMATION

33.1 Segment Results

	Investments Sector Rs.	Manufacturing Sector Rs.	Finance Sector Rs.	Hotel Sector Rs.	Group Rs.
Revenue	-	1,180,225,130	902,645,797	-	2,082,870,927
Cost of Sales	-	(623,160,360)	(419,436,193)	-	(1,042,596,553)
Gross Profit/ (Loss)	-	557,064,770	483,209,604	-	1,040,274,374
Other Income and Gains	-	(14,410,360)	68,769,531	-	54,359,171
Administrative Expenses	(109,124,741)	(68,951,504)	(98,724,992)	-	(276,801,237)
Distribution Expenses	-	(106,592,244)	(94,559,900)	-	(201,152,144)
Finance Cost	-	(33,963,076)	-	-	(33,963,076)
Provision for fall in value of Investments, Bad and Doubtful Loans and Write Offs	-	-	(37,352,950)	-	(37,352,950)
Profit From Operations	(109,124,741)	333,147,586	321,341,293	-	545,364,138
Value Added Tax on Financial Service	-	-	(46,239,423)	-	(46,239,423)
Profit /(Loss) before tax	(109,124,741)	333,147,586	275,101,870	-	499,124,715
Income Tax Expense	-	(41,784,538)	(43,655,699)	-	(85,440,237)
Net Profits for the Period	<u>(109,124,741)</u>	<u>291,363,048</u>	<u>231,446,171</u>	<u>-</u>	<u>413,684,478</u>

Vallibel One Limited and Its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

For the 07 Months period ended 31 December 2010

33. SEGMENT INFORMATION (Cont.)

33.2 Segment Assets and Liabilities	Investments Sector Rs.	Manufacutring Sector Rs.	Finance Sector Rs.	Hotel Sector Rs.	Group Rs.
ASSETS					
Cash and Cash Equivalents	6,999,709	81,715,643	319,548,374	177,915	408,441,641
Treasury Bills & Other bills eligible for re-discounting with Central Bank	-	-	1,566,020,809	-	1,566,020,809
Placements with Other banks	-	-	364,917,827	-	364,917,827
Loans and Advances	-	-	1,597,963,843	-	1,597,963,843
Gold Loans	-	-	5,003,391,377	-	5,003,391,377
Lease rentals receivables & Stock out on hire	-	-	14,231,905,257	-	14,231,905,257
Advance for Vehicle Stock	-	-	256,822,242	-	256,822,242
Real Estate Stock	-	-	224,539,647	-	224,539,647
Other Debtors, Deposits and Prepayments	-	892,035,920	140,769,911	-	1,032,805,831
Investments in Securities	6,910,395,270	1,137,244,956	339,864,922	-	8,365,851,695
Investments in Subsidiaries	14,822,125,320	-	-	-	-
Amount Due From Related Parties	-	178,181,371	-	-	178,181,371
Income Tax Recoverables	-	938,350	-	-	938,350
Inventories	-	1,276,692,344	-	-	1,276,692,344
Goodwill	-	-	-	-	11,268,862,221
Intangible Assets	-	-	7,920,773	-	7,920,773
Property, Plant & Equipment	-	3,990,404,594	363,710,430	269,878,081	4,623,993,105
Total Assets	21,739,520,299	7,557,213,177	24,417,375,412	270,055,996	50,409,248,331
LIABILITIES					
Deposits from non-bank customers	-	-	15,923,367,969	-	15,923,367,969
Interest Bearing Loans and Borrowings	115,000,000	2,077,219,207	4,204,436,409	-	6,396,655,616
Trade & Other Payables	2,454,180	617,770,585	1,201,880,076	5,392,933	1,827,497,808
Amount Due To Related Parties	3,850	-	-	19,284	23,134
Dividend Payable	-	19,128,051	-	-	19,128,051
Debentures	-	-	450,000,000	-	450,000,000
Retirement Benefit Liability	-	89,722,164	39,274,240	-	128,996,404
Income Tax Liabilities	-	42,354,932	53,676,167	-	96,031,099
Deferred Tax Liabilities	-	82,272,745	249,861,894	-	332,134,639
Total Liabilities	117,458,030	2,928,467,684	22,122,496,755	5,412,217	25,173,834,720

NOTES TO THE FINANCIAL STATEMENTS

For the 07 Months period ended 31 December 2010

34 MATURITY OF ASSETS AND LIABILITIES

An analysis of the total assets employed and total liabilities at the year end, based on the remaining respective contractual maturity dates / recovery cycle as at the balance sheet date are given below.

	Less than 3 months Rs.	3-12 months Rs.	1-3 years Rs.	over 3 years Rs.	Total Rs.
Assets					
Cash and Bank	408,441,641	-	-	-	408,441,641
Treasury Bills & other bills eligible for re-discounting with Central Bank	873,804,172	692,216,637	-	-	1,566,020,809
Deposits with Banks	347,417,827	2,500,000	-	15,000,000	364,917,827
Loans and Advances	580,824,631	493,715,525	442,692,681	80,731,006	1,597,963,843
Gold Loans	4,618,825,459	384,565,918	-	-	5,003,391,377
Lease Rental Receivable and Stock out on Hire	2,247,131,931	3,787,837,703	7,446,621,101	750,314,522	14,231,905,257
Advance for Vehicle Stock	256,822,242	-	-	-	256,822,242
Real Estate Stock	75,355,636	149,184,011	-	-	224,539,647
Trade & Other Debtors, Deposits and Prepayments	679,806,325	350,165,580	2,833,926	-	1,032,805,831
Investment in Securities	159,682,536	956,752,192	-	7,249,416,967	8,365,851,695
Amount Due From Related Parties	-	-	-	178,181,371	178,181,371
Income Tax Recoverables	-	938,350	-	-	938,350
Inventories	712,820,665	563,871,679	-	-	1,276,692,344
Goodwill	-	-	-	11,268,862,221	11,268,862,221
Intangible assets	-	-	-	7,920,773	7,920,773
Property, Plant & Equipment	-	-	-	4,623,993,105	4,623,993,105
As at 31 December 2010	10,960,933,065	7,381,747,595	7,892,147,708	24,174,419,964	50,409,248,331
Liabilities					
Deposits from Non-Bank Customers	6,826,338,777	7,330,154,586	1,537,647,856	229,226,749	15,923,367,969
Borrowings	2,431,909,949	1,577,314,702	1,525,696,059	861,734,906	6,396,655,616
Trade and Other Payables & Accrued Charges	1,467,471,074	229,638,800	119,016,771	11,371,163	1,827,497,808
Amount Due To Related Parties	-	23,134	-	-	23,134
Dividend Payable	-	19,128,051	-	-	19,128,051
Debentures	-	-	-	450,000,000	450,000,000
Retirement Benefit Liability	-	-	-	128,996,404	128,996,404
Tax Liability	(132,919)	282,146,109	-	(185,982,091)	96,031,099
Deferred Taxation	-	-	-	332,134,639	332,134,639
As at 31 December 2010	10,725,586,881	9,438,405,382	3,182,360,686	1,827,481,770	25,173,834,720

Vallibel One Limited and Its Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

For the 07 Months period ended 31 December 2010

35. COMMITMENTS AND CONTINGENCIES	Company	Group
	2010	2010
	Rs.	Rs.
35.1 Contingent Liabilities		
Guarantees issued to Banks and other Institutions	-	5,456,375
	-	5,456,375
35.2 Commitments	Company	Group
	2010	2010
	Rs.	Rs.
Contracted but not provided for	89,000,000	276,294,217
	89,000,000	276,294,217

36. ASSETS PLEDGED

The following assets have been pledged as security for liabilities other than that is disclosed under Note 18.4.

Nature of asset	Nature of Liability	Carrying Amount Pledged 2010 Rs.	Included Under
Lease Receivables	Loans and Overdrafts	4,908,556,837	Lease Rentals Receivables & Stock out on hire
Real Estate	Overdraft	65,000,000	Real Estate Stock
Freehold Land	Overdraft	8,000,000	Property, Plant & Equipment
Vehicles	Loan	3,675,369	Property, Plant & Equipment
		<u>4,985,232,206</u>	

37. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the Financial Statements except for the followings.

a) Company has raised Rs. 4,900,000,000/- by issuing 196,000,000 new Ordinary Voting Shares at the share offer price of Rs. 25/- per share through a private placement. Out of the above funds Rs.4,337,000,000/- invested in Fixed Deposits in related companies on short term basis and Rs.280,000,000/- invested in 28 Million Ordinary Shares in Waskaduwa Beach Resort Limited (Holding 20%) on long term basis.

b) Settled the short term loan of Rs 115,000,000/-

c) The Board Directors of LB Finance PLC has announced a Bonus Share Issue of 1:1 per share from reserves of the company

d) Royal Ceramics Lanka PLC recommend to the shareholders a capitalization of reserves for the issue of 55,394,692 fully paid ordinary shares of Rs.10/- each to the holders of ordinary shares in the company as at end of trading on 10th January 2011 in the proportion of one new ordinary share for every one existing ordinary share held, by capitalizaing a sum of Rs. 553,946,920/- out of the funds standing to the Company's Revaluation Reserve Rs.350,423,938/- & Revenue Reserve Rs.203,522,982/- .

e) Royal Ceramics Lanka PLC and Mr.K.D.Dhammika Perera have made an offer to purchase from the shareholders of Hayleys PLC ("Hayleys") all the issued and paid up shares of Hayleys under the terms and conditions set out in the offer document at a price of Rs.380/- per share. The number of such remaining shares as at the date of this offer (01 March 2010) was 52,498,773 shares constituting approximately 70% of the total number of shares in issue in Hayleys.

NOTES TO THE FINANCIAL STATEMENTS

For the 07 Months period ended 31 December 2010

38. RELATED PARTY DISCLOSURES**38.1 Transactions with Key Managerial persons .**

The Key Managerial personnel of the Company are the members of its Board of Directors. Following transactions are entered between the company and its Key Management Personnel and their close family members.

38.1.1.1 Compensation to Key Managerial Personnel	Company 2010 Rs	Group 2010 Rs
Short Term Employment Benefits - Executive Directors		58,281,200
- Non Executive Directors		875,000
Post Employment Benefits - Executive Directors		143,448

38.1.2 Other transactions with Key Managerial Personnel	Company 2010 Rs	Group 2010 Rs
Personal Guarantees Received		10,417,000
Fixed Deposits Accepted during the period		7,164,000
Rental Paid		930,434
Transport Charges		95,050

38.1.3 Transactions with entities that are controlled, jointly controlled or significantly influenced by Key Managerial Personnel or their close member of family , or shareholders who have either control , significant influences or joint control over entity.

Nature of Transaction	Company 2010 Rs'000's	Group 2010 Rs'000's
Fixed Deposits Accepted during the period		18,814,000
Fixed Deposits Held at the period end		14,482,000
Interest payable on Fixed Deposits		860,000
Interest paid on Fixed Deposits		765,000
Bank Balance		(57,033,000)
Letter of Credits opened during the period		12,120,000
Investments Made	6,910,395,270	-
Sale of Goods/Services		3,581,187

38.1.4 Transactions with related entities - Subsidiaries	Company 2010 Rs.	Group 2010 Rs.
Sale of Goods/Services	-	1,407,136
Purchase of Goods/Services		(9,553,077)
Dividend Income		150,000,000
Service Charges		23,092,782
Investment made Net of fund transfers	14,822,125,320	(363,990,221)

ANNEX C: ALLOTMENT OF SHARES SINCE INCORPORATION OF THE COMPANY

Date of Allotment	Title	Initials	Last Name	Number of Shares	Consideration (LKR)
8th July 2010	Mr	K D D	PERERA	1	10.00
Subscriber Shares	Mr	K D A	PERERA	1	10.00
	Mr.	K D H	PERERA	1	10.00
	Ms	S	MUNASINGHE	1	10.00
	Mr	W	ARIARASAH	1	10.00
	Ms	P I	PERERA	1	10.00
	Mr	W D N H	PERERA	1	10.00
28th December 2010	Mr	K D D	PERERA	685,351,962	25.00
Allotment of Shares	MES		VALLIBEL INVESTMENTS (PRIVATE) LIMITED	91,966,451	25.00
	MES		VALLIBEL LEISURE (PRIVATE) LIMITED	91,929,063	25.00
25th January 2011 Private Placement	MES		A.T.COORAY PVT LTD	84,000	25.00
	MR	CEG	ABAYASEKARA	52,000	25.00
	MES		ABBIANI HOLDINGS (PVT) LI MITED	2,088,000	25.00
	MR	HH	ABDULHUSEIN	209,000	25.00
	MRS	SSH	ABDULHUSEIN	209,000	25.00
	MS	TP	ABEYRATNE	104,000	25.00
	MR	WKF	ABEYSINGHE	52,000	25.00
	MR	DR	ABEYSURIYA	52,000	25.00
	MR	MR	ABEYWARDENA	104,000	25.00
	MR	CI	ABEYWICKRAMA	52,000	25.00
	MR	ND	ABEYWICKREMA	52,000	25.00
	MR	DJR	ABHAYARATNE	104,000	25.00
	MR	S	ABISHEK	104,000	25.00
	MR	JS	ADAMAN	52,000	25.00
	MES		ADAMJEE LUKMANJEE & SONS (PVT) LTD	84,000	25.00
	MR	KN	ADATIA	52,000	25.00
	MR	JASS	ADHIHETTY	100,000	25.00
	MR	JAN	ADHIHETTY	52,000	25.00
	MR	NJM	AFRATH	52,000	25.00
	MR	AMD	ALAGIYAWANNA	52,000	25.00
	MR	RBC	ALLES	157,000	25.00
	MES		ALLIANCE FINANCE CO. PLC	836,000	25.00
	MES		ALMAR INTERNATIONAL (PVT) LTD	1,045,000	25.00
	MES		ALMAR TRADING COMPANY (PV T) LTD	1,045,000	25.00
	MR	MTT	AL-NAKIB	523,000	25.00
	MR	TTT	AL-NAKIB	523,000	25.00
	MES		ALPHA TOURS (PVT) LTD	104,000	25.00
	MR	DMSP	ALWIS	52,000	25.00
	MR	SH	AMARASEKARA	1,000,000	25.00
	MRS	SP	AMARASEKERA	52,000	25.00
	MR	U	AMARASINGHE	52,000	25.00
	MR	R	AMARASINGHE	52,000	25.00
	MR	JAE	AMARATUNGA	52,000	25.00
	MR	AAV	AMERASINGHE	261,000	25.00
	MR	SGD	AMERASINGHE	261,000	25.00
	MRS	TDMN	ANTHONY	52,000	25.00
	MR	RC	ANTHONY	52,000	25.00
	MR	CSD	ANTHONY	78,000	25.00

Date of Allotment	Title	Initials	Last Name	Number of Shares	Consideration (LKR)
	MR	RR	ANTONY	52,000	25.00
	MR	RR	ANTONY	52,000	25.00
	MR	AMN	ANURUDDHA ABEYKOON	52,000	25.00
	MES		APL INTERNATIONAL PVT LTD	104,000	25.00
	MR	GMLP	APONSO	52,000	25.00
	MES		ARNI HOLDING AND INVESTMENTS (PVT) LTD	52,000	25.00
	MES		ARPICO FINANCE COMPANY PLC	104,000	25.00
	MES		ARRENGA CAPITAL (PVT) LTD	209,000	25.00
	MR	FN	ARULPRAGASAM	52,000	25.00
	MR	ACN	ARUMUGAM	52,000	25.00
	MES		ARUNA ENTERPRISES (PVT) LTD	52,000	25.00
	MES		ASIA PACIFIC INVESTMENTS (PRIVATE) LIMITED	104,000	25.00
	MES		ASIA SIYAKA COMMODITIES (PRIVATE) LIMITED	419,000	25.00
	MES		ASSOCIATED ELECTRICAL CORPORATION LIMITED	2,090,000	25.00
	MR	RM	ATUKORALA	52,000	25.00
	MR	AW	ATUKORALA	52,000	25.00
	MR	CE	ATURUPANE	98,000	25.00
	MR	BK	BAKSHANI	52,000	25.00
	MRS	K	BALASUBRAMANIAM	52,000	25.00
	MR	S	BALASUBRAMANIAM	52,000	25.00
	MR	K	BALASUNDARAM	52,000	25.00
	MR	AM	BANDARA	52,000	25.00
	MR	AMCKS	BANDARA	52,000	25.00
	MR	AWMS	BANDARA	52,000	25.00
	MES		BARTLEET ASSET MANAGEMENT (PVT) LTD	314,000	25.00
	MES		BARTLEET FINANCE LTD	523,000	25.00
	MR	WM	BOTEJU	52,000	25.00
	MR	S	BRANAVAN	52,000	25.00
	MR	JMS	BRITO	52,000	25.00
	MES		BROWNS INVESTMENTS (PVT) LTD	523,000	25.00
	MR	NP	BULATHSINHALA	52,000	25.00
	MR	UG	BULUMULLE	104,000	25.00
	MES		CAPITAL TRUST HOLDINGS (PVT) LTD	2,089,000	25.00
	MR	SE	CAPTAIN	523,000	25.00
	MR	RS	CAPTAIN	104,000	25.00
	MES		CARGO BOAT DEVELOPMENT COMPANY PLC	523,000	25.00
	MR	EVR	CASIE CHETTY	52,000	25.00
	MR	PSR	CASIE CHITTY	144,000	25.00
	MES		CENTRE FOR HANDICAPPED	52,000	25.00
	MR	RA	CHANDIRAM	63,000	25.00
	MR	SNCWMB	CHANDRASENA KANDEGEDARA	209,000	25.00
	MR	HHA	CHANDRASIRI	52,000	25.00
	MRS	GLS	CHANDRIKA	52,000	25.00
	MR	A	CHELLIAH	52,000	25.00
	MS	DMC	CHETTY ALLES	52,000	25.00
	MR	GD	CHRYSOSTOM	157,000	25.00
	MES		CITRUS LEISURE PLC	2,090,000	25.00
	MES		COCOSHELL ACTIVATED CARBON COMPANY (PVT) LTD	104,000	25.00
	MES		COMMERCIAL CREDIT LIMITED	209,000	25.00
	MES		CONFIFI CAPITAL (PVT) LTD	523,000	25.00
	MES		CONFIFI ENGINEERING (PVT) LTD	52,000	25.00

Date of Allotment	Title	Initials	Last Name	Number of Shares	Consideration (LKR)
	MES		CONFIFI FINANCE (PVT) LTD	52,000	25.00
	MES		CONFIFI INVESTMENTS (PVT) LTD	523,000	25.00
	MES		CONFIFI LEISURE HOLDINGS (PVT) LTD	52,000	25.00
	MES		CONFIFI MANAGEMENT SERVICES (PVT) LTD	1,045,000	25.00
	MR	AR	COOKE	104,000	25.00
	MR	N	COOKE	63,000	25.00
	MR	ALS	COORAY	52,000	25.00
	MR	PPG	COORAY	63,000	25.00
	MRS	MSR	COORAY	104,000	25.00
	MR	PC	COORAY	209,000	25.00
	MR	JGA	COORAY	52,000	25.00
	MR	EPA	COORAY	63,000	25.00
	MRS	MS	COORAY	104,000	25.00
	MES		D.S.L. INVESTMENTS (PVT) LTD	261,000	25.00
	MR	A	DADIGAMA	52,000	25.00
	MR	RA	DADLANI	63,000	25.00
	MR	KW	DAHANAYAKE	104,000	25.00
	MR	DN	DALUWATTE	209,000	25.00
	MR	AK	DANGALLA	104,000	25.00
	MR	TG	DARYANANI	52,000	25.00
	MR	DS	DASSANAYAKE	52,000	25.00
	MR	RMP	DAYAWANSA	52,000	25.00
	MR	WPD	DE ALWIS	52,000	25.00
	MR	EF	DE ALWIS	104,000	25.00
	MS	AM	DE ALWIS	52,000	25.00
	MRS	AGL	DE ALWIS	52,000	25.00
	MR	A	DE COSTA	94,000	25.00
	MR	AR	DE COSTA	52,000	25.00
	MR	MK	DE LIVERA	52,000	25.00
	MR	MK	DE LIVERA	52,000	25.00
	MR	MK	DE LIVERA	52,000	25.00
	MR	MK	DE LIVERA	52,000	25.00
	MR	RM	DE MEL	732,000	25.00
	MR	NA	DE MEL	314,000	25.00
	MR	CRS	DE SARAM	52,000	25.00
	MR	EMMH	DE SARAM	52,000	25.00
	DR	SR	DE SILVA	52,000	25.00
	MR	RGM	DE SILVA	52,000	25.00
	MR	MW	DE SILVA	52,000	25.00
	MIS	AN	DE SILVA	575,000	25.00
	MR	KPRB	DE SILVA	523,000	25.00
	MRS	DM	DE SILVA	104,000	25.00
	MR	NJ	DE SILVA	104,000	25.00
	MR	PEJ	DE SILVA	52,000	25.00
	MR	NM	DE SILVA	52,000	25.00
	MR	SDS	DE SILVA	209,000	25.00
	MIS	SNAS	DE SILVA	52,000	25.00
	MR	RD	DE SILVA	52,000	25.00
	MR	RGN	DE SILVA	52,000	25.00
	MR	MW	DE SILVA	52,000	25.00
	MR	LDEA	DE SILVA	104,000	25.00

Date of Allotment	Title	Initials	Last Name	Number of Shares	Consideration (LKR)
	MR	BSR	DE SILVA	52,000	25.00
	MR	CN	DE SILVA	52,000	25.00
	MR	RKEP	DE SILVA	836,000	25.00
	MR	JEPA	DE SILVA	836,000	25.00
	MR	AA	DE SILVA	52,000	25.00
	PRO	AP	DE SILVA	52,000	25.00
	DR	BGS	DE SILVA	52,000	25.00
	MRS	TTA	DE SILVA WEERASOORIA	63,000	25.00
	MR	DJ	DE SILVA WIJEYERATNE	52,000	25.00
	MR	CHR	DE SOYSA	63,000	25.00
	MR	SM	DE SOYSA	52,000	25.00
	MR	SD	DE SOYSA	52,000	25.00
	MR	HRJ	DE SOYSA	52,000	25.00
	MRS	AM	DE SOYSA	104,000	25.00
	MR	AJ	DE SOYSA	52,000	25.00
	MR	LWA	DE SOYSA	1,359,000	25.00
	MR	VT	DE ZOYSA	52,000	25.00
	MR	AS	DE ZOYSA	209,000	25.00
	MRS	MBD	DE ZOYSA	523,000	25.00
	MR	A	DE ZOYSA	1,045,000	25.00
	MR	DA	DE ZOYSA	209,000	25.00
	MR	T	DE ZOYSA	52,000	25.00
	MES		DEE INVESTMENTS (PVT) LTD	104,000	25.00
	MR	NPW	DELGODA	52,000	25.00
	MES		DELMAGE FORSYTH & CO (SHI PPING) LTD	104,000	25.00
	MES		DELMEGE DISTRIBUTORS (PVT) LTD	52,000	25.00
	MES		DELMEGE FORSYTH & COMPANY EXPORTS (PVT) LTD	78,000	25.00
	MES		DELMEGE INSURANCE BROKERS (PVT) LTD	52,000	25.00
	MES		DELMEGE INTERIOR DECOR (P VT) LTD	52,000	25.00
	MR	AL	DEVASURENDRA	1,045,000	25.00
	MR	GM	DHANSINGANI	52,000	25.00
	MR	TD	DHARMADASA	52,000	25.00
	MR	UH	DHARMADASA	52,000	25.00
	MR	CB	DHARMARATNE	52,000	25.00
	MR	KR	DHARMENDRA	104,000	25.00
	MR	RMP	DIAS	314,000	25.00
	MR	T	DISA GUNASEKARA	52,000	25.00
	MR	FSM	DISSANAIKE	52,000	25.00
	MR	YKB	DISSANAYAKE	104,000	25.00
	MR	DMLI	DISSANAYAKE	320,000	25.00
	MR	HS	DISSANAYAKE	57,000	25.00
	MR	RS	DISSANAYAKE	52,000	25.00
	MR	DWAS	DISSANAYAKE	52,000	25.00
	MR	DWAS	DISSANAYAKE	52,000	25.00
	MES		DOUGLAS AND SONS (PVT) LT D	261,000	25.00
	MES		DUNAMIS CAPITAL PLC	1,045,000	25.00
	MR	G	DURAISAMI	1,672,000	25.00
	MES		DYNAMIC AV TECHNOLOGIES (PVT) LTD	52,000	25.00
	MES		E W BALASURIYA & CO (PVT) LTD	209,000	25.00
	MR	D	EASSUWAREN	52,000	25.00
	MES		EAST WEST PROPERTIES PLC	1,045,000	25.00

Date of Allotment	Title	Initials	Last Name	Number of Shares	Consideration (LKR)
	MR	CJA	EDERISINGHE	52,000	25.00
	MR	AKD	EDIRAPPULI	261,000	25.00
	MR	RS	EGODAGE	104,000	25.00
	MR	RPL	EHELIYAGODA	1,275,000	25.00
	MR	EMAK	EKANAYAKE	52,000	25.00
	MES		ELGIN INVESTMENTS LTD	690,000	25.00
	MR	DAB	ELLEPOLA	84,000	25.00
	MES		ELLES (PVT) LTD	52,000	25.00
	MES		ELLES (PVT) LTD	104,000	25.00
	MES		ESKIMO FASHION KNITWEAR (PVT) LTD	52,000	25.00
	MES		ESNA HOLDINGS (PVT) LTD	2,090,000	25.00
	MR	A	ESUFALLY	2,090,000	25.00
	MR	MF	FAAIZ	52,000	25.00
	MES		FAB FOODS (PVT) LTD	209,000	25.00
	MR	KLM	FAROOK	63,000	25.00
	MES		FASHIONWARE (GARMENTS) IN DUSTRIES (PVT) LTD	52,000	25.00
	MES		FAVOURITE GARMENTS (PVT) LTD	188,000	25.00
	MS		FAVOURITE HANWELLA (PVT) LTD	125,000	25.00
	MES		FAVOURITE INVESTMENTS (PV T) LTD	104,000	25.00
	MR	MD	FERANNO	157,000	25.00
	MR	AR	FERDINAND	52,000	25.00
	MR	PC	FERDINAND	52,000	25.00
	MR	DMN	FERDINANDO	104,000	25.00
	MES		FERGASAM GARMENT INDUSTRIES (PVT) LTD	1,045,000	25.00
	MRS	K	FERNANDO	800,000	25.00
	MR	AC	FERNANDO	52,000	25.00
	MRS	MMC	FERNANDO	1,045,000	25.00
	MR	MJ	FERNANDO	419,000	25.00
	MRS	MV	FERNANDO	52,000	25.00
	MR	AMR	FERNANDO	104,000	25.00
	MR	APL	FERNANDO	52,000	25.00
	MR	PSM	FERNANDO	52,000	25.00
	MR	MC	FERNANDO	104,000	25.00
	MR	MAKE	FERNANDO	52,000	25.00
	MRS	RBS	FERNANDO	104,000	25.00
	MR	ER	FERNANDO	52,000	25.00
	MR	PPS	FERNANDO	52,000	25.00
	MR	AH	FERNANDO	52,000	25.00
	MES		FINCO INVESTMENTS (PVT) LTD	1,045,000	25.00
	MR	DB	FLAMER-CALDERA	52,000	25.00
	MRS	SS	FONSEKA	209,000	25.00
	MR	WSP	FONSEKA	52,000	25.00
	MS	WDS	FONSEKA	52,000	25.00
	MR	WSR	FONSEKA	52,000	25.00
	MES		FOUNDATION GARMENTS (PVT) LTD	157,000	25.00
	MR	MM	FUAD	104,000	25.00
	MRS	SM	FURKHAN	52,000	25.00
	MR	S	FURKHAN	104,000	25.00
	PRO	MTA	FURKHAN	1,672,000	25.00
	MR	J	GAJENDRAN	52,000	25.00
	MR	KUD	GAMAGE	523,000	25.00
	MR	AK	GAMARACHCHI	78,000	25.00

Date of Allotment	Title	Initials	Last Name	Number of Shares	Consideration (LKR)
	MR	SC	GANEGODA	63,000	25.00
	MR	SJ	GANEWATTE	52,000	25.00
	MR	R	GAUTAM	104,000	25.00
	MR	EJG	GNANAM	52,000	25.00
	MES		GNANAM IMPORTS(PVT) LTD	523,000	25.00
	MR	MAU	GNANATHILAKA	52,000	25.00
	MR	NH	GODAHEWA	52,000	25.00
	MR	RR	GOMEZ	52,000	25.00
	MR	AMG	GOMEZ	52,000	25.00
	MR	AC	GOONASEKERA	52,000	25.00
	MR	MDS	GOONATILLEKE	150,000	25.00
	MR	CS	GOONERATNE	209,000	25.00
	MR	DP	GOONERATNE	52,000	25.00
	MR	GPJ	GOONEWARDENE	52,000	25.00
	MR	RCJ	GOONEWARDENE	52,000	25.00
	MRS	LK	GOONEWARDENE	52,000	25.00
	MR	TA	GULAMHUSEIN	52,000	25.00
	MR	JS	GULAWITA	104,000	25.00
	MR	GSA	GUNASEKARA	104,000	25.00
	MR	CP	GUNASEKARA	78,000	25.00
	MR	VR	GUNASEKERA	52,000	25.00
	MR	DMSW	GUNAWARDANE	84,000	25.00
	MR	ND	GUNAWARDENA	52,000	25.00
	MR	L	GUNAWARDENA	52,000	25.00
	MRS	SK	GUNAWARDHANA	52,000	25.00
	MR	S	GURUSINGHE	104,000	25.00
	MR	A	GURUSINGHE	52,000	25.00
	MES		H DON CAROLIS & SONS (PVT) LTD	104,000	25.00
	MR	AFH	HAMEED	104,000	25.00
	MR	LP	HAPANGAMA	157,000	25.00
	MR	CPPG	HAPUDENIYA	52,000	25.00
	MR	LHLPP	HARADASA	63,000	25.00
	MR	LHLMP	HARADASA	84,000	25.00
	MS	LHLRPK	HARDASA	63,000	25.00
	MR	HS	HASHIM	52,000	25.00
	MR	RA	HATHIRAMANI	52,000	25.00
	MIS	LP	HATHIRAMANI	52,000	25.00
	MR	AL	HENRICUS	52,000	25.00
	MR	DJN	HETTIARACHCHI	104,000	25.00
	MR	HL	HETTIARACHCHI	52,000	25.00
	MR	LL	HETTIARACHCHI	52,000	25.00
	MR	NDP	HETTIARATCHY	52,000	25.00
	MRS	ND	HETTIARATCHY	52,000	25.00
	MR	BV	HETTITHANTHRIGE	245,000	25.00
	MR	C	HEWAPATTINI	52,000	25.00
	MR	KV	HEWAVITARNE	78,000	25.00
	MES		HILINE TOWERS (PVT) LTD	314,000	25.00
	MR	KSN	HIRDARAMANI	52,000	25.00
	MR	AJ	HIRDARAMANI	63,000	25.00
	MES		HOVAD HOLDINGS PRIVATE LI MITED	157,000	25.00
	MES		HOVGEL CONSTRUCTION (PVT) LTD	419,000	25.00

Date of Allotment	Title	Initials	Last Name	Number of Shares	Consideration (LKR)
	MIS	DD	HUDLANI	52,000	25.00
	MR	DN	HUNDLANI	52,000	25.00
	MR	RD	HUNDLANI	52,000	25.00
	MR	DD	HUNDLANI	52,000	25.00
	MR	AM	IDDAMALGODA	523,000	25.00
	MR	WMR	IDDAWELA	314,000	25.00
	MR	T	IGARASHI	209,000	25.00
	MR	AG	ILLANGAKOON	73,000	25.00
	MES		INDRA TRADERS (PVT) LTD	2,089,000	25.00
	MES		INTERNATIONAL CONSTRUCTIO N CONSORTIUM (PVT) LTD	1,045,000	25.00
	MR	VMM	IQBAL	52,000	25.00
	MR	MI	ISMAIL	52,000	25.00
	MR	MHS	ISMAIL	52,000	25.00
	MR	FN	ISMAIL	52,000	25.00
	MR	M	ISMAIL	52,000	25.00
	MR	AK	ISSADEEN	52,000	25.00
	MES		J B COCOSHELL (PVT) LTD	523,000	25.00
	MR	KA	JAFFERJEE	52,000	25.00
	MR	GKWA	JANAKA KUMARA	52,000	25.00
	MR	V	JAYAPRAGASAM	52,000	25.00
	MR	JCP	JAYASINGHE	523,000	25.00
	MS	AC	JAYASINGHE	52,000	25.00
	MR	NDDS	JAYASINGHE	84,000	25.00
	MR	SH	JAYASURIYA	523,000	25.00
	MR	ALJ	JAYASURIYA	52,000	25.00
	MR	DY	JAYASURIYA	52,000	25.00
	MR	KMDS	JAYATHILAKA	52,000	25.00
	MR	GR	JAYATILAKA	52,000	25.00
	MRS	KR	JAYATILAKA	52,000	25.00
	MRS	AH	JAYAWARDANA	52,000	25.00
	MR	HAPP	JAYAWARDANA	52,000	25.00
	MR	DVRSF	JAYAWARDANE	52,000	25.00
	MR	DPMDS	JAYAWARDENA	209,000	25.00
	MR	HSG	JAYAWARDENA	52,000	25.00
	MR	G	JAYaweera	52,000	25.00
	MR	HPS	JEEWAKA	52,000	25.00
	MR	CS	JESUDIAN	52,000	25.00
	MR	JJR	JEYARETNAM	63,000	25.00
	MR	W	JINADASA	209,000	25.00
	MES		JINADASA BROTHERES GARMEN TS (PVT) LTD	157,000	25.00
	MR	AJ	JOHNPIILLAI	104,000	25.00
	MR	SH	JURIANSZ	104,000	25.00
	MES		K & D MANAGEMENT SERVICES PVT LTD	52,000	25.00
	MR	SD	KALUARACHCHI	52,000	25.00
	MRS	LK	KALUBOWILA	52,000	25.00
	MR	ARD	KALUBOWILAGA DONA	52,000	25.00
	MRS	KLJB	KALUPAHANA	52,000	25.00
	MR	CA	KAMALADASA	52,000	25.00
	MR	RV	KANAYO	52,000	25.00
	MRS	SSP	KANDAMBI	52,000	25.00
	MR	KR	KANNANGARA	52,000	25.00

Date of Allotment	Title	Initials	Last Name	Number of Shares	Consideration (LKR)
	MR	WKJ	KARANNAGODA	52,000	25.00
	MR	GP	KARNARATNE	52,000	25.00
	MR	U	KARUNARATNA	52,000	25.00
	DR	KMP	KARUNARATNE	52,000	25.00
	MR	JNI	KARUNARATNE	52,000	25.00
	MR	JED	KARUNARATNE	52,000	25.00
	MR	KR	KARUNARATNE	52,000	25.00
	MES		KAYEM INVESTMENTS (PVT) L TD	52,000	25.00
	MR	PH	KEERTHINANDA	52,000	25.00
	MRS	ML	KEERTHINANDA	52,000	25.00
	MR	JDN	KEKULAWALA	52,000	25.00
	MR	RA	KELLY	78,000	25.00
	MR	T	KEMAPRASANNA	52,000	25.00
	MR	DJS	KERAGALA	52,000	25.00
	MR	D	KIM	52,000	25.00
	MR	HD	KINGSLEY	104,000	25.00
	MR	A	KRISHNAKUMAR	52,000	25.00
	MR	N	KRISHNAKUMAR	52,000	25.00
	MR	M	KRISHNAMOORTHY	52,000	25.00
	MR	KCR	KULATUNGA	63,000	25.00
	MRS	DPN	KUMAR	2,090,000	25.00
	MR	SN	KUMAR	2,613,000	25.00
	MR	PAJ	KUMARA	52,000	25.00
	MR	RL	KUMARARATNE	52,000	25.00
	MR	RL	KUMARARATNE	52,000	25.00
	MR	BM	KUMARASENA	52,000	25.00
	MR	PJM	KUMARASINGHE	52,000	25.00
	MRS	MS	KUMBUKAGE	52,000	25.00
	MR	SAL	KUMBUKAGE	52,000	25.00
	MR	CV	KUNANANDHAM	52,000	25.00
	MR	AM	KUNDANMAL	104,000	25.00
	MR	M	KUNDANMAL	52,000	25.00
	MR	DA	KURUKULASURIYA	57,000	25.00
	MR	VN	KURUWITA	52,000	25.00
	MES		L H L NORIS DE SILVA & SO N (PVY) LTD	52,000	25.00
	MR	AS	LAKSHMANASINGHAM	52,000	25.00
	MR	DSD	LANEROLLE	104,000	25.00
	MES		LANKA ORIX LEASING COMPAN Y PLC	1,045,000	25.00
	MR	AP	LEKAMGE	52,000	25.00
	MR	JD	LEON	52,000	25.00
	MES		LEWIS BROWN & CO (PVT) LT D	78,000	25.00
	MES		LIFE INSURANCE CORPORATIO N (LANKA) LTD	419,000	25.00
	MR	JAD	LIN	188,000	25.00
	MR	JAD	LIN	63,000	25.00
	MR	AP	LINDAMULLGE	52,000	25.00
	MR	V	LINTOTAWELA	523,000	25.00
	MR	IP	LIYANAGE	52,000	25.00
	MR	LE	LIYANAGE	52,000	25.00
	MRS	UP	LIYANAGE	52,000	25.00
	MR	MY	LOKUGAMAGE	209,000	25.00
	MR	MA	LUKMANJEE	52,000	25.00

Date of Allotment	Title	Initials	Last Name	Number of Shares	Consideration (LKR)
	MS	FAA	MACK	84,000	25.00
	MR	UG	MADANAYAKE	209,000	25.00
	MRS	NC	MADANAYAKE	209,000	25.00
	MR	HAS	MADANAYAKE	209,000	25.00
	MR	MDMRS	MADAPPULI	52,000	25.00
	MR	SCP	MADAPPULI	52,000	25.00
	MR	BR	MADIHAHEWA	52,000	25.00
	MR	SS	MAHENDRAN	52,000	25.00
	MR	S	MAHENDRAN	52,000	25.00
	MR	BADHC	MAHIPALA	52,000	25.00
	DR	LS	MALAVIGE	52,000	25.00
	MR	DSC	MALLAWAARACHCHI	52,000	25.00
	MIS	MAYRM	MANCHANAYAKA	52,000	25.00
	MIS	MABC	MANCHANAYAKA	52,000	25.00
	DR	S	MANIVANNAN	52,000	25.00
	MR	MSMM	MARIKKAR	52,000	25.00
	MES		MARINA RADIO ENTERPRISES (PVT) LTD	52,000	25.00
	MR	J	MARKANDU	209,000	25.00
	MR	CR	MARTIN	261,000	25.00
	MES		MAS CAPITAL PRIVATE LIMITED	1,045,000	25.00
	MES		MBERCHANT BANK OF SRI LANKA PLC	261,000	25.00
	MES		MEDIQUEPMENT LTD	52,000	25.00
	MRS	BS	MEEPAGALA	52,000	25.00
	MR	BNASF	MENDIS	52,000	25.00
	MS	AP	MENDIS	52,000	25.00
	MR	FGN	MENDIS	104,000	25.00
	MR	LP	MENDIS	523,000	25.00
	MRS	GMS	MENDIS	52,000	25.00
	MR	MCV	MENDIS	52,000	25.00
	MES		MERCANTILE MERCHANT BANK LTD	52,000	25.00
	MES		MERCATILE INVESTMENTS LIMITED	2,090,000	25.00
	MES		MERRILL J FERNANDO & SONS (PVT) LTD	2,299,000	25.00
	MES		METROCORP (PVT) LTD	52,000	25.00
	MR	KPPH	MIHIRIPENNA	73,000	25.00
	MR	RN	MIRCHANDANI	52,000	25.00
	MR	MU	MOHAMED	104,000	25.00
	MR	T	MOHAMEDALLY	52,000	25.00
	MRS	MT	MOOSAJEE	209,000	25.00
	MR	J	MORAGODA	52,000	25.00
	MR	DSAR	MOTHA	628,000	25.00
	MES		MOULDEX LIMITED	1,881,000	25.00
	MR	AF	MUNAS	523,000	25.00
	MR	DCP	MUNASINGHE	52,000	25.00
	MR	KS	MUNASINGHE	209,000	25.00
	MR	C	MUNASINGHE	52,000	25.00
	MRS	G	MURALIDARAN	104,000	25.00
	MR	FR	MUZAMMIL	52,000	25.00
	MR	R	NADARAJAH	52,000	25.00
	MR	VN	NAIR	52,000	25.00
	MR	GAK	NANAYAKKARA	52,000	25.00
	MS	KDR	NANAYKKARA	104,000	25.00

Date of Allotment	Title	Initials	Last Name	Number of Shares	Consideration (LKR)
	MR	EKA	NANDASENA	52,000	25.00
	MS	MK	NARANGODA	52,000	25.00
	MES		NARATHA VENTURES (PVT) LT D	52,000	25.00
	MES		NAVARA CAPITAL PRIVATE LI MITED	523,000	25.00
	MR	NW	NAWAGAMUWA	52,000	25.00
	MR	MHM	NAZEER	52,000	25.00
	MR	MA	NAZEER	52,000	25.00
	MR	MIM	NILAR	52,000	25.00
	MRS	KPS	NILMINI	52,000	25.00
	MR	K	NIRMALAN	52,000	25.00
	MES		NORTHSTAR HOLDINGS (PVT) LTD	209,000	25.00
	MES		NUWARAELIYA PROPERTY DEVE LOPERS (PVT) LTD	4,180,000	25.00
	MRS	AM	ONDAATJIE	52,000	25.00
	MES		ORION CAPITAL PARTNERS LI MITED	52,000	25.00
	MES		ORIT APPARELS LANKA PVT L TD	1,150,000	25.00
	MR	AG	OSMAN	52,000	25.00
	MRS	S	OZMAN	52,000	25.00
	MRS	S	OZMAN	52,000	25.00
	MR	DS	PANDITHA	52,000	25.00
	MRS	JC	PANDITHAGE	52,000	25.00
	MR	SE	PATEL	52,000	25.00
	MR	DN	PATHIRAGE	52,000	25.00
	MR	DS	PATHIRAGE	52,000	25.00
	MR	KDY	PATHIRAJA	52,000	25.00
	MR	ASH	PATHIRANA	52,000	25.00
	MR	RP	PATHRANA	52,000	25.00
	MR	WAJ	PEIRIS	104,000	25.00
	MR	GSN	PEIRIS	419,000	25.00
	MR	SP	PEIRIS	104,000	25.00
	MR	JD	PEIRIS	261,000	25.00
	MR	NC	PEIRIS	52,000	25.00
	MR	AR	PEIRIS	52,000	25.00
	MR	DA	PEIRIS	52,000	25.00
	MRS	IR	PEIRIS	314,000	25.00
	DR	JB	PEIRIS	52,000	25.00
	DR	RGX	PEIRIS	52,000	25.00
	MR	GR	PELAWATTA	52,000	25.00
	MR	WDNH	PERERA	8,200,000	25.00
	MR	KADA	PERERA	1,000,000	25.00
	MR	KAL	PERERA	209,000	25.00
	MRS	BLF	PERERA	52,000	25.00
	MR	JMJ	PERERA	52,000	25.00
	MR	DLSR	PERERA	63,000	25.00
	MR	TM	PERERA	52,000	25.00
	MR	AJAS	PERERA	52,000	25.00
	MR	ASP	PERERA	52,000	25.00
	MS	ASD	PERERA	52,000	25.00
	MRS	EF	PERERA	104,000	25.00
	MR	AEP	PERERA	104,000	25.00
	MR	PPMT	PERERA	52,000	25.00
	MIS	HHS	PERERA	52,000	25.00

Date of Allotment	Title	Initials	Last Name	Number of Shares	Consideration (LKR)
	MR	LPT	PERERA	52,000	25.00
	MR	SVA	PERERA	104,000	25.00
	MR	MK	PERERA	52,000	25.00
	MR	DGN	PERERA	52,000	25.00
	MRS	YN	PERERA	52,000	25.00
	MR	RJ	PERERA	52,000	25.00
	MR	APS	PERERA	57,000	25.00
	MRS	TAND	PERERA	52,000	25.00
	MR	WPAS	PERERA	52,000	25.00
	MR	SHD	PERERA	52,000	25.00
	MR	MA	PERERA	52,000	25.00
	MR	SJS	PERERA	523,000	25.00
	MR	RFT	PERERA	2,090,000	25.00
	MR	PNN	PERERA	52,000	25.00
	MR	HDAD	PERERA	52,000	25.00
	MR	GATM	PERERA	104,000	25.00
	MR	AC	PERERA	52,000	25.00
	MR	CTD	PERERA	81,000	25.00
	MES		PERERA AND SONS (BAKERS) LIMITED	209,000	25.00
	MES		PHOENIX VENTURES LTD	1,045,000	25.00
	MES		PIERE LANKA EXPORTS (PVT) LTD	52,000	25.00
	MR	HA	PIERIS	1,045,000	25.00
	MR	CHSK	PIYARATNA	104,000	25.00
	MR	C	PIYASENA	52,000	25.00
	MR	LCV	PIYASENA	52,000	25.00
	MR	DS	POLONOWITA	60,000	25.00
	MR	NM	PRAKASH	52,000	25.00
	MR	PDS	PREMARATHNA	52,000	25.00
	MR	GLH	PREMARATNE	1,000,000	25.00
	MR	NST	PREMATHIRATNE	52,000	25.00
	MES		PRIME LANDAS (PVT) LTD	1,567,000	25.00
	MS	RK	PULLE	52,000	25.00
	MR	C	PUNCHIHEWA	52,000	25.00
	MR	NK	PUNCHIHEWA	52,000	25.00
	MR	LY	PUNCHIHEWA	125,000	25.00
	MS	GM	PURANEGEDARA	52,000	25.00
	MR	N	PUSHPARAJ	52,000	25.00
	MR	U	PUSHPARAJ	104,000	25.00
	DR	MJA	QUADHIR	314,000	25.00
	MR	MJA	QUADHIR	52,000	25.00
	MR	A	RAGUPATHY	209,000	25.00
	MR	R	RAJAKARIAR	52,000	25.00
	MR	RMI	RAJAPAKSA	209,000	25.00
	MR	WCN	RAJAPAKSE	52,000	25.00
	MR	LP	RAJAPAKSHA	52,000	25.00
	MRS	C	RAJARAJESWARY	52,000	25.00
	MR	G	RAJENDREN	209,000	25.00
	MR	KMSM	RAJUBUDEEN	175,000	25.00
	MR	P	RAMACHANDRAN	104,000	25.00
	MR	G	RAMANAN	1,045,000	25.00
	MR	TP	RAMANATHAN	52,000	25.00

Date of Allotment	Title	Initials	Last Name	Number of Shares	Consideration (LKR)
	MR	M	RAMASUBBU	209,000	25.00
	MR	RE	RAMBUKWELLE	63,000	25.00
	MR	NK	RANASINGHA	52,000	25.00
	MR	UKHR	RANASINGHE	52,000	25.00
	MR	MN	RANASINGHE	52,000	25.00
	MRS	ERIAA	RANASINGHE	52,000	25.00
	MR	RACD	RANATUNGA	131,000	25.00
	MS	SS	RANATUNGA	52,000	25.00
	MR	N	RANATUNGA	52,000	25.00
	MR	DHB	RANAWANA	52,000	25.00
	MES		RANFER TEAS (PVT)LTD	52,000	25.00
	MR	SB	RANGAMUWA	209,000	25.00
	MR	KMGSM	RASAN MOHAMED	175,000	25.00
	MR	JWMJP	RATNAYAKE	52,000	25.00
	MRS	SACR	RATNAYAKE	52,000	25.00
	MR	KMSM	RAZEEK	175,000	25.00
	MR	AAM	RAZIK	261,000	25.00
	MES		RED DOT TOURS LTD	88,000	25.00
	MES		REGENT PLAZA (PVT) LTD	52,000	25.00
	MES		RENUKA CONSULTANTS AND SERVICES LIMITED	1,045,000	25.00
	MES		RENUKA HOTELS LIMITED	523,000	25.00
	MR	WMDJM	RODRIGO	52,000	25.00
	MRS	MSN	RODRIGO	52,000	25.00
	MR	AHN	RODRIGO	52,000	25.00
	MES		ROSE WOOD (PVT) LTD	4,180,000	25.00
	MES	VL	ROTARY KANDY COMMUNITHEVELOMPENT FOUNDATION (PRI	52,000	25.00
	MES		RUBBER INVESTMENT TRUST LIMITED	2,090,000	25.00
	MR	HDC	RUDESH	52,000	25.00
	MES		SABOOR CHATOOR (PVT) LTD	523,000	25.00
	MES		SAKUVI INVESTMENT TRUST (PVT) LTD	52,000	25.00
	MR	A	SALEHBHAI	523,000	25.00
	MR	AA	SALEHBHAI	209,000	25.00
	MR	PD	SAMARASINGHE	52,000	25.00
	MR	KDRC	SAMARASINGHE	52,000	25.00
	MR	MRS	SAMARAVIJAYA	784,000	25.00
	MES		SANDWAVE LTD	1,045,000	25.00
	MR	CK	SANGAKKARA	523,000	25.00
	MR	SM	SANGANI	261,000	25.00
	MR	BC	SANSONI LEWCOCK	157,000	25.00
	MR	WAKD	SAPARAMADU	261,000	25.00
	MR	P	SARVESWARAN	52,000	25.00
	MR	M	SATHASIVAM	52,000	25.00
	MES		SE HORSE SHIPPING (PVT) LTD	52,000	25.00
	MES		SEA CONSORTIUM LANKA (PVT) LTD	1,045,000	25.00
	MR	DN	SELLAMUTTU	104,000	25.00
	MR	W	SELLAMUTTU	104,000	25.00
	MR	AJD	SELVANAYAGAM	104,000	25.00
	MR	B	SELVANAYAGAM	63,000	25.00
	MR	S	SELVARATNAM	1,045,000	25.00
	MR	SG	SELVARATNAM	1,045,000	25.00
	MR	R	SELVASKANDAN	261,000	25.00

Date of Allotment	Title	Initials	Last Name	Number of Shares	Consideration (LKR)
	MR	IW	SENANAYAKE	4,000,000	25.00
	MR	NAM	SENANAYAKE	52,000	25.00
	MR	BJSM	SENANAYAKE	52,000	25.00
	MS	S	SENARATNE	104,000	25.00
	MR	SA	SENASINGHE	52,000	25.00
	MR	R	SENATHIRAJAH	52,000	25.00
	MR	KSD	SENAWEERA	104,000	25.00
	MES		SETMIL AVIATION (PVT) LTD	52,000	25.00
	MES		SETMIL UNITED CARGO (PVT) LTD	52,000	25.00
	MR		SHAMDASANI	52,000	25.00
	MR	S	SHANMUGALINGAM	52,000	25.00
	MR	S	SHANMUGANATHAN	104,000	25.00
	MR	H	SHIRAZ	52,000	25.00
	MR	YSHIK	SILVA	10,446,000	25.00
	MR	FHTC	SILVA	52,000	25.00
	MR	ACO	SILVA	157,000	25.00
	MR	RSA	SILVA	52,000	25.00
	MR	N	SIRIRANJAN	52,000	25.00
	MR	UA	SIRISEKERA	52,000	25.00
	MR	A	SITHAMPALAM	1,567,000	25.00
	MR	P	SIVAGANANATHAN	52,000	25.00
	MR	P	SIVAGANANATHAN	52,000	25.00
	MES		SIYAKA (PRIVATE) LIMITED	209,000	25.00
	MR	S	SOCKALINGAM	52,000	25.00
	MES		SOFTLOGIC CAPITAL LIMITED	2,090,000	25.00
	MRS	WW	SOMAWATHIE	52,000	25.00
	DR	HSD	SOYSA	52,000	25.00
	MR	HPN	SOYSA	52,000	25.00
	MRS	ETS	SOYSA	52,000	25.00
	MES		SPICE OF LIFE (PVT) LTD	52,000	25.00
	MR	S	SRIKUMAR	52,000	25.00
	MR	M	SRITHARAN	2,090,000	25.00
	MES	AB	STANDARD CHARTERED BANK SINGAPORE S/A HL BANK SING	2,090,000	25.00
	MES		STAR PACK INVESTMENTS (PVT) LTD	209,000	25.00
	MES		STAR PACKAGING (PVT) LTD	209,000	25.00
	MR	AS	SUBASINGHE	52,000	25.00
	MR	V	SUBRAMANIAM	104,000	25.00
	MR	RP	SUGATHADASA	73,000	25.00
	MR		SUPPIA KUMAR	419,000	25.00
	MR	PH	SURTANI	104,000	25.00
	MR	B	SUTHARSHAN	52,000	25.00
	MR	GJ	SUWANDARATNE	104,000	25.00
	MES		SWASTIKA MIKKS (PVT) LTD	52,000	25.00
	MES		SWISS LLOYD LTD	1,045,000	25.00
	MR	AP	TALWATTE	52,000	25.00
	MES		TANGERINE TOURS (PVT) LTD	52,000	25.00
	MES		TAPROBANE HOLDINGS LTD	523,000	25.00
	MES		TAPROBANE INVESTMENTS (PVT) LTD	209,000	25.00
	MES		TEARDROP HOLIDAYS (PVT) LTD	52,000	25.00
	MR	RB	THAMBIAYAH	209,000	25.00
	MS	SR	THAMBIAYAH	52,000	25.00

Date of Allotment	Title	Initials	Last Name	Number of Shares	Consideration (LKR)
	MRS	SCR	THAMBIMUTTU	52,000	25.00
	MR	AK	THAPAR	209,000	25.00
	MR	E	THAVAGNANASOORIYAM	209,000	25.00
	MES		THE MAHAYAYA ESTATES COMP ANY LIMITED	52,000	25.00
	MES		THE VICTORIA INTERNATIONAL LTD	52,000	25.00
	MR	SJ	THEBUWANA	104,000	25.00
	DR	PN	THENABADU	52,000	25.00
	MR	S	THEVARAYAPILLAI	52,000	25.00
	MR	KHR	THILAKARATHNA	52,000	25.00
	MR	A	THIRUCHELVAM	78,000	25.00
	MR	TG	THORADENIYA	3,000,000	25.00
	MES		TIMEX GARMENTS (PVT) LTD	1,045,000	25.00
	MR	A	TIRATHDAS	104,000	25.00
	MR	H	TIRATHDAS	52,000	25.00
	MR	RD	TISSERA	52,000	25.00
	MES		TRADE PROMOTERS PVT LTD	104,000	25.00
	MES		TRADLANKA (PVT) LTD	52,000	25.00
	MES		TRAVELANKA (PVT) LTD	52,000	25.00
	MES		TRIAD (PVT) LTD	2,090,000	25.00
	DR	CA	TWERENBOLD	52,000	25.00
	MR	N	UDAGE	100,000	25.00
	MR	M	UDAYASUNDER	78,000	25.00
	MR	AH	UDESHE	1,045,000	25.00
	MR	RN	UDESHE	104,000	25.00
	MR	NM	UDESHE	167,000	25.00
	MR	KH	UDESHE	63,000	25.00
	MRS	S	UMESHWARY	104,000	25.00
	MR	SW	UNAMBOOWE	63,000	25.00
	MES		UNION COMMODITIES (PVT) LTD	523,000	25.00
	MES		UNION INVESTMENTS (PRIVATE) LIMITED	104,000	25.00
	MES		UNITED BPO COMPANY LTD	523,000	25.00
	MES		UNIVERSAL MAGAZINES (PVT) LTD	209,000	25.00
	MR	M	VAITHILINGAM	52,000	25.00
	MES		VARMERS	104,000	25.00
	MR	KK	VASANJI	52,000	25.00
	MRS		VASUDEVAN	104,000	25.00
	MES		VENTURA CRYSTAL (PVT) LTD	52,000	25.00
	MR	A	VIDANAGAMAGE	104,000	25.00
	MRS	AEW	VIDANAGAMAGE	52,000	25.00
	MR	KC	VIGNARAJAH	104,000	25.00
	MR	S	VIGNARAJAH	52,000	25.00
	MR	P	VIJAYARAGHAVAN	52,000	25.00
	MR	RL	WAIDYARATNE	63,000	25.00
	MR	PLA	WANIGANAYAKE	52,000	25.00
	MR	SD	WANIKASEKARA	84,000	25.00
	MRS	SM	WANNAKUWATTE	94,000	25.00
	MR	GKS	WANNKUWATTE	52,000	25.00
	MR	DHH	WARIYAPOLA	104,000	25.00
	MR	DS	WEERAKKODY	52,000	25.00
	MR	JN	WEERAKOON	63,000	25.00
	MR	EF	WEERAKOON	52,000	25.00

Date of Allotment	Title	Initials	Last Name	Number of Shares	Consideration (LKR)
	MR	N	WEERARATNE	52,000	25.00
	MR	AM	WEERASINGHE	1,000,000	25.00
	MR	EMA	WEERASINGHE	2,069,000	25.00
	MR	RP	WEERASOORIA	104,000	25.00
	MR	NE	WEERASOORIA	52,000	25.00
	MRS	WMLVG	WEERASOORIYA	52,000	25.00
	MR	DK	WEERATUNGA	104,000	25.00
	MR	D	WETHTHASINGHE	523,000	25.00
	MR	AR	WICKRAMANAYAKE	52,000	25.00
	MR	MP	WICKRAMANAYAKE	104,000	25.00
	DR	DJ	WICKRAMARATNE	52,000	25.00
	MES		WICKRAMARATNES (PVT) LTD	2,090,000	25.00
	MS	BKV	WICKRAMASINGHE	419,000	25.00
	MR	RS	WICKRAMATILEKA	52,000	25.00
	MR	CC	WICKRAMATILEKA	52,000	25.00
	MR	HARK	WICKRAMATILEKA	52,000	25.00
	MR	GPC	WIJAYAWARDANE	52,000	25.00
	MR	RMSH	WIJEBANDARA	52,000	25.00
	MR	SK	WIJEKoon	523,000	25.00
	MR	DG	WIJEMANNE	680,000	25.00
	MR	HRS	WIJERATNE	2,069,000	25.00
	MS	WPD	WIJESENA	52,000	25.00
	MR	BSM	WIJESINGHE	104,000	25.00
	MR	HT	WIJESINGHE	68,000	25.00
	MR	EJR	WIJESOORIYA	52,000	25.00
	MR	RD	WIJESOORIYA	52,000	25.00
	MR	MR	WIJETHILAKA	73,000	25.00
	MR	LNDs	WIJEYERATNE	100,000	25.00
	MRS	NA	WILLIAM	104,000	25.00
	MRS	NV	WILLIAM	209,000	25.00
	MR	CPK	WITHANAGE	52,000	25.00
	MRS	LEM	YASEEN	261,000	25.00
	MR	SD	YASEEN	52,000	25.00
	MR	C	YATAWARA	52,000	25.00
	MR	RS	YATAWARA	104,000	25.00
	MR	TNB	YATAWARA	65,000	25.00
	MES		YOROPA INVESTMENT AND TRADING (PVT) LTD	104,000	25.00
	MRS	AMS	ZAFAYA	52,000	25.00
	MRS	MMF	ZAREENA	52,000	25.00

ANNEX D: COLLECTION POINTS

Copies of the Prospectus and the Application Form can be obtained free of charge from the following collection points.

Managers to the Offer

Acuity Partners (Private) Limited
No. 53, Dharmapala Mawatha,
Colombo 03
T: 2206206

Members & Trading Members of the CSE

Acuity Stockbrokers (Private) Limited

No. 53, Dharmapala Mawatha,
Colombo 03
T: 2206206

Asha Phillips Securities Limited

Level 4, “Millennium House”,
No. 46/58, Navam Mawatha, Colombo 02
T: 2429100

Asia Securities (Private) Limited

Level 21, West Tower, World Trade Centre,
Echelon Square, Colombo 01,
Tel. 2423905, 5320000

Arrenga Capital (Pvt) Ltd

Level 23, East Tower,
World Trade Centre, Colombo 01
T: 7277000

Assetline Securities (Pvt) Ltd.

No. 282, Kaduwela Road
Battaramulla
T: 4700111, 2307366

Bartleet Mallory Stockbrokers (Private) Limited

Level G, “Bartleet House”
No. 65, Braybrooke Place, Colombo 02
T: 5220200

Capital Trust Securities (Private) Limited

No. 42, Mohamed Macan Markar Mawatha,
Colombo 03
T: 5335225

CT Smith Stockbrokers (Private) Limited

4-14, Majestic City,
No. 10, Station Road, Colombo 04
T: 2552290-4

Claridge Stockbrokers (Pvt) Ltd

No. 10, Gnanaratha Pradeepa Mawatha
Colombo 08
T: 2697974

Ceylinco Stockbrokers (Private) Limited

Level 9, “Ceylinco House”,
No. 69, Janadipathi Mawatha,
Colombo 01
T: 4714300, 4714388-9, 077-891871

Capital Alliance Securities (private) Limited

Level 5, “Millenium House”,
No. 46/58, Navam Mawatha, Colombo 02
T: 2317777

D N H Financial (Pvt) Ltd.

Level 16, West Tower, World Trade Center
Colombo 01
T: 5732222

First Guardian Equities (Private) Limited

32nd Floor, East Tower, World Trade Centre,
Echelon Square, Colombo 01
T: 5884400

IIFL Securities Ceylon (Pvt) Ltd.

27th Floor, East Tower, World Trade Center
Colombo 01
T: 2333000

Heraymila Securities Ltd.

Level 8, South Wing, Millennium House
No. 46/58, Nawam Mawatha, Colombo 02
T: 2359100

J B Securities (Pvt) Ltd.

No. 150, St. Joseph Street
Colombo 14
T: 2490900, 077-2490900

John Keells Stockbrokers (Private) Limited

No. 130, Glennie Street,
Colombo 02
T: 2326003, 2338066/7, 2446694/5, 2439047/8

Lanka Securities (Private) Limited

No. 228/2, Galle Road,
Colombo 04,
T: 4706757, 2554942

NDB Stockbrokers (Pvt) Ltd.

5th Floor, NDB Building
40, Navam Mawatha, Colombo 02
T: 2314170-8

New World Securities (Pvt) Ltd

2nd Floor, 45/2,
Braybrooke Street
Colombo 02
T: 2358700/20

Richard Pieris Securities (Pvt) Ltd

No. 69,
Hyde Park Corner, Colombo 02
T: 0777281281

SC Securities (Private) Limited

2nd Floor,
No. 55, D. R. Wijewardena Mawatha, Colombo 10
T: 4711000

SKM Lanka Holdings (Private) Limited

No. 377/3, Galle Road,
Colombo 03
T: 2372413-4

Tabrobane Securities (Private) Limited

No. 10, Gothami Road,
Colombo 10
T: 5328100

SMB Securities (Private) Limited

No. 47, Dharmapala Mawatha,
Colombo 03
T: 5539593

Somerville Stockbrokers (Private) Limited

No. 137, Vauxhall Street,
Colombo 02
T: 2329201-5, 2332827, 2338292-3

TKS Securities (Private) Limited

No. 19-01, East Tower,
World Centre,
Colombo 01
T: 7857899

Banker to the Offer**Pan Asia Banking Corporation PLC – Bank Branches**

Ambalangoda Branch	No. 103, Galle Road, Ambalandoga	091-2258064
Anuradhapura Branch	No. 49, Main Street, Anuradhapura	025-4927153-7
Bambalapitiya Branch	No. 329, Galle Road, Colombo 04	0114374057-61
Batticaloa Branch	No. 291, Trinco Road, Batticaloa	065-4976777
Borella Branch	No. 996A, Maradana Road, Colombo 8	011-4374209-13
Chilaw Branch	No. 15 & 17, Bazaar Street, Chilaw	032-4928371-4
Dam Street Branch	No. 22, Dam Street, Colombo 12	011-4374132-6
Dehiwala Branch	No. 104, Galle Road, Dehiwala	011-4374079-83
Embilipitiya Branch	No. 49, New Town, Embilipitiya	047-4976777
Gampaha Branch	No. 95, Colombo Road, Gampaha	033-4933881-4, 033-4933812
Gampola Branch	No. 73E, Nuwara-Eliya Road, Gampola	081-4944781,87 & 90 081-4944625
Jaffna Branch	No. 570, Hospital Road, Jaffna	021-4976777
Kadawatha Branch	No. 138, Kandy Road, Kadawatha	011-4374187-91
Kalutara Branch	No. 264, Main Street, Kalutara.	034-4947170,034-4947177-80
Kandy Branch	No. 111, Kotugodella Vidiya, Kandy	08-4946101-2,4 & 6
Katugastota Branch	No. 161, Madawala Road, Katugastota	081-4946141,2,8, 081-4946130
Kegalle Branch	No. 72, Main Street, Kegalle	035-4928085-9
Kirulapona Branch	No. 100, High Level Road, Kirulapona	011-4374154-8
Kollupitiya Branch (Head office)	No. 450, Galle Road, Colombo 3	011-2565565,011-4667777

Kotahena Branch	No. 215 A, Geoge R de Silva Mawatha, Colombo 13	011-4374068-72
Kurunegala Branch	No. 22, Suratissa Mawatha, Kurunegala	037-4936785-9
Maharagama Branch	No. 173/1, High Level Road, Maharagama	011-4374165-9
Malabe Branch	No. 410/2, Athurugiriya Road, Malabe	011-4374220-24
Matale Branch	No. 165, Trincomalee St. Matale	066-4976777
Matara Branch	No. 32B, Anagarika Dharmapala Mawatha, Matara	041-4935025-9
Metro Branch	Level 2, East Tower, World Trade Center, Echelon Square, Colombo 1	011-4374003-7
Moratuwa Branch	No. 18, New Galle Road, Moratuwa	011-4374176-80
Narahenpita Branch	No. 526, Elvitigala Mawatha, Colombo 5	011-4374143-7
Negombo Branch	No. 90, St. Joseph's Street, Negombo	031-4934832-6
Nugegoda Branch	No. 132 C, High Level Road, Nugegoda	Tel: 011-4374046-50
OMS Branch	No. 314, Old Moor Street, Colombo 12	011- 4374121-5
Panadura Branch	No. 506, Galle Road, Panadura	038-4927084-8,9
Panchikawatta Branch	No. 262, Sri Sangaraja Mawatha, Colombo - 10	011-4374013-7
Pettah Branch	No. 64, Keyzer Street, Colombo 11	011-4374024-8
Rajagiriya Branch	No. 468, Kotte Road, Rajagiriya	011-437435-9
Ratnapura Branch	No. 198, Main Street, Ratnapura	045-4928691-5
Vavuniya Branch	No. 14, 2nd Cross Street. Vavuniya	024-4924876
Wattala Branch	No. 134, Old Negomb Road, Wattala	011-4374090-4
Wellawatte Branch	No. 150, Galle Road, Colombo 6	011-4374198-202
Wennappuwa Branch	No. 6, Chilaw Road, Wennappuwa	031-4934872-6

ANNEX E – CUSTODIAN BANKS

Bank of Ceylon

Head Office,
11th Floor,
No. 04, Bank of Ceylon Mawatha,
Colombo 01
T: 2448348, 2338742/55, 2544333

Citi Bank

No. 65 C, Dharmapala Mawatha,
P.O. Box 888,
Colombo 07
T: 2447316/8, 2447318, 2449061, 2328526, 4794700

Deutsche Bank

P.O. Box 314,
No. 86, Galle Road,
Colombo 03
T: 2447062, 2438057

The Hong Kong and Shanghai Banking Corporation Limited

No. 24, Sir Baron Jayathilake Mawatha,
Colombo 01
T: 2325435, 2446591, 2446303, 2346422

People's Bank

Head Office, 5th Floor,
Sir Chittampalam A Gardiner Mawatha,
Colombo 02
T: 2781481, 237841-9, 2446316-15, 2430561

Sampath Bank PLC

No. 110, Sir James Peiris Mawatha,
Colombo 02
T: 5331441

Seylan Bank PLC

Level 8, Ceylinco Seylan Towers,
No. 90, Galle Road,
Colombo 03
T: 2456789, 4-701812, 4-701819, 4-701829

Nations Trust Bank Limited

No. 256, Sri Ramanathan Mawatha,
Colombo 15
T: 4313131

Pan Asia Banking Corporation PLC

Head Officer,
No. 450, Galle Road,
Colombo 03
T: 2565565

Banque Indosuez

C/O Hatton National Bank Limited,
Cinnamon Garden Branch,
No. 251, Dharmapala Mawatha,
Colombo 07
T: 2686537, 2689176

Commercial Bank of Ceylon PLC

Commercial House,
No. 21, Bristol Street,
P.O. Box 853,
Colombo 01
T: 2445010-15, 238193-5, 430420, 336700

Hatton National Bank PLC

HNB Towers,
No. 479, T.B. Jayah Mawatha,
T: 2664664

Standard Chartered Bank

No. 37, York Street,
P. O. Box 112,
Colombo 01
T: 4794400, 2480000

State Bank of India

No. 16, Sir Baron Jayathilake Mawatha,
Colombo 01
T: 2326133-5, 2439405-6, 2447166, 2472097

Union Bank of Colombo Limited

No. 15A, Alfred Place,
Colombo 03
T: 2370870

National Savings Bank

No. 255, Galle Road,
Colombo 03
T: 2573008-15

ANNEX F – SUMMARY OF FINANCIAL FEASIBILITY REPORT ON HOTEL PROJECT TO BE CONSTRUCTED UNDER GREENER WATER LTD

Key Assumptions

Seasonality		
Season	Range	Number of days
Low	May-Oct	184
High	Nov-Apr	181
		365

Number of rooms		Occupancy Rate (%)		Contract Rates (USD)		Quoted Rates (USD)	
Room Type	Number of Units	Low Season	High Season	Low Season	High Season	Low Season	High Season
Standard Room	150	60	75	88	142	117	189
Deluxe Room	150	60	75	88	142	117	189
Family Room	41	50	65	88	142	117	189
Suite	41	50	65	88	142	117	189
Total units	382						

Other related assumptions		Funding Mix	USD	Debt	USD	Investment	USD
Commission to travel agents	25%	Equity	27,000,000	Loan Amount	23,000,000	Building	25,000,000
Guest ratio	2.3	Debt	23,000,000	Years	8	Interior & equipment	12,500,000
F&B including SCV	10	Total	50,000,000	Annual rate of interest	7.5%	Operation equipment	7,500,000
				Grace period	1	Vehicles	2,500,000
						Pre operating costs	2,500,500
						Total	50,000,000
Depreciation	Asset life	Depreciation rate	Taxation		Rate	Discounted cash flow	
Building	15	7%	Corporate tax rate(2021 onwards)		15%	Discount rate	10%
Interior & equipment	10	10%	Economic s ervice charge		0.25%	Terminal growth	3%
Operation equipment	5	20%	VAT		12%		
Vehicles	5	20%	Tax holiday-years (2013-2020)		8		
Pre operating costs	1	100%					

Room revenue	FY11F -FY13F	FY14F	FY15F	FY16F	FY17F	FY18F	FY19F	FY20F	FY21F	FY22F	FY23F	FY24F	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F	FY32F	FY33F
Number of days		365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365	365
Number of rooms		382	382	382	382	382	382	382	382	382	382	382	382	382	382	382	382	382	382	382	382
Occupancy rate%		65%	68%	71%	74%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Net ARR-USD		98	103	108	113	119	125	131	138	145	152	157	161	166	171	176	182	187	193	198	204
Food & beverage																					
ABF rate-USD		10	11	11	12	12	13	13	14	15	16	16	16	17	17	18	19	19	20	20	21
Capture rate		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Lunch rate-USD		15	16	17	17	18	19	20	21	22	23	24	25	25	26	27	28	29	29	30	31
Capture rate		20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Dinner rate-USD		25	26	28	29	30	32	34	35	37	39	40	41	42	44	45	46	48	49	51	52
Capture rate		30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Cost of sales																					
Food-% of food revenue		32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%
Other-% of other revenue		40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Overheads																					
Admin-% of revenue		5%	5%	5%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Admin-YoY growth%					3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
HR Cost-% of revenue		1%	1%	1%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
HR cost-YOY growth%																					
Management fee																					
Basic fees-% of revenue		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Inventive fee-% of GOP		7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%

Income Statement Forecast - Summary

USD	FY11F-FY13F	FY14F	FY15F	FY16F	FY17F	FY18F	FY19F	FY20F	FY21F	FY22F	FY23F	FY24F	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F	FY32F	FY33F
Revenue																					
Room		8,924,909	9,801,737	10,743,935	11,755,848	12,461,316	13,084,381	13,738,600	14,425,530	15,146,807	15,904,147	16,381,272	16,872,710	17,378,691	17,900,258	18,437,266	18,990,384	19,560,095	20,146,898	20,751,305	21,373,844
Food & beverage		4,501,745	4,944,019	5,419,266	5,929,677	6,285,517	6,599,793	6,929,782	7,276,271	7,640,085	8,022,089	8,262,752	8,510,634	8,765,953	9,028,932	9,299,800	9,578,794	9,866,158	10,162,142	10,467,007	10,781,017
Spa		418,767	459,909	504,118	551,598	584,699	613,934	644,631	676,862	710,706	746,241	768,628	791,687	815,438	839,901	865,098	891,051	917,782	945,316	973,675	1,002,885
Other		941,296	1,118,459	1,305,404	1,502,559	1,624,002	1,672,722	1,722,903	1,774,590	1,827,828	1,882,663	1,939,143	1,997,317	2,057,237	2,118,954	2,182,522	2,247,998	2,315,438	2,384,901	2,456,448	2,530,141
Total revenue		14,786,717	16,324,123	17,972,722	19,739,683	20,955,533	21,970,830	23,035,917	24,153,254	25,325,425	26,555,140	27,351,794	28,172,348	29,017,519	29,888,044	30,784,685	31,708,226	32,659,473	33,639,257	34,648,435	35,687,888
Less: cost of goods sold		1,765,778	1,973,131	2,194,572	2,430,950	2,589,340	2,705,815	2,827,724	2,955,327	3,088,897	3,228,719	3,325,581	3,425,348	3,528,109	3,633,952	3,742,970	3,855,259	3,970,917	4,090,045	4,212,746	4,339,129
Gross Profit		13,020,939	14,350,992	15,778,150	17,308,733	18,366,193	19,265,014	20,208,192	21,197,927	22,236,528	23,326,421	24,026,214	24,747,000	25,489,410	26,254,092	27,041,715	27,852,966	28,688,555	29,549,212	30,435,689	31,348,759
Less:																					
Payroll and related services		3,870,199	4,085,742	4,313,666	4,554,693	4,748,030	4,925,619	5,110,293	5,302,353	5,502,112	5,709,898	5,881,195	6,057,631	6,239,360	6,426,541	6,619,337	6,817,917	7,022,454	7,233,128	7,450,122	7,673,626
Other expenses		962,852	1,061,681	1,167,707	1,281,398	1,359,858	1,426,227	1,495,866	1,568,936	1,645,608	1,726,061	1,777,843	1,831,178	1,886,113	1,942,697	2,000,978	2,061,007	2,122,837	2,186,522	2,252,118	2,319,681
Overheads	2,500,000	7,430,409	7,710,990	8,054,916	8,314,893	8,590,451	8,840,036	7,088,372	7,320,412	7,560,042	7,775,912	6,734,719	7,121,594	7,508,329	7,715,304	7,913,750	6,448,667	6,543,353	6,633,523	6,841,133	7,045,668
Gross operating profit	(2,500,000)	757,480	1,492,579	2,241,860	3,157,750	3,667,854	6,073,133	6,513,662	7,006,226	7,528,766	8,114,550	9,632,457	9,736,597	9,855,608	10,169,551	10,507,651	12,525,376	12,999,911	13,496,039	13,892,316	14,309,784
Less: Finance cost		1,725,000	1,601,786	1,355,357	1,108,929	862,500	616,071	369,643	123,214												
Less: management fees		348,758	430,963	516,385	615,836	675,860	864,536	916,675	973,501	1,033,522	1,099,121	1,221,308	1,245,009	1,270,243	1,309,629	1,351,229	1,510,941	1,561,183	1,617,508	1,665,431	1,715,443
GOP after management fees	(2,500,000)	(1,316,778)	(540,169)	370,118	1,432,985	2,129,493	4,592,525	5,227,344	5,909,511	6,495,244	7,015,429	8,411,149	8,491,588	8,585,365	8,859,921	9,156,422	11,014,435	11,436,728	11,878,531	12,226,885	12,594,342
Less: owner expenses		591,469	652,965	718,909	789,587	838,221	878,833	921,437	966,130	1,013,017	1,062,206	1,094,072	1,126,894	1,160,701	1,195,522	1,231,387	1,268,329	1,306,379	1,345,570	1,385,937	1,427,516
Profit before tax	(2,500,000)	(1,907,746)	(1,193,134)	(348,791)	643,398	1,291,272	3,713,692	4,305,908	4,943,381	5,482,227	5,953,224	7,317,078	7,364,695	7,424,664	7,664,399	7,925,034	9,746,106	10,130,349	10,532,961	10,840,947	11,166,826
Less: Tax		3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	1,079,538	1,067,228	1,055,158	1,093,714	1,174,363	1,490,098	1,535,095	1,581,366	1,625,876	1,671,625
Profit after tax	(2,500,000)	(1,910,746)	(1,196,134)	(351,791)	640,398	1,288,272	3,710,692	4,302,908	4,940,381	5,479,227	5,950,224	6,237,540	6,297,467	6,369,507	6,570,685	6,750,671	8,256,008	8,595,253	8,951,595	9,215,071	9,495,201

USD	FY11F-FY13F	FY14F	FY15F	FY16F	FY17F	FY18F	FY19F	FY20F	FY21F	FY22F	FY23F	FY24F	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F	FY32F	FY33F
Assets																					
Non current assets																					
Property plant and equipment	47,500,000	42,731,201	38,285,035	33,824,663	29,742,000	25,591,822	23,356,197	21,042,846	18,674,806	16,251,513	13,804,049	13,325,222	13,865,196	12,179,405	10,461,316	8,724,698	8,638,476	8,648,442	8,764,837	8,876,120	8,991,440
	47,500,000	42,731,201	38,285,035	33,824,663	29,742,000	25,591,822	23,356,197	21,042,846	18,674,806	16,251,513	13,804,049	13,325,222	13,865,196	12,179,405	10,461,316	8,724,698	8,638,476	8,648,442	8,764,837	8,876,120	8,991,440
Current assets																					
Inventory	607,673	607,673	670,854	738,605	811,220	861,186	902,911	946,682	992,599	1,040,771	1,091,307	1,124,046	1,157,768	1,192,501	1,228,276	1,265,124	1,303,078	1,342,170	1,382,435	1,423,908	1,466,626
Trade & other receivables	-	911,510	1,006,282	1,107,908	1,216,830	1,291,779	1,354,366	1,420,022	1,488,899	1,561,156	1,636,961	1,686,070	1,736,652	1,788,751	1,842,414	1,897,686	1,954,617	2,013,255	2,073,653	2,135,862	2,199,938
Cash & cash equivalents	-	1,507,073	1,332,312	2,005,988	3,283,377	5,325,797	7,893,360	11,126,285	15,046,567	22,841,618	31,126,544	38,246,764	44,517,081	52,483,196	60,731,102	69,217,233	77,790,936	86,334,431	95,126,508	104,182,731	113,513,523
	607,673	3,026,256	3,009,448	3,852,501	5,311,427	7,478,763	10,150,637	13,492,989	17,528,066	25,443,546	33,854,812	41,056,880	47,411,501	55,464,448	63,801,792	72,380,043	81,048,630	89,689,856	98,582,596	107,742,502	117,180,087
Total Assets	48,107,673	45,757,457	41,294,482	37,677,164	35,053,427	33,070,585	33,506,834	34,535,835	36,202,872	41,695,059	47,658,861	54,982,102	61,276,696	67,643,854	74,263,108	81,104,741	89,687,106	98,338,298	107,347,433	116,618,622	126,171,527
Equity and liabilities																					
Capital & reserves																					
Stated capital	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000	27,000,000
Retained earnings	(2,500,000)	(4,410,746)	(5,606,881)	(5,958,671)	(5,318,274)	(4,030,002)	(319,310)	3,983,598	8,923,979	14,403,206	20,353,429	26,590,969	32,888,436	39,257,943	45,828,628	52,579,299	60,835,307	69,430,561	78,382,156	87,597,226	97,092,428
	24,500,000	22,589,254	21,393,119	21,041,329	21,681,726	22,969,998	26,680,690	30,983,598	35,923,979	41,403,206	47,353,429	53,590,969	59,888,436	66,257,943	72,828,628	79,579,299	87,835,307	96,430,561	105,382,156	114,597,226	124,092,428
Non-current liabilities																					
Long term borrowings	23,000,000	23,000,000	19,714,286	16,428,571	13,142,857	9,857,143	6,571,429	3,285,714													
	23,000,000	23,000,000	19,714,286	16,428,571	13,142,857	9,857,143	6,571,429	3,285,714													
Current liabilities																					
Trade & other payables	-	168,203	187,077	207,264	228,843	243,444	254,715	266,523	278,893	291,853	305,432	314,595	324,032	333,753	343,766	354,079	364,701	375,642	386,912	398,519	410,475
Income tax payable	-	-	-	-	-	-	-	-	-	-	-	1,076,538	1,064,228	1,052,158	1,090,714	1,171,363	1,487,098	1,532,095	1,578,366	1,622,876	1,668,625
Bank OD	607,673																				
	607,673	168,203	187,077	207,264	228,843	243,444	254,715	266,523	278,893	291,853	305,432	314,595	324,032	333,753	343,766	354,079	364,701	375,642	386,912	398,519	410,475
Total equity & liabilities	48,107,673	45,757,457	41,294,482	37,677,164	35,053,427	33,070,585	33,506,834	34,535,835	36,202,872	41,695,059	47,658,861	54,982,102	61,276,696	67,643,854	74,263,108	81,104,741	89,687,106	98,338,298	107,347,433	116,618,622	126,171,527

*SCV – Service charge

*ARR – Average room rate

Internal Rate of Return (IRR) – 13%

Payback period – 12 years (inclusive of 3 years of construction)

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This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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This image shows a full page of blank white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page, providing a guide for writing. There are no margins, text, or other markings on the paper.