



PROSPECTUS

INITIAL PUBLIC OFFERING

of

Fifty Million (50,000,000) Ordinary Voting Shares at Rs.5/- each

Listing on the Diri Savi Board of the
Colombo Stock Exchange



Managers to the Offer:



BROWNS INVESTMENTS LIMITED

INITIAL PUBLIC OFFER

**Offer for Subscription of 50,000,000 Ordinary Voting Shares at the
Share Offer Price of Rs. 5.00 each**

Listing on the Diri Savi Board of the Colombo Stock Exchange

The delivery of this Prospectus shall not under any circumstances 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 any doubt regarding the contents of this document you should consult your stockbroker, bank manager, lawyer, registrars to the offering, managers to the offering or any other professional advisor.

For further inquiries please contact Taprobane Holdings Ltd,
Managers to the Offering.

This Prospectus is dated 31st May 2011

OFFER AT A GLANCE

Securities to be Issued	Ordinary Voting Shares
Listing	Diri Savi Board of the CSE
Number of Shares to be Issued	50,000,000
Offer Price per Share	Rs. 5.00
Issue Opening Date	23 rd June, 2011
Issue Closing Date	12 th July, 2011 or on the date the issue is oversubscribed, whichever is earlier
Minimum Subscription (Minimum subscription will be allotted to all successful applicants of the Company's share issue)	1,000 shares (at Rs.5.00) Applications in excess of 1,000 shares should be in multiples of 1,000 shares

This Prospectus is dated 31st May 2011.

The Colombo Stock Exchange (the "CSE") has taken reasonable care to ensure full and fair disclosure of information in this Prospectus. However, the CSE assumes no responsibility for accuracy of the statements made, opinions expressed or reports included in this Prospectus. Moreover, the CSE does not regulate the pricing of the shares offered herein. The Share Offer Price will be determined in terms of the provisions contained in Section 5.5 (Consideration).

Responsibility for the Content of the Prospectus

This Prospectus has been prepared from information provided by Browns Investments Limited and from publicly available sources. The Directors of the Company, collectively and individually, having made all reasonable enquiries confirm to the Managers to the Offering, that to the best of their knowledge and belief, that this Prospectus contains all information with respect to the Company, which is material in the context of the Offering; that the information contained herein is true and correct in all material respects and is not misleading; that there are no other material facts, the omission of which would, make any statement contained herein misleading; that the opinions and intentions expressed herein are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions.

The Directors of Browns Investments accepts responsibility for the information contained in this Prospectus. While Browns Investments has taken reasonable care to ensure full and fair disclosure of information, it does not assume any responsibility for any investment decisions made by investors based on 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.

This Prospectus has not been registered with any authority outside Sri Lanka.

All applicants should indicate in the application for shares, their CDS Account number.

In the event the name, address or NIC number of the Applicant mentioned in the Application Form differ from the name, address or NIC number as per the CDS records, the name, address or the NIC number as per the CDS records shall prevail and be considered as the name, address and NIC number of such Applicant. Therefore Applicants are advised to ensure that the name, address and the NIC number mentioned in the Application Form tally with the name, address and the NIC number given in the CDS Account as mentioned 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 shall directly be uploaded to the CDS, all applications should indicate the CDS Account number, in order to facilitate the uploading of allotted shares to the CDS. Please note that upon the allotment of shares under this issue, **THE ALLOTTED SHARES WOULD BE CREDITED TO THE APPLICANT'S CDS ACCOUNT so indicated. SHARE CERTIFICATES WILL NOT BE ISSUED.**

SHARES WILL NOT BE ALLOTTED TO APPLICANTS WHO HAVE NOT INDICATED THEIR CDS ACCOUNT DETAILS IN THE APPLICATION FORM. APPLICATIONS WHICH DO NOT CARRY A CDS ACCOUNT NUMBER, WHICH (I.E. CDS ACCOUNT) IS NOT OPENED AT THE TIME OF THE CLOSURE OF THE SUBSCRIPTION LIST WILL BE REJECTED. Therefore applicants who do not have a CDS Account are advised to either open a CDS Account prior to making the application. A CDS Account may be opened through any Member / Trading Member of the CSE as set out in the Annexure B or through any of the Custodian Banks set out in Annexure C of this Prospectus. **IF 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.**

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1. CORPORATE INFORMATION

Issuer	Browns Investments Limited
Legal Form	A Private Limited Liability Company incorporated in Sri Lanka in 2008 under the Companies Act No. 07 of 2007 as Browns Plantation Investments (Private) Limited and on 11 th January 2010 changed the name to Browns Investments (Private) Limited. Subsequently, the Company converted to a Public Company on 31 st December 2010, and changed its name to Browns Investments Ltd.
Company Registration Number	PV 66136 PB
Date of Incorporation	10 th November 2008
Place of incorporation	Colombo
Registered Office	No. 481, T.B. Jayah Mawatha, Colombo 10 Tel : +94-11-2697111 Fax : +94-11-2698489
Company Secretaries	Standard Finance (Pvt) Ltd No. 481, T.B. Jayah Mawatha, Colombo 10 Tel : +94-11-2697111 Fax : +94-11-2698489
Auditors to the Company	BDO Partners No. 65/2, Sir Chittampalam A. Gardiner Mawatha Colombo 02 Tel : +94-11-2421878, +94-11-2421879 Fax : +94-11-2336064
Bankers to the Company	Hatton National Bank PLC Head Office Branch No. 479, T.B. Jayah Mawantha, Colombo 10 Tel : +94-11-2664664 Fax : +94-11-2662807
	Seylan Bank PLC Millennium Branch No. 90, Galle Road, Colombo 03 Tel : +94-11-2456136 Fax : +94-11-2452506

2. RELEVANT PARTIES TO THE OFFERING

Managers to the Offering	:	Taprobane Holdings Limited No. 10, Gotham Road Colombo 08 Tel : +94-11-5328100, +94-11-5328195 Fax : +94-11-5328109
Registrars to the Offering	:	SSP Corporate Services (Pvt) Ltd No. 101, Inner Flower Road Colombo 03 Tel : +94-11-2573894, +94-11-2576871 Fax : +94-11-2573809
Lawyers to the Offering	:	Nilhya Partners No. 97A, Galle Road Colombo 03 Tel : +94-11-4712625, +94-11-4712628 Fax : +94-11-2695223
Auditors to the Offering	:	BDO Partners No. 65/2 Sir Chittampalam A. Gardiner Mawatha Colombo 02 Tel : +94-11-2421878, +94-11-2421879 Fax : +94-11-2336064
Bankers to the Offering	:	Seylan Bank PLC Millennium Branch No. 90, Galle Road Colombo 03 Tel : +94-11-2456135, +94-11-2452502 Fax : +94-11-2452506
Placement Agent to the Offering	:	Taprobane Securities (Pvt) Ltd 2 nd Floor, No. 10, Gotham Road Colombo 08. Tel : +94-11-5328200 Fax : +94-11-5328277

3. GLOSSARY OF ABBREVIATIONS USED IN THE PROSPECTUS

AgStar	Agstar Fertilizers (Pvt) Ltd
CBSL	Central Bank of Sri Lanka
CEA	The Central Environmental Authority
CEB	Ceylon Electricity Board
Cess	A local levy on a commodity / product for a special purpose
Confifi Hotels Holdings	Confifi Hotels Holdings PLC / Club Palm Garden
Eden	Eden Hotels Lanka PLC
FAO	Food and Agriculture Organization of the United Nations
FLCH	Free Lanka Capital Holdings Ltd
GDP	Gross Domestic Product
GWh	Giga Watt Hour
HPFL	Hydro Power Free Lanka PLC
LOLC	Lanka ORIX Leasing Company PLC
MHP	Mini Hydro Plant
MW	Mega Watt
NBT	Nation Building Tax
NCRE	Non Conventional Renewable Energy
NSA	Net Sales Average
Riverina	Riverina Hotels PLC
UNESCO	United Nations Educational, Scientific and Cultural Organization
UDA	Urban Development Authority
USD	United States Dollar
VAT	Value Added Tax
YOY	Year On Year

4. DEFINITIONS & ABBREVIATIONS RELATED TO THE OFFERING

Application Form / Application	The Application Form that constitutes a part of this Prospectus through which the investors may apply for offered shares. The exact size photocopies of the Application Form will also be permissible
The Offer / The Offering / The Issue	Relates to the fifty million (50,000,000) ordinary voting shares offered to the public by way of this initial public offering at the Offer price of Rs. 5.00 each
Initial Public Offering / IPO / Offer for Subscription	Relates to the invitation for subscription of shares as per the provisions of this Prospectus
Consideration	Relates to the share Offer price of Rs.5.00 each
Market Day	Any day on which the Colombo Stock Exchange is open for trading
Ordinary Shares / Issued and Paid up Ordinary Shares / Ordinary Voting Shares	Ordinary voting shares of the Company, as per the Articles of Association of the Company
Locked Balance in the CDS	The securities are not made available for trading or visible to CDS participant to safeguard the account holder from unauthorized transactions made by such participant.
Trading Balance in the CDS	The securities will be made available for trading and visible for the CDS participant, and all dealings and trading would be permitted by such participant.
Stated Capital	The Stated Capital of Browns Investments Limited
Prospectus	This Prospectus dated 31 st May, 2011 issued by Browns Investments Ltd and registered with the Registrar of Companies in Sri Lanka
The Board / Board of Directors / BOD	The Board of Directors of Browns Investments Ltd
The Company / Browns Investments / BI / The Entity	Browns Investments Ltd
The Group / Browns Investments Group	Browns Investments Ltd, its subsidiaries, sub-subsidiaries and associates
Subsidiary	A company whose voting stock is more than 50% controlled by another company, usually referred to as the parent company
Sub - subsidiary	A company that is a subsidiary of a subsidiary of a holding company
Joint Venture	A business agreement in which parties agree to develop, for a finite time, a new entity and new assets by contributing equity. They both exercise control over the enterprise and consequently share revenues, expenses and assets.
Associates	A company in which another company owns a significant portion of voting shares, usually 20% – 50%
SEC	The Securities and Exchange Commission of Sri Lanka
CSE	The Colombo Stock Exchange
CDS	Central Depository Systems (Pvt) Limited
The Companies Act	The Companies Act No. 7 of 2007
NIC	National Identity Card
POA	Power of Attorney
FCBU	Foreign Currency Banking Unit
SIA	Securities Investment Account
RANSI	Rupee Account for Non-resident Sri Lankan Investment
SLIPS	Sri Lanka Inter Bank Payment System

5. PARTICULARS OF THE OFFERING

5.1 INVITATION TO SUBSCRIBE

This invitation represents an opportunity to participate in the future growth prospects of Browns Investments Ltd (BI), a well diversified Company operating in Sri Lanka. Since its incorporation in 2008, the Company has gradually expanded its investment interests to diverse sectors through its subsidiaries, and associates. Presently the subsidiaries of the company are into leisure, plantations, manufacturing, construction, agriculture, cable manufacturing and hydro power generation and would be expanding further into other sectors such as real estate and leisure in the future.

Pursuant to the resolution passed by the Board of Directors of BI on 28th January 2011, Browns Investments hereby wishes to make an invitation in respect of Fifty Million (50,000,000) Ordinary Voting Shares of the Company to the general public at the Share Offer Price of Rs. 5.00 per share, through this Prospectus.

Contained in this document, a prospective investor will find detailed information about Browns Investments and its business in addition to other statutory information relating to the Offering. The Board of Directors of the Company urges the investing public that the Prospectus be read carefully prior to making an investment decision.

5.2 OBJECTIVES OF THE OFFERING

The Company anticipates generating Rs.250 million from the Offering and after setting off the costs of the IPO, the funds would be utilized to develop a star class hotel, comprising of 150 rooms in Koggoda, called the Samudra Beach Hotel.

The hotel would be owned, operated and managed by Samudra Beach Resorts (Pvt) Ltd, which is currently being incorporated as a 100% owned subsidiary of Browns Investments. The proposed directorship and senior management of Samudra Beach Resorts (Pvt) Ltd is disclosed in Section 8.11.2 of the Prospectus. The estimated cost of the project is Rs.1.5 billion and would be entirely funded by equity. The balance funds required for the project has already been raised via the private placement of shares that took place on 3rd February 2011. (Refer Section 8.1 of the Prospectus)

The construction of the project is scheduled to commence in June 2011, while the commencement of commercial operation of the hotel is scheduled for December 2012. During the interim period of receipt of IPO funds and the actual utilization, the funds would be invested in interest bearing instruments of financial institutions and / or government securities. If regulatory approvals are not obtained for Samudra Beach Resorts (Pvt) Ltd, the funds will be utilized for a project of a similar nature.

5.3 NATURE OF THE OFFERED SHARES

The Offered Shares shall rank pari passu with the existing Ordinary Shares of the Company with full voting rights and the right to participate in any dividend declared to Ordinary Shareholders 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 the event of liquidation.

5.4 SHARE OFFER PRICE AND MINIMUM SUBSCRIPTION

The Share Offer price will be Rs. 5.00 each.

Applications should be made for a minimum of one thousand (1,000) shares and applications exceeding the minimum should be in multiples of one thousand (1,000) shares. The minimum subscription of 1,000 shares will be allotted to all successful applicants of the Company's share issue.

Applications for less than one thousand (1,000) shares or for a number which is not in multiples of 1,000 shares will be rejected.

5.5 CONSIDERATION

The Board of Directors of Browns Investments are of the opinion that the Offer price of Rs. 5.00 is fair and reasonable to the Company and to all existing shareholders of the Company.

5.6 ALLOTMENT

The basis of allotment will be decided in compliance with the directive issued under Sections 13(c) & 13(g) of The Securities and Exchange Commission of Sri Lanka (SEC) Act No.36 of 1987 (as amended).

Category	Percentage	Number of shares
Retail Individual Investors	Minimum of 40% of offered shares	Minimum of 20,000,000
Unit Trust Investors	Minimum of 10% of offered shares	Minimum of 5,000,000
Non - Retail Investors	50% of offered shares	Minimum of 25,000,000

- Retail Individual Investors' shall mean individual investors who subscribe for a maximum of 20,000 shares (including 20,000) amounting to a maximum value of Rs. 100,000 (including Rs. 100,000).
- Unit Trust Investors' shall be offered a minimum of 10% of the offered shares of a particular share class, in an initial public offering to be initially made available for allotment to Growth or Balanced Unit Trusts operated by Managing Companies licensed by the SEC to operate such unit trusts, 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.
- In order to distinguish Unit Trust Application forms from other Applications, Qualified unit trust investors must attach the original letter issued by the trustee confirming their qualification to apply under Unit Trust Category as per the directive given in Section 13 (c) and 13 (g) of the Securities and Exchange commission of Sri Lanka Act no 36 of 1987 (as amended) dated 10th March 2011.
- In the event of an under-subscription in the Retail Individual Investor Category, the Unit Trust Investor Category shall be given first priority in allotment of under subscribed shares.
- In the event of an under-subscription in the Unit Trust Investor Category, the Retail Individual Investor Category shall be given first priority in allotment of under subscribed shares.
- In the event of an under-subscription in the Non – Retail Investor Category, the Retail Investor Category shall be given first priority in allotment of under subscribed shares.

Further the basis of allotment, which would be carried out in a fair manner, would be decided by the Board of Directors of the Company in compliance with the above directive issued by the SEC. Apart from the three categories mentioned above, the Company does not intend to make preferential allotments to any other category of investors.

5.7 LISTING

The Offering herein contemplated comprises of Fifty Million (50,000,000) Ordinary Voting Shares offered to the public. The Offered Ordinary Shares amounts to 2.69% of the issued and paid up Ordinary Shares of the Company subsequent to the Offering.

An Application has been made to the CSE, seeking permission for a listing of One Billion Eight Hundred and Sixty Million (1,860,000,000) Ordinary Shares being the entirety of issued and paid up Ordinary Shares of the Company subsequent to the Offering. Upon the successful completion of the Offering and satisfying the requirements of the CSE Listing Rules, the Company will be listed on the Diri Savi Board of the CSE.

5.8 SUBSCRIPTION LIST & CLOSURE DATE

The Subscription List for the Offered Shares will open at 9.00 a.m. on 23rd June, 2011 and shall remain open for fourteen (14) Market Days until closure at 4.30 p.m. on 12th July, 2011. The Board reserves the discretion to close the Subscription List on any Market Day within the period of fourteen (14) Market Days irrespective of the number of shares subscribed to under this issue by providing one (01) Market Day's prior notice to the CSE.

In the event of an over subscription of the Offered Shares prior to the date scheduled as the closing date of the period for subscription, 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, with notification to the Exchange.

5.9 REGISTRATION OF THE PROSPECTUS

A copy of this Prospectus has been registered with the Registrar of Companies in Sri Lanka in accordance with the Companies Act No.07 of 2007. The following documents were attached to the copy of the Prospectus delivered to the Registrar of Companies in Sri Lanka:

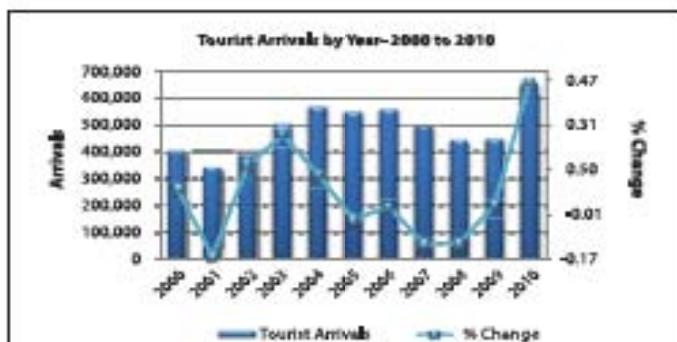
- 1) The written consent by the Managers, Auditors and Reporting Accountants, Lawyers, Bankers, Registrars and Placement Agents to the Offering for the inclusion of respective names in the Prospectus;
- 2) A declaration to the effect that the Managers, Auditors and Reporting Accountants, Lawyers, Bankers, Registrars and Placement Agents to the Offering, have not withdrawn their consent referred to above, prior to the delivery of the Prospectus to the Registrar of Companies in Sri Lanka.

A statutory declaration in terms of the Companies Act, to the effect that the Directors of the Company are held individually and collectively responsible for the accuracy of the information herein contained and that the listing rules of the CSE and the Companies Act have been complied with, has been filed for the purpose of registration of the Prospectus.

6. INDUSTRY OVERVIEW

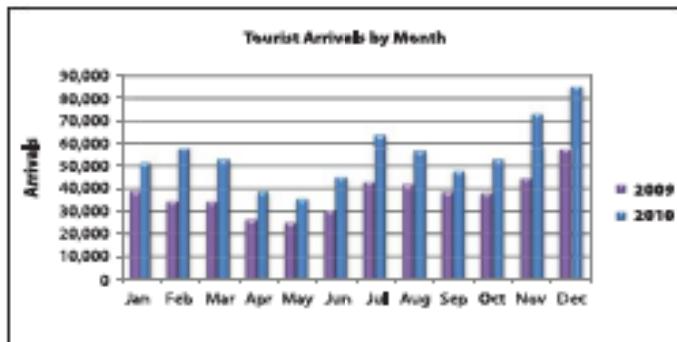
6.1 TOURISM & LEISURE SECTOR

The Sri Lankan tourism industry displayed a remarkable revival reaching new heights registering a growth of 46.1% from 2009's figure of 447,890 to 654,476 in tourist arrivals as at the end of year 2010, surpassing the previous record 566,202 in 2004. The earnings derived from tourism for the year rose by 64.4% to USD 576 million in 2010 when compared to USD 350 million in the previous year.



Source: Sri Lanka Tourism Development Authority - Annual Monthly Statistical Bulletin (December 2010)

Being earmarked 2011 as "Visit Sri Lanka Year" by the Sri Lanka Tourism Development Authority (SLTDA), the first quarter of the year has recorded impressive numbers in arrivals. In January, February and March an increase of 46.2%, 14.8% and 43.5% respectively, and the cumulative increase for the quarter was a 34.1% against the figures reported in 2010.



Source: Sri Lanka Tourism Development Authority - Statistical Bulletin (2010)

This surge in tourist arrival figures were mainly due to the end of the Island's three - decade ethnic war in May 2009, which resulted in a change of perceptions and relaxation of travel advisories to Sri Lanka by major tourist originating countries such as the USA, UK, Germany, Australia and Japan. The largest numbers of tourist arrivals were recorded by India, Middle East and China. By the end of December 2010, the room occupancy rate increased by 19.9% in comparison with December 2009.

Blessed with an abundance of natural beauty and attractions, Sri Lanka has been selected as one of the eight UNESCO world heritage sites, one of the 34 bio-diversity hot spots of the world and is home to one of the few remaining virgin rain forests in the world. The New York Times has rated Sri Lanka as the number one tourist destination while National Geographic rated Sri Lanka the 2nd best tourist destination in the world and recently the Island made it to the Kuoni's top ten all inclusive holiday destinations.

Identified as a pivotal sector under the government's national long-term development programme, Sri Lanka is to be transformed into the foremost leisure destination in the South Asian region. The program envisages on achieving 2.5 million tourist arrivals by 2016, targeting upscale free independent travellers who are comparatively high spenders, making tourism Sri Lanka's third largest foreign exchange earner and transforming the sector to be the fastest job creator on the island.

The budget 2011 have also encouraged the industry in the form of income tax concessions, VAT and duty concessions on raw material and machinery not available in Sri Lanka, higher capital allowances for new investments etc.

6.2 CONSTRUCTION & ENGINEERING AND LAND & PROPERTY SECTORS

The post war reconstruction and rehabilitation requirements in Sri Lanka, the anticipated growth in the tourism sector and the general economic revival is expected to set the stage for a construction sector boom over the next five years. In 2010 the construction sector contributed a 6.7% to the Island's GDP and during the last three years the construction sector has grown at an average of 7.2%. Over the next five years the average growth is expected to exceed 8% as over Rs. 700 billion worth of construction related projects are being planned by the government during the next 2-3 years.

The budget 2011, provides allocations of Rs.413 billion towards infrastructure development projects along with incentives in many forms. The reduction of corporate taxation from 15% to 12%, VAT and Duty concessions for imported machinery from 15% to 13%, training skills for construction & research and development is to be treated as an allowable expenditure against income tax and simplification of the approval process of the UDA etc are just a few such indicators. Recently the government announced the removal of the 1% service charge levied by the UDA on the construction cost. Apart from this the private sector and informal sector too is expected to generate a large quantum of construction related work in the future.

Generally due to cash flow constraints the local contractors are unable to provide competitive bids, thus losing contracts to their international counterparts, especially on foreign donor-funded projects. However with the anticipated revival of the industry, a substantial part of the work would filter down by way of sub-contracts to the local contractors and the value of construction projects awarded to local contractors and sub-contractors are expected to grow by 50% - 60% annually over the current and the next two years. Presently almost 500,000 workers are employed in the construction sector, of which only 300,000 are being considered as 'skilled' according to the statistics available with the Ministry of Construction. However to achieve the expected boom of 9% in the sector, industry faces possible labour shortages as it would require 1 million skilled workers, given the less permanent nature of the work with more migratory type of labour involved coupled with seasonal demand.

With the resettlement of northern and eastern regions, the expanding residential property sector in the overcrowded commercial capital of the country, the substantial decrease in interest rates and the growth of the construction sector, the real estate, property and housing construction sectors too are geared to rebound over the next five years.

6.3 MANUFACTURING SECTOR

6.3.1 Ceramics Industry

The 36 million dollar ceramics industry of Sri Lanka, which accounts for less than 1% of the global share, is striving to regain its competitiveness by various fast track strategy implementations. The industry consists of tableware, ornamental art ware and the traditional tile business, with the latter doing well in the domestic market. The global businesses is challenged by the recent global recession, resulting in consumers curtailing spending, especially in markets like the US that account for almost six million dollars of business for the Sri Lankan industry.

The urge to differentiate for competitive advantage was stressed at the 'Ceramics Symposium 2011' staged recently themed 'Breaking through traditions', where the need to innovate into advanced ceramic categories like functional products in the electrical and magnetic ceramics businesses or into structural ceramics like composites and monoliths or even to bio ceramics applications like artificial knee caps was highlighted.

The ceramic industry in Sri Lanka will shortly go in for a Public - Private Partnership for mining of raw materials such as kaolin and ball clay for the industry. A Memorandum of Understanding (MoU) is signed between the Treasury, the Ceramics Council and the Geological Survey and Mines Bureau in this regard.

In its global business segment the industry was in doldrums due to the high cost of energy primarily being gas that accounts for almost 20% - 45% of the cost and due to competition offered by price-savvy products coming in from China. However there is still a high potential to supply to Europe, USA and South Asia, especially in focused segments of the markets mainly as the cost of production in China continues to rise.

6.3.2 Telecommunication Industry: Telecommunication Infra Structure Development

Telecommunication industry is one of rapidly growing markets with advancement in technology and infrastructure. After the deregulation of telecommunication sector in the early 1990s, a number of new service providers entered the market which acted as a catalyst to its growth, both in fixed lines and mobile telecommunication service segments.

With the passage of time, telecommunication has evolved through different technological advancements, driven by the need of new advanced infrastructure, which has resulted in the rapid development of telecommunication infrastructure.

As technology changed and the number of subscribers were rising rapidly, infra structure development became the most important factor underlying the success of the service providers. Thus entered the role of specialized telecommunication infrastructure developers, who undertook most of the projects as turnkey agreements, where they were responsible up to commissioning of the sites. In many instances, the infrastructure developer joined hands with mobile equipment vendors for the installation of antennas, base transceivers, cabling etc of the site. Similarly when fixed line operators were moving to the CDMA technology they required infrastructure to introduce the new technology. So the advancement / evolution of the new technologies in both fixed line and mobile segments have helped immensely for the growth of infrastructure development industry sector.

In the recent past the infrastructure developers contributed greatly with the post war development programs, which involved the expansion of telecommunication services in northern and eastern area of Sri Lanka. With the expansion of the networks both fixed line and mobile operators required higher capacity transmission links, that so lead the infrastructure development companies to introduce new technologies like Horizontal Direct Drilling which is commonly known as HDD, which allowed installing underground telecommunication infrastructure, while minimizing or eliminating the need of excavation, thus minimizing the environmental damage and social cost while providing economical solutions. Therefore the booming success of the telecommunication industry has driven the infrastructure development sector forward in order to cater to the continuously expanding needs of the industry.

6.4 PLANTATION SECTOR

Commencing from the British Colonial era, the plantation sector has been an integral part of the economy. Apart from its valued contribution to the GDP, the sector also remains among the largest employers accounting for more than 30% of the country's employment and therefore is undoubtedly interwoven into the socio-economic fabric of the island.

6.4.1 Tea

The global tea production is primarily concentrated in four countries – India, China, Kenya and Sri Lanka of which India and China are the largest tea producing nations. Even though Sri Lanka had historically dominated the exports, in 2007 Kenya overtook this position and since then Kenyan production has been rising rapidly, driven by its expanding hectarage and improving production skills.

In 2011, the Colombo Tea Auction recorded the highest 1st quarter prices of national average, thus reaching a price of Rs.393.90 per kg exceeding the previous best price which stood at Rs.382.90. World tea prices are expected to remain moderately high in 2011, due to the rise in world tea consumption and sluggish world tea production.

Sri Lanka's earnings from tea exports, a valuable component to the country's GDP contributed USD 1.3 billion for the year 2010, exceeding the earnings of 2008 (a record year), by over USD 0.1 billion from USD 1.2 billion. This was an increase by almost 20% when comparing to the succeeding year 2009, where a sharp drop in dollar earnings was witnessed. Total tea production in 2010 registered the highest ever annual production growth of 13 % to reach 329 million kg of which the major contributor was the low-grown teas.

The demand for Sri Lanka's low-grown tea stems mainly from CIS countries. Especially the Russian markets as a whole absorbed 25% of total exports while the Middle East / Gulf countries accounted for another 50% approximately. Europe, including UK still accounts for a significant portion, despite their preference towards value added teas.

World's largest two economies China and India with their increasing populations will contribute to increase local consumption of tea, thereby reducing their exportable surplus. The FAO forecasts that the global production of black tea, supported by healthier yields, would rise to around 1.7% p.a. until 2014. Growth is primarily expected to be from the African region, lead by Kenya, whose production is expected to increase by 2.4%, whereas Sri Lanka's growth is estimated to expand at 1.9% p.a.

6.4.2 Rubber

Globally the price of natural rubber has climbed to record high levels, driven by supply shortages due to worsening weather conditions of key growers such as Thailand and Indonesia, surging crude oil prices, rising demand from countries such as China, India, Malaysia and ageing plantations that produce lower yields.

In the wake of the global market dynamics, Sri Lanka's rubber industry has witnessed soaring prices accompanied by increasing output. At the dawn of 2011, Sri Lankan rubber prices reached an all time high for the last 130 years, unaffected by the recent tragic tsunami in Japan as fears rose that the Japan's vehicle industry may collapse.

The local rubber prices have nearly doubled over the average prices recorded in 2009. During the year 2010, the price of RSS 1 increased by 91% to Rs.403/- per kg, while the price of Brown Crepe Rubber No.1 averaged to Rs.453/- per kg representing a 113% increment over the comparative period in 2009. The country boasts of an annual rubber production of 153 million kgs for the year 2010 which is an increase by 11.8% of the figure recorded in 2009. Sri Lanka is among the ten ranking rubber exporters in the world and exports 40% of its rubber production, while the remainder is used up by the local industries.

With the global rubber supply shortages expected to continue to the next three to four years, this segment exhibits high potential and plans are underway to increase the local rubber production and improve marketing efficiency.

6.4.3 Coconut

Coconut palm is grown throughout the tropical world for culinary and non-culinary purposes as virtually every part of the tree has some usage. The economic life span of a palm is about 60 – 70 years although much older trees are known to exist and yield well. The coconut tree thrives on sandy soil and is highly tolerant of salinity, humidity, sunlight and regular rainfall.

In Sri Lanka, except for the higher elevations, coconut is grown in most parts of the island, however its growth is primarily concentrated in Puttalam, Kurunegala, Gampaha districts popularly known as the "coconut triangle" of Sri Lanka, while Kaluthara and Colombo districts too have an abundance of coconut trees.

The coconut production showed a sharp decline by 19% to 2,317 million nuts in 2010. The decline in coconut production has been largely due to the lag effect of low rainfall in 2009 in major coconut growing areas. This decline resulted in a severe shortage of nuts for consumption as well as industrial usage and soaring prices to an unprecedented level.

Coconut is Sri Lanka's third major agricultural export crop and in year 2010 the earnings from this sector accounted for approximately 1.1% of GDP. A total of 363,000 hectares are under coconut cultivation, while approximately 2.8 billion nuts are produced each year under favourable conditions. Going forward, the government intends to increase the coconut production to 3.5 billion nuts per year, by providing subsidies for new planting, re-planting, inter cropping and productivity improvements as well as allocating additional funds for curtailing crop diseases in affected areas.

6.4.4 Timber

With the realization of the value of timber as an economic crop, several plantation companies have ventured into this industry, transforming it into one of the fastest growing industries in Sri Lanka. Based on their utilization, timber species can be categorized as raw material for construction purposes or furniture purposes. Apart from this, based on their market value, timber is classified as "super luxury", "luxury", "special class", "class I", "class II" and "class III".

During the past few decades the forest cover in Sri Lanka has been continuously declining and between 1990 to 2010, Sri Lanka lost 20.9% of its forest cover, or around 490,000 hectares. In order to address this issue, several environmental protection laws and regulations have been imposed upon this industry. Also participants have to prepare a five-year forestry management plan and obtain approval from the Forest Department. Thereafter annually each participant has to submit their timber harvesting program as per the five-year plan and obtain approval from the Plantation Management Monitoring Division of the Ministry of Plantation Industries.

The cultivation of timber is in-expensive and with the growth of the post-war construction industry in Sri Lanka, the demand for timber has been colossal. The State Timber Corporation, as the sole supplier to the CEB and the Railway Authority is a key player in the industry.

6.4.5 Agriculture: Production of Agricultural Inputs

The agricultural input market is becoming increasingly popular due to the rise in demand for agricultural products among developing countries, especially due to the natural disasters and unfavourable weather patterns prevailing worldwide. Owing to the growing importance of agricultural inputs such as custom-blended fertilizer, seeds and planting material, crop-care and other specialty agro-products, countries are now investing more on research and development into these areas. In Sri Lanka the Department of Agriculture aims at achieving an equitable and sustainable agricultural development within the country and dissemination of improved technology.

Though Sri Lanka is 80% self sufficient when it comes to rice production, the importance of the production of other food items are being felt. In year 2010, the Agriculture Sector grew by 7% compared to 3.2% growth in the previous year. The contribution to the GDP stood at 11.9%.

6.5 POWER & ENERGY SECTOR: MINI-HYDRO POWER GENERATION

Energy supply in Sri Lanka is mainly based on primary sources of hydroelectricity, biomass and petroleum with coal power added on recently.

According to industry data, there are 88 MHPs with a total installed capacity of 181 MW, contributing to the national demand of 546 GWh. The economically feasible small hydro potential in Sri Lanka is estimated at 400 MW. The Small Hydro Power Developers' Association (SHPDA) recently announced the connection of 175 MW to Sri Lanka's national grid where a 4.5% of the country's electricity requirements are now been supplied from this indigenous industry with a saving of a substantial Rs.10 billion each year from the country's foreign exchange bill.

In 2009, 86% of the hydro power was generated from CEB owned power stations, while the remainder was from privately owned small hydro power plants. The Small Power Producer (SPP) program, introduced by the Government in 1996 further incentivized the industry by extending standardized power purchase agreements and standardized tariff structures for NCPE based power plants with capacity less than 10 MW.

7. PROFILE OF THE ENTITY

7.1 OVERVIEW

Browns Investments, incorporated in November 2008 is an investment company that has diversified interests in several sectors such as plantation, leisure, manufacturing, construction and engineering, telecommunication and the power sector of the country.

The Company, which was initially incorporated as Browns Plantation Investments (Pvt) Ltd, subsequently changed the name to Browns Investments (Pvt) Ltd on 11th January 2010. Thereafter on 31st December 2010, the Company converted to a public company and changed its name to Browns Investments Ltd.

In future, the Company plans to diversify further into other lucrative areas such as the leisure and real estate sectors in order to capitalize on the rising opportunities from these sectors.

7.2 INVESTMENT POLICY

The investment policy of the Company would be to invest in industries/companies in the medium term to long term. Such investments may be passive while in some cases Browns Investments may take an active part of the management of the investee companies.

The company will also manage a portfolio of investments.

7.3 MAIN LINES OF BUSINESS

Browns Investments is a holding company diversified into several sectors and derives investment income, dividend income and capital gains from its group companies.

7.4 KEY CUSTOMERS & SUPPLIERS

As Browns Investments is a holding company, their income will hinge on the performance of its group companies. Therefore depending on the group companies' businesses, the degree of dependence on their key customers and suppliers will be varied.

Companies in the Leisure & Tourism Sector

Dependence on Key Customers

- (i) The performance of the companies in the leisure sector would be primarily associated the tourist arrivals, mainly the high-spending-up-market travelers, who are essentially from the US, Europe, Germany, UK and Netherlands.
- (ii) The industry participants with the larger inventories of rooms, is dependent on large tour operators from the main markets in order to ensure their base occupancy and revenue levels are sustained. Moreover there is incremental business through local travel agents from traditional markets, as well as from emerging markets.
- (iii) The disposable income levels of local holiday revelers, especially of the high net-worth-up-market segment would also have an impact to a lesser degree on the performance of companies in this sector.

Dependence on Key Suppliers

- (i) On the supply side, the leisure sector is predominantly dependent on the availability of hotel rooms in the country, the pricing of the accommodation, the access to beaches, wild life sanctuaries, historical sites of value etc.

- (ii) Since a significant proportion of supplies to hotels are in the category of "perishables" and since there is a growing global awareness of health, safety and hygiene, the support of a quality network of reliable suppliers with a range of goods and services required by the hotel operations becomes essential.
- (iii) The availability of man-power, especially suitable hospitality trained staff, support functions such as laundry and cleaning services, security services etc also play a vital role in the overall structure of the industry.

Companies in the Construction & Engineering Sectors

Dependence on Key Customers

- (i) The performance of companies in the construction sector would hinge on the availability of construction projects in the country. Presently with the commencement of post-war reconstruction and rehabilitation in the island, there are several infrastructures, industrial and agricultural projects in progress or in the pipeline.
- (ii) The number and value of contracts awarded to local contractors and sub-contractors are a key determinant of the performance of companies in the construction sector, as generally due to cash flow constraints, the local contractors are unable to provide competitive bids, thus losing out to their international counterparts, especially on foreign donor - funded projects.
- (iii) Promoters of real estate projects pertaining to commercial properties would be dependent on the business community as their key customer segment. Levels of occupation and the prices that can be charged would be determined by several factors such as availability of commercial space in the surrounding areas, physical infrastructure facilities such as parking space and visibility to the main roads and other factors such as proximity to banks and populated towns, traffic movement etc.

Dependence on Key Suppliers

- (i) With the expected boom in the construction and real estate sectors, the industry faces possible labour shortages, specially the skilled labour segment, given the less permanent nature of the work with more migratory type of labour involved, coupled with seasonal demand.
- (ii) Due to the proliferation of apartments and commercial complexes, especially in Colombo and suburban areas, promoters of real estate projects would be dependant to a large extent on the availability of suitable land for development and on obtaining the required approvals from the relevant regulatory authorities.
- (iii) Most of the local developers in the industry are dependent on bank funding lines. Therefore availability of funding for the projects and the delays found in obtaining approvals for such financing facilities play a key role in the adequate capital formation of the sector participants.
- (iv) During the construction phases of the real estate projects, companies would be heavily dependent on supply sources such as architects, contractors and suppliers of construction raw materials such as cement, sand, steel, wood etc.

During the operating phases of the projects, the companies would be dependent on several physical infrastructure facilities and services such as electricity and water supply, garbage disposal arrangements, sewerage and drainage systems, maintenance services etc.

Companies in the Plantation Sector

Dependence on Key Customers

- (i) As the entire tea production and majority of the rubber production are sold through auctions, the plantation sector companies of the Group are not dependant on any single buyer. The prices and quantities are determined based on competitive bids received at the auctions for different grades of tea and rubber.

- (ii) As both the plantation companies in the Group – Maturata and Pussellawa, cultivate only a small revenue extent of coconut, the entire coconut harvest is sold via auctions held at estate levels. The estate level auctions comprise of small groups of buyers, where quantities and prices are determined through the competitive bidding process.
- (iii) With regard to timber plantations in the Group, there's no significant exposure to a particular buyer as timber is supplied to a scattered segment of buyers across the country.
- (iv) In selling agricultural inputs, Agstar Fertilizer (Pvt) Ltd does not depend on a single buyer. Commercial agriculturists and rural farmers are able to purchase custom-blended fertilizer, seeds and planting material, crop-care and other specialty agro-products based on their quality standards at the market prices. Demand for the products will depend on the degree of changes in climatic conditions and weather patterns.

Dependence on Key Suppliers

- (i) In order to meet the growing demand for quality tea, the tea plantations purchase fresh tea leaves from small private tea suppliers in the area. Therefore due to the rising demand from other plantation companies, a frequent supply shortage for quality bought leaf arises.
- (ii) With regard to other supplies such as fertilizer, seeds and seedlings, packaging material etc, the group companies are not dependent on any particular supplier but a range of suppliers and the material is selected based on quality standards and price.
- (iii) The minerals and other raw materials required in production of fertilizer are purchased through auctions, and therefore Agstar Fertilizer (Pvt) Ltd is not dependant on any single buyer. The prices and quantities are determined based on competitive bids placed at the auctions for such products based on quality.

Companies in the Manufacturing Sector

- Ceramics Industry

Dependence on Key Customers

There is a significant demand for ceramics produced made of porcelain or china such as tableware and kitchenware in the local market. But a large portion of earnings are derived by the main export markets such as UK, USA, Germany, Italy, Canada, Australia, Singapore, France, Germany and Netherlands. As Sri Lanka maintains a good relationship with the designers and retailers in these countries, high quality designs that meet the needs and desires of these markets are being produced ensuring consumer satisfaction.

The export sales would be impacted by the recession in the West and the ability of competitors in China, Bangladesh and Indonesia to continue to produce at lower costs.

Dependence on Key Suppliers

On the supply side, the ceramics industry is predominantly dependent on a strong integrated supply chain, as continuous supply of raw material like kaolin, ball clay, feldspar, silica quartz and dolomite is important. This issue is surfacing stronger as countries like India and China have banned their exports. It is being identified that economically viable deposits of kaolin and ball clay are available in the low lying western, southern and north western areas in Sri Lanka. Operations are carried out in collaboration with the mine operators and other suppliers, where continuous supply of raw material would be ensured.

- Telecommunication Industry: Telecommunication Infra Structure Development

Dependence on Key Customers

The key customers of Sierra Cables PLC can be recognised as government institutions, independent contractors, retail shop owners and distributing agents. The degree of dependence on these customers is largely stimulated by the economic situation that prevails in the country.

Dependence on Key Suppliers

Sierra Cables PLC is not solely dependent on any supplier as raw materials used in manufacturing cables such as Aluminium, Copper PVC, Excel-PE are in abundance. The prices and quantities are determined on competitive quotations forwarded for such items based on price and quality factors.

Companies in the Power & Energy Sector: Hydro Power Generation

Dependence on Key Customers

- (i) The hydro power sector companies are entirely dependent on CEB as their sole customer. Therefore, the performance of this sector hinges on the tariffs determined by the Public Utilities Commission of Sri Lanka (PUCSL), the payment ability of the state utility, the substation capacities and minimum generation requirements of the CEB etc.
- (ii) Small Power Purchase Agreements (SPPA) for the upcoming projects would be signed for 20 years and are extendable thereafter by mutual consent. However, the risk of CEB exercising their right of refusal to purchase any electrical energy generated after the expiry of this term persists for all existing MHPs in the sector.

Dependence on Key Suppliers

- (i) The power sector companies have not and will not be entering into any operating or maintenance agreements with any supplier. Most of the equipment used in hydro power projects are manufactured by suppliers of high quality from Europe and countries in the Asian region that are selected based on quotations received and evaluated specially on quality, warranty and price prior to purchasing.
- (ii) Most of the spare parts of hydro power equipment and machinery are available locally and the technology used in small hydro projects are well proven world over.
- (iii) The transfer of know-how will be realized with training abroad and visits from the manufacturers' representatives.

7.5 FUTURE STRATEGIES

The Company through its subsidiary, Samudra Beach Resorts (Pvt) Ltd, would be further expanding into the leisure sector by the development of a star class hotel, comprising of 150 rooms in Koggoda, called the Samudra Beach Hotel.

7.5.1 Risks Associated With Future Strategies, Assumptions On Which Future Strategies Are Based & Risk Mitigants (If Any) Adopted By The Company

The performance of the companies in the leisure sector would be primarily associated with the attraction of tourists to the country, mainly the high-spending-up-market travelers, which essentially depends on a number of external factors such as the global economic and financial conditions, the political and economic stability, the absence of terrorism and civil unrest, availability of infrastructure facilities such as a transportation and road network, existence of unpolluted natural 'green' habitat etc in the domestic arena. Apart from this, domestic economic factors such as the disposable income levels of local holiday revelers, especially of the high net-worth-up-market segment would also have an impact to a lesser degree on the performance of companies in this sector.

In future, the construction costs of raw material such as cement, sand, steel, metal etc could rise to unexpected levels, leading to cost overruns of planned construction and development projects, which would in turn lead to delayed execution of future strategies, thus affecting the overall financial performance of the entity. The prices and supply of these raw materials are beyond the control of leisure sector participants and depends to a large extent on local and global economic conditions, competition, transportation costs, taxes and import duties etc.

As illustrated below, there are several regulatory approvals required when developing projects in the leisure sector and the Company's future strategies hinge on obtaining all requisite approvals from the relevant authorities.

	Approving Authority	Status
1.	Board Of Investment	Pending
2.	National Building Research Organization	Pending
3.	Central Environmental Authority	Pending
4.	Provincial Council	Pending
5.	Sri Lanka Tourism Development Authority	Pending
6.	Urban Development Authority	Pending
7.	Coast Conservation Department	Approved
8.	Sri Lanka Land Reclamation & Development Corporation	N/A
9.	Forest Department	N/A
10.	Department of Wildlife Conservation	N/A
11.	Department of Archaeology	N/A
12.	Department of Irrigation	Approved
13.	Department of Excise	Pending
14.	Department of Fisheries & Aquatic Resources	Approved

*NA: Not Applicable to the above project.

Assumptions on which the future strategies are based on, discussed in Annex G of the Prospectus under the forecasted financial statements of the Samudra Beach Resort (Pvt) Ltd.

7.6 TAXATION

As per the Inland Revenue Act No.10 of 2006 and its amendments thereafter, the Company's revenue sources comprising of investment income, dividend income and capital gains income are all exempted from taxation.

7.7 TAKE-OVER OFFERS

There have been no take-over offers by third parties in respect of Brown Investments shares during the past two years. Also Browns Investments has not made any takeover offers in respect of shares of a third party.

7.8 MANAGEMENT AGREEMENTS

Brown Investments Group, which includes the Free Lanka Group of Companies, has two material management agreements with its plantation sector subsidiaries, which are outlined below.

- Maturata Plantations Ltd has entered into a management agreement with Free Lanka Plantations Co. (Pvt) Ltd, where Free Lanka Plantations Co. has been appointed as their managing agent for a period of five years up to 30th September 2013. During this period Free Lanka Plantations Co. will be entitled to a management fee of 20% of earnings before charging depreciation, interest, gain on fair value of timber stock and applicable taxes.
- Pussellawa Plantations Ltd has entered into a management agreement with Free Lanka Management Co. (Pvt) Ltd, where Free Lanka Management Co. has been appointed as their managing agent for a period of five years up to 31st December 2012. During this period Free Lanka Management Co. will be entitled to a management fee of 20% of earnings before charging depreciation, interest, gain on fair value of timber stock and applicable taxes.

Apart from the above, the Group, which includes the LOLC Leisure Group of Companies, has the following management agreements in force.

- On 28th March 2009, Confi Hotel Holdings PLC entered into a management agreement with Confi Management Services (Pvt) Ltd, for a period of 10 years, for a management fee of 4% of total turnover net of VAT and service charge. On 3rd June 2010, all the management rights (including entitlement to the said management fee) the duties and obligations under this agreement were assigned to LOLC Leisure Ltd.
- On 20th April 2010, Eden Hotel Lanka PLC entered into a management agreement with Confi Management Services (Pvt) Ltd, for a period of 10 years, for a management fee of 4% of total turnover net of VAT and service charge. On 3rd June 2010, all the management rights (including entitlement to the said management fee), duties and obligations under this agreement were assigned to LOLC Leisure Ltd.
- On 3rd April 2006, Riverina Hotels PLC entered into a management agreement with Confi Management Services (Pvt) Ltd, for a period of 10 years, for a management fee of 4% of total turnover net of VAT and service charge. On 3rd June 2010, all the management rights (including entitlement to the said management fee), duties and obligations under this agreement were assigned to LOLC Leisure Ltd.
- On 16th August 2010, Tropical Villas (Pvt) Ltd entered into a management agreement with LOLC Leisure Ltd, for mutually agreeable period and for a management fee of 3% of revenue plus 7% of Gross Operating Profit.
- On 4th May 2009, Southern Cleaners (Pvt) Ltd entered into a management agreement with Confi Management Services (Pvt) Ltd, for a period of 10 years, for a management fee of 4% of total turnover net of VAT and NBT. On 3rd June 2010, all the management rights (including entitlement to the said management fee), duties and obligations under this agreement were assigned to LOLC Leisure Ltd.

7.9 LITIGATION, DISPUTES AND CONTINGENT LIABILITIES

There are no material legal, arbitration or mediation proceedings, which may have or have had in the recent past, affected the financial position or profitability of the Company. As at date there are no penalties imposed by any regulatory and/ or state authorities.

The Company had no material contingent liabilities as at balance sheet date that would affect current and future profits.

7.10 MATERIAL CONTRACTS

The Company has not entered into any material contracts other than those contracts entered into in the ordinary course of business.

7.11 TRANSACTIONS RELATED TO PROPERTY

There are no transactions relating to the property that took place within the two preceding years in which any vendor of the property to the company or any person who is or was at the time of the transaction, a promoter or a director or proposed director of the Company had any interest, direct or indirect.

7.12 DETAILS OF COMMISSIONS & BENEFITS PAID

A 2% fee or Rs.83 million was paid to Taprobane Securities (Pvt) Ltd as Placement Agents to the private placement of shares that took place on 3rd February 2011 for a total value of Rs.4.15 billion.

Apart from the above, no other commissions or benefits were payable, paid, given or intended to be paid or given in the two preceding years - for subscribing or agreeing to subscribe or procuring or agreeing to procure or promoting or agreeing to promote, subscriptions for any shares or debentures of the Company.

7.13 SIGNIFICANT SHARE TRANSACTIONS MADE BY THE COMPANY

During the last financial year, the Company has disposed a significant quantity of Seylan Bank PLC shares as follows;

Date	Company	Nature of the Share	No. of Shares	Value
15 th September 2010 & 3 rd December 2010	Seylan Bank PLC	Ordinary Voting Shares	13,000,000	Rs 1,277,124,393
28 th December 2010	Seylan Bank PLC	Non-Voting Shares	5,378,700	Rs. 546,242,399

8. CAPITAL STRUCTURE

8.1 STATED CAPITAL

The Stated Capital Structure of the Company as at the date of Prospectus was Rupees Five Billion One Hundred and Thirty Million (Rs.5,130,000,000/-) comprising of One Billion Eight Hundred and Ten Million (1,810,000,000) Ordinary Voting shares.

Since the inception, the movement in the share capital structure of the Company is outlined below;

Date of Allotment	Consideration per Share (Rs.)	No. of Shares issued	Total No. of Shares Outstanding	
21 st November 2008	10.00	20	20	Note 1
18 th December 2008	10.00	44,999,980	45,000,000	Note 1
As at 31st March 2009			45,000,000	
22 nd September 2009	10.00	45,500,000	90,500,000	Note 1
31 st March 2010	10.00	7,500,000	98,000,000	Note 1
As at 31st March 2010			98,000,000	
16 th November 2010	Share Split (1:10)		980,000,000	Note 2
3 rd February 2011	5.00	830,000,000	1,810,000,000	Note 3
As at the date of Prospectus			1,810,000,000	

Note 1 – All these fresh share issues were equally allotted between the existing share holders as at date, i.e Brown & company PLC and Taprobane Holdings Ltd.

Note 2 – The Company subdivided each ordinary voting share into 10 shares without making any change to its stated capital. Therefore, after the sub-division, the total no of ordinary voting shares stood at 980,000,000.

Note 3 – On 3rd February 2011, an equity infusion of Rs.4.15 billion was made via a private placement by issuing 830,000,000 ordinary shares at Rs.5/- per share. Details about the private placement investors are disclosed in Annexure E.

The capital, which was raised by way of a private placement, was undertaken to strengthen the Company's Balance Sheet with more lucrative investments such as the Samudra Beach Resort project (Refer Section 5.2 of the Prospectus) and further expansions in to Leisure, Construction and other viable sectors and also managing a portfolio of investments. Thus Browns Investments would be utilizing the funds to generate higher returns and further improve its profitability in the future.

Other than the said Ordinary voting shares, there was no other class of shares issued by the Company. Further there were no shares redeemed, re-purchased immediately preceding two years of the date of the Prospectus in terms of Sections 63, 64, 66, 67, 68, 69, 93 and 100 of the Companies Act and there was no reduction of stated capital in terms of Section 59 of the Companies Act.

Also there are no restrictions applicable in respect of non-resident shareholdings.

8.2 DISTRIBUTION AND COMPOSITION OF THE CAPITAL STRUCTURE

Range of Shareholding	No. of Shareholders	Total Holding	Percentage of Total Holding
0 - 100,000	22	1,345,000	0.08%
100,001 - 1,000,000	92	43,064,000	2.38%
1,000,001 - 10,000,000	54	180,691,000	9.98%
10,000,001 - 100,000,000	10	364,900,000	20.16%
Over 100,000,000	3	1,220,000,000	67.40%
Total	181	1,810,000,000	100.00%

8.3 SHAREHOLDING STRUCTURE OF THE COMPANY

Shareholder	Before the IPO		After the IPO	
	No. of Shares	%	No. of Shares	%
Brown & Company PLC.	490,000,000	27.07%	490,000,000	26.34%
Taprobane Holdings Ltd.	490,000,000	27.07%	490,000,000	26.34%
LOLC Investments Ltd.	240,000,000	13.26%	240,000,000	12.90%
National Savings Bank	100,000,000	5.52%	100,000,000	5.38%
Rurev Capital (Pvt) Ltd.	84,900,000	4.69%	84,900,000	4.56%
Mr. S.V. Somasundaram	50,000,000	2.78%	50,000,000	2.69%
Associated Electrical Corporation Ltd.	20,000,000	1.10%	20,000,000	1.08%
Ceylinco Insurance PLC.	20,000,000	1.10%	20,000,000	1.08%
Finco Holdings (Pvt) Ltd.	20,000,000	1.10%	20,000,000	1.08%
Mr. I.C. Nanayakkara	20,000,000	1.10%	20,000,000	1.08%
Prime Lands (Pvt) Ltd.	20,000,000	1.10%	20,000,000	1.08%
Others	247,346,000	14.08%	247,346,000	13.72%
IPO	-	-	50,000,000	2.69%
Total	1,810,000,000	100%	1,810,000,000	100%

	Before the IPO	After the IPO
<i>No. of shares held by the Public</i>	532,655,000	582,655,000
<i>Percentage of holding</i>	29.43%	31.33%

8.4 INFORMATION PERTAINING TO THE PROMOTERS OF BROWNS INVESTMENTS

	Brown and Company PLC	Taprohene Holdings Ltd	LOLC Investments Ltd
<i>No of Shares</i>	490,000,000	490,000,000	240,000,000
<i>Percentage of Holding</i>	27.07%	27.07%	13.26%
<i>Principal Business</i>	Trading, Investment and management of its Subsidiaries	Investment and management of its Associates & Subsidiaries and Portfolio Management	Investment Activities
<i>Directors</i>	Mrs. R. L. Nanayakkara Mr. I. C. Nanayakkara Mr. A. L. Devasurendra Mr. N. M. Prakash Mr. R. N. Asirwatham Mr. S.V. Somasunderam Mr. H.P.J. de Silva	Mrs. R. L. Nanayakkara Mr. I. C. Nanayakkara Mr. A. L. Devasurendra Mr. V. P. Malalasekera Mr. D. A. B. Dassanayake Mr. R. P. Sugathadasa Mr. R. R. Antony Mr. D. G. Wijemanne	Mr. P. D. G. Jayasena Mr. J. B. W. Kellegama Mr. K. A. K. P. Gunawardena

8.5 SALES AND PURCHASES OF SHARES MADE BY THE DIRECTORS

Apart from the purchases of shares by the directors as disclosed below, there were no other sales or purchases of shares by the directors during the year immediately preceding the date of issue of this Prospectus.

Name	No. of Shares	Share Price	% of Holding	Date
Mr. I. C. Nanayakkara	20,000,000	Rs. 5/-	1.10%	3 rd February 2011
Mr. N. M. Prakash	5,000,000	Rs. 5/-	0.28%	3 rd February 2011
Mr. R. P. Sugathadasa	2,000,000	Rs. 5/-	0.11%	3 rd February 2011
Mr. P. R. Saidin	554,000	Rs. 5/-	0.03%	3 rd February 2011
Mr. A. G. Weerasinghe	200,000	Rs. 5/-	0.01%	3 rd February 2011

8.6 PARTICULARS OF DEBT AND LOAN CAPITAL OF THE COMPANY

As at date of Prospectus,

- There were no loan capital outstanding for the Company
- There were no borrowings, term loans or indebtedness in the nature of borrowings, including bank overdrafts or liabilities (other than of normal trading nature) under acceptance credit other than the following.

Description	Date of Borrowing	Amount	Interest Rate p.a.	Balance Outstanding as at 31 st March 2011
Short-term, revolving Loan facility from Standard Finance (Pvt) Ltd	7 th October 2010	Rs. 600 million	10.25%	Rs. 629,654,795

- * There were no leasing, lease purchase or hire purchase commitments for the Company.
- * There were no guarantees or other material contingent liabilities for the Company.
- * There were no mortgages or charges on the assets of the Company as the Company has no property, plant & equipment pledged as security for any liabilities and therefore has no amount of restrictions on title of any property, plant or equipment.

8.7 OUTSTANDING CONVERTIBLE DEBT

As at date of the Prospectus, the Company has no outstanding convertible debt securities.

8.8 DIVIDEND POLICY

The dividend policy of the Company would be to declare at least 20% of its after tax profits subject to availability of funds and in compliance with the statutory solvency requirements as laid out in Sections 56, 57 & 60 of the Companies Act.

However the Company has not paid any dividends to its ordinary shareholders for the financial years ended 2008/09 and 2009/2010.

8.9 SHARES SUBSCRIBED OR SOLD PRIVATELY

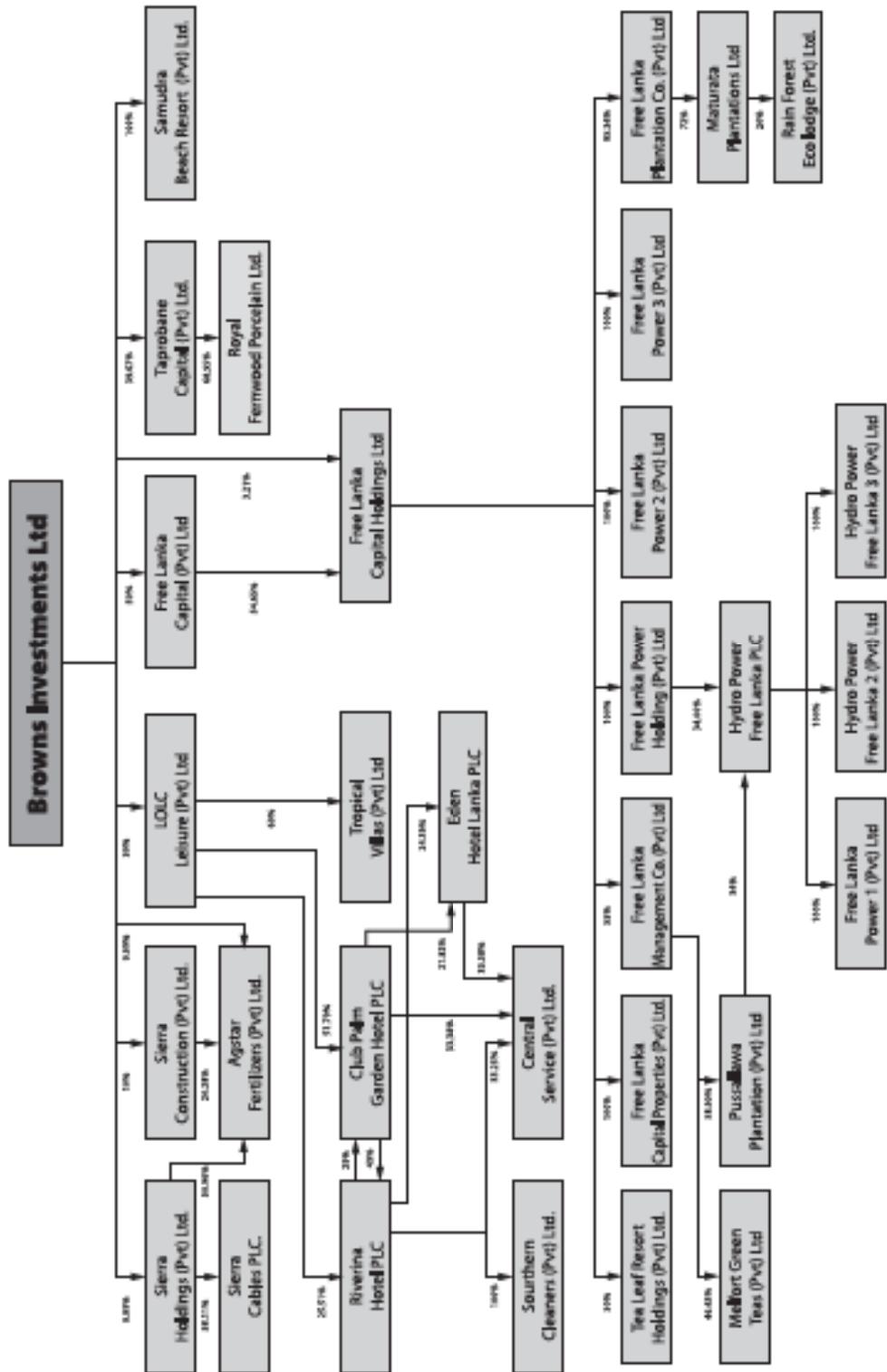
The Company has no shares / other class of shares subscribed or sold privately, in conjunction with the public issue of shares.

8.10 STATUTORY RESTRICTIONS ON THE FREE TRANSFERABILITY OF SHARES

The Company has no statutory restrictions on free transferability of its issued shares.

8.11 SUBSIDIARY & ASSOCIATES

8.11.1 Group Structure



8.11.2 Subsidiary & Associate Information

Ensuing discussion under group structure of Browns Investments have been broadly classified into the following categories.

1. LOLC Leisure Group of Companies
2. Free Lanka Group of Companies
3. Sierra Group of Companies
4. Taprobane Capital (Pvt) Ltd
5. Samudra Beach Resorts (Pvt) Ltd

1. LOLC Leisure Group of Companies

- **LOLC Leisure (Private) Limited**

LOLC Leisure (Pvt) Ltd, held 70% by LOLC and 30% by Browns Investments focuses primarily on acquiring, developing and managing leisure sector properties in main tourist destinations in Sri Lanka.

Date of Incorporation	25 th February 2010	
Registration No.	PB 3805	
Registered Address	No. 100/1, Sri Jayawardena Mawatha, Rajagiriya	
Directors	Mr. W.D. K. Jayawardena Mrs. K. U. Amarasinghe	
Shareholders		
<i>Ordinary Shares</i>	<i>No. of Shares</i>	<i>Percentage of Holding</i>
Lanka ORIX Leasing Company PLC	112,430,500	70.00%
Browns Investments Ltd	48,184,500	30.00%
Total	160,615,000	100.00%

The stated capital of this entity is Rs. 2,829 million and in 2010 it acquired below described four properties within the golden mile in the south western coast of Sri Lanka.

I. Tropical Villas (Private) Limited

A four-star hotel situated in Beruwala. Currently 60% of the ownership lies with LOLC Leisure (Pvt) Ltd and the balance 40% is owned by Carbotels (Pvt) Ltd.

II. Conflii Hotel Holdings PLC (Club Palm Garden)

Conflii Hotel Holdings is a three-star hotel incorporated in 1973 and is currently being marketed as Club Palm Garden. This hotel is listed on the Main Board of the CSE. LOLC Leisure has acquired 51.79% of this hotel in 2010. Club Palm Garden holds associate stakes of Riverina and Eden at 49% and 21.82% respectively.

III. Riverina Hotels PLC

Incorporated in 1981 and listed on the Main Board of the CSE, Riverina operates the largest four-star resort hotel on the south west coast with 192 luxury rooms. LOLC Leisure holds a direct stake of 25.51% of Riverina and an indirect stake of 49% through Conflii Hotel Holdings. Riverina also has an associate ownership of 24.39% of Eden.

IV. Eden Hotels Lanka PLC

Eden Hotels Lanka was incorporated in 1992 on the southern west coast in Beruwala. Eden with its five-star ranking is largely focusing on serving the up-market clientele. LOLC Leisure jointly exercises its controlling interest through Riverina and Conflii Hotel Holdings with its holding of 24.39% and 21.82% respectively.

Apart from the star class hotels discussed above, the group operates two support servicing Companies – Southern Cleaners (Pvt) Ltd (a fully owned subsidiary of Riverina Hotels PLC) and Central Service (Pvt) Ltd (jointly owned in almost equal proportions by Riverina, Eden and Club Palm Garden) with the objective of providing support services to the hotels operating within the group.

2. Free Lanka Group of Companies

- Free Lanka Capital (Private) Limited

The main business activity of Free Lanka Capital (Pvt) Ltd is investing in Companies in order to achieve its strategy of becoming a diversified group. At present Browns Investments has a 50% stake in Free Lanka Capital (Pvt) Ltd, who in turn holds 54.65% of Free Lanka Capital Holdings Ltd.

Date of Incorporation	01 st September 2010	
Registration No.	PV 74078	
Registered Address	Level 3, Prince Alfred Tower, No.10 Alfred House Gardens, Colombo 03	
Directors	Mr. K. A. Aloysius	Mr. D. S. K. Amarasekera
	Mr. G. A. Aloysius	Mr. N. M. Prakash
	Mr. G. J. Aloysius	Mr. P. R. Saldin
	Mr. J. M. S. de Mel	Mr. R.P. Sugathadasa
Shareholders		
<i>Ordinary Shares</i>	<i>No. of Shares</i>	<i>Percentage of Holding</i>
Browns Investments Ltd	50,000,000	50.00%
Perpetual Holdings Ltd	50,000,000	50.00%
Total	100,000,000	100.00%

- Free Lanka Capital Holdings Limited

Free Lanka Capital Holdings Ltd (FLCH) an investment company, who recently concluded a very successful IPO, has interests in the plantation sector and the power sector of the country. Utilizing the IPO proceeds, it plans to diversify into other lucrative areas such as the leisure and real estate sectors in order to capitalize on the rising opportunities from these sectors.

Date of Incorporation	22 nd May 2008	
Registration No.	PV 64165 PB	
Registered Address	Level 03, Prince Alfred Tower, No. 10, Alfred House Gardens, Colombo 03	
Directors	Mr. K. A. Aloysius	Mr. J. M. S. de Mel
	Mr. G. A. Aloysius	Mr. D. S. K. Amarasekera
	Mr. G. J. Aloysius	Mr. N. M. Prakash
	Mr. I. C. Nanayakkara	Mr. P. R. Saldin
	Mr. A. L. Devasurendra	Mr. D. C. Wimalasena
	Mr. A. I. Fernando	

Shareholders		
<i>Ordinary Shares</i>	<i>No. of Shares</i>	<i>Percentage of Holding</i>
Free Lanka Capital (Pvt) Ltd	747,600,000	54.65%
Browns Investments Ltd	43,978,217	3.21%
Perpetual Holdings Ltd	43,963,090	3.21%
Public Holding	532,468,693	38.92%
Total	1,368,000,000	100.00%

Presently FLCH holds controlling interest of Pussellawa and Maturata Plantations, and through subsidiary - Hydro Power Free Lanka PLC (HPFL), another quoted entity in the group, operates two mini hydro power plants, generating a total of 3.2 MW of hydro power. Moreover, utilizing IPO funds, the group's contribution to the national grid is expected to increase up to 16.02 MW of hydro power by the year 2013.

3. Sierra Group of Companies

- #### *** Sierra Holdings (Private) Limited**

The group is involved in six major business sectors comprising of the construction & engineering sector, the consumer electronics sector, the cables sector, the leisure sector, the property development sector & fertilizer sector. Within two decades, Sierra rose to become the market leader in telecommunication engineering.

Date of Incorporation	31 st March 2004		
Registration No.	PV 4811		
Registered Address	No. 112, Havelock Road, Colombo 05.		
Directors	Mr. F. A. W. Iruagabandara Mr. D. N. N. Lokuge Mr. W. A. P. Perera		
Shareholders	<i>Ordinary Shares</i>	<i>No. of Shares</i>	<i>Percentage of Holding</i>
	Mr. F. A. W. Iruagabandara	8,992,981	20.00%
	Mr. D. N. N. Lokuge	8,992,981	20.00%
	Mr. W. A. P. Perera	8,992,981	20.00%
	Mr. E. A. D. T. B. Perera	8,992,981	20.00%
	Browns Investments Ltd.	4,494,492	9.99%
	Lanka ORIX Leasing Company PLC,	4,494,492	9.99%
	Mr. A. L. Devasurendra	2,000	0.01%
	Mr. I. C. Nanayakkara	2,000	0.01%
Total		44,984,968	100.00%

- **Sierra Constructions (Private) Limited**

Sierra Construction (Pvt) Ltd was incorporated in 1981 to venture into the fields of Civil and Telecommunication Engineering sectors that were hitherto solely dominated by foreign companies or by companies with foreign collaborations.

Acknowledged for its expertise, reliability and superior quality of work, both locally and internationally, Sierra is today a prominent player in General Engineering Construction in Sri Lanka.

The boom in the construction industry opened up many opportunities for Sierra and the company has today evolved to great heights handling large construction projects relating to water supply & sewerage, power, roads, buildings, irrigation and piling besides civil & telecommunication.

From modest beginnings with just six individuals, Sierra today employs over 4,000 direct and indirect employees both here and abroad, including more than 300 engineers. It is an ISO accredited company.

Date of Incorporation	20 th August 1981	
Registration No.	PV 12813	
Registered Address	No. 112, Havelock Road, Colombo 05.	
Directors	Mr. F. A. W. Iruagabandara Mr. D. N. N. Lokuge Mr. W. A. P. Perera Mr. I. C. Nanayakkara	Mr. J. H. P. Ratnayake Mr. E. M. M. Boyagoda Mr. E. A. D. T. B. Perera Mr. A. L. Devasurendra
Shareholders		
Ordinary Shares	No. of Shares	Percentage of Holding
Sierra Holdings (Pvt) Ltd.	59,953,205	48.00%
Browns Investments Ltd.	12,488,250	10.00%
Lanka ORIX Leasing Company PLC.	12,480,250	10.00%
Mr. W. A. P. Perera	9,992,199	8.00%
Mr. D. N. N. Lokuge	9,992,199	8.00%
Mr. E. A. D. T. B. Perera	9,992,199	8.00%
Mr. F. A. W. Iruagabandara	9,992,199	8.00%
Total	124,900,501	100.00%

- **Sierra Cables PLC**

Sierra Cables, established with the objective of emerging as a significant player in the cable industry in Sri Lanka, is a fast growing dynamic company, which is already recognized as one of the finest marketers and distributors in the industry. This Company is currently involved in manufacturing and selling of wide range of cables. Sierra Cables is a listed entity on the Main Board of the CSE, and functions as an ISO 9001 certified Company. Sierra Cables PLC is the holding company of Alucop Cables Ltd, who is one of the pioneers in cable manufacturing. With the ownership stake of more than 58%, Sierra Holdings operates as the ultimate parent entity of Sierra Cables PLC.

The Company manufactures power cables - single core up to 1000mm², four core up to 300 mm², enameled winding wire from 0.1 mm to 4.00 mm. Total production capacity is more than 6000MT per year.

Date of Incorporation	23 rd February 2000		
Registration No	N(PBS) 868		
Registered Address	No. 112, Havelock Road, Colombo 05		
Directors	Mr. W. A. P. Perera	Mr. D. S. Panditha	
	Mr. F. A. W. Irugalbandara	Mr. E. A. T. B. Perera	
	Mr. R. M. S. Fernando	Dr. D. G. K. E. Weerapperuma	
	Ms. G. S. M. Irugalbandara	Mr. L. D. N. Nayana	
	Mr. J. H. P. Ratnayake		
Shareholders			
<i>Ordinary Shares</i>		<i>No. of Shares</i>	<i>Percentage of Holding</i>
Sierra Holdings (Pvt) Ltd		312,335,490	58.11%
Public		225,176,940	41.89%
Total		537,512,430	100.00%

* **AgStar Fertilizers (Private) Limited**

AgStar Fertilizers (Pvt) Ltd, incorporated in 2002, is engaged in marketing of fertilizer, successfully launching the brand "AgStar", which has a ready acceptance in the market.

Since its establishment, AgStar has enjoyed significant success and has recorded rapid growth in sales volumes year on year. The achievement of business stability within a short span of three years has encouraged the company to successfully diversify into seeds and agro-care products and to establish two viable subsidiary companies.

The goal of AgStar is to satisfy the specific needs of the commercial agriculturists and the rural farmer with the introduction of value added innovative superior quality products. Moreover they also seek to provide an excellent agronomic advisory package, so as to be 'the preferred choice' in the market.

Their stringent in-house integrated quality control systems supported by well equipped laboratories, ensure consistency and assures that the products meet the highest quality standards and thereby exceeding customer expectations.

AgStar's Agri-Business is a leading supplier of agri-inputs, marketing a wide range of innovative products – custom-blended fertilizer, seeds and planting material, crop-care and other specialty agro-products. With 8 years of excellence and renowned for quality and reliability, their vision is to foster growth and prosperity, while contributing to the enhancement of Agriculture in Sri Lanka.

Date of Incorporation	25 th June 2002		
Registration No	PV 1618		
Registered Address	No. 112, Havelock Road, Colombo 05.		
Directors	Mr. N. G. R. Karunaratne	Mr. A. P. Weerasekara	
	Mr. D. N. N. Lokuge	Mr. I. C. Nanayakkara	
	Mr. D. S. K. Amerasekera	Mr. W. A. P. Perera	

Shareholders		
<i>Ordinary Shares (Voting)</i>	<i>No. of Shares</i>	<i>Percentage of Holding</i>
Mr. N. G. R. Karunaratne	798,831	4.377%
Mr. A. P. Weerasekara	798,831	4.377%
Sierra Holdings (Pvt) Ltd.	9,302,440	50.985%
Sierra Constructions (Pvt) Ltd.	3,702,529	20.285%
Browns Investments Ltd.	1,825,000	9.999%
Lanka ORIX Leasing Company PLC.	1,825,000	9.999%
Total	18,282,631	100.00%
<i>Ordinary Shares (Non-Voting)</i>		
Mr. N. G. R. Karunaratne	1,184,914	66.67%
Mr. A. P. Weerasekara	582,455	33.33%
Total	1,747,369	100.00%

4 Taprobane Capital (Pvt) Ltd.

Browns Investments holds a stake of 39.67% of Taprobane Capital, which is therefore considered as an Associate company. The main business activity of Taprobane Capital (Pvt) Ltd is investing & providing financial services in order to achieve its strategic objective of becoming a diversified group. At present Browns Investments has invested in Royal Fernwood Group through this Company. Royal Fernwood Group comprises of Royal Fernwood Porcelain Ltd, the parent entity and its fully owned subsidiaries.

Date of Incorporation	6 th July 2010	
Registration No	PV 73040	
Registered Address	No. 10, Gotham Road, Colombo 08.	
Directors	Mr. R. T. Devasurendra Mrs. R. Devasurendra Mr. C. S. Devasurendra	Mr. D. S. K. Amarasekera Mr. N. M. Prakash
Shareholders		
<i>Ordinary Shares</i>	<i>No. of Shares</i>	<i>Percentage of Holding</i>
Mr. A.L. Devasurendra	1	-
Mr. D. S. K. Amarasekera	1	-
Mrs. R. Devasurendra	50,000	0.41%
Mr. R. T. Devasurendra	50,000	0.41%
Rurev Capital (Pvt) Ltd	7,260,000	59.51%
Browns Investment Ltd	4,840,000	39.67%
Total	12,260,002	100.00%

- Royal Fernwood Porcelain Limited

Royal Fernwood Porcelain Limited is an ISO 9001: 2000 and ISO 14001 systems certified company involved in the manufacture of high quality porcelain tableware for international & local markets with a workforce of over 500 employees and their main factory is located at Kosgama, which is 45 km from Colombo, on the Colombo Avissawella Road.

Date of Incorporation	7 th September 1994	
Registration No	PB 1165	
Registered Address	Royal Fernwood Porcelain Ltd., Police Station Road, Koggala.	
Directors	Mr. A. L. Devasurendra Mr. L.J.A. Peiris Mr. D. S. K. Amarasekera Mr. N. M. Prakash Ms. A. Jayasinghe Mr. P. R. Saldin	
Shareholders		
<i>Ordinary Shares</i>	<i>No. of Shares</i>	<i>Percentage of Holding</i>
Taprobane Capital (Pvt) Ltd.	172,378,111	68.95%
Mr. L. J. A. Peiris	68,750,000	27.50%
Mr. N. M. Prakash	6,250,000	2.50%
Others	2,621,888	1.05%
Total	250,000,000	100.00%

5. Samudra Beach Resorts (Pvt) Ltd

Samudra Beach Resorts (Pvt) Ltd, currently being incorporated as a fully owned subsidiary of Browns Investments, would be developing a star-class hotel in Kosgoda on a 5 Acre land. Browns Investments has fully subscribed to the issued share capital of Samudra Beach Resorts at Rs. 10/- each.

Proposed Directors	Mrs. R.L. Nanayakkara Mr. N.M. Prakash Mr. D.S.K. Amarasekera Mr. P.R. Saldin Mr. R.P. Sugathadasa	
Proposed Senior Management <i>(Refer Section 10 for Profiles)</i>	Mr. N.M. Prakash – Chief Executive Officer Mr. P.R. Saldin – Operations Manager Mr. J.M.U.P. Bandara – Finance Manager	
Please note that Samudra Beach Resorts (Pvt) Ltd will recruit additional experienced staff for the senior management team, to handle related industry specific functions.		
Shareholders		
<i>Ordinary Shares</i>	<i>No. of Shares</i>	<i>Percentage of Holding</i>
Browns Investments Ltd	1,000,000	100.00%
Total	1,000,000	100.00%

9. DIRECTORS

9.1 DETAILS OF THE BOARD OF DIRECTORS

Full Name / Age / Residential Address	Other Directorships Held
<p>Mrs. Rohini Letitia Nansyikira <i>Chairperson / Non-Executive Director</i></p> <p>Age - 74</p> <p>Residential Address - No. 570 / 3 A, Wellikadawatte Road, Rajagiriya.</p>	<p>CHAIRPERSON:</p> <ul style="list-style-type: none"> ▪ Lanka ORIX Leasing Co. PLC. ▪ Lanka ORIX Finance Co. Ltd. ▪ LOLC Micro Credit Ltd. ▪ Lanka ORIX Project Development Ltd. ▪ Commercial Leasing Co. PLC. ▪ Brown & Company PLC. ▪ Browns Group Industries (Pvt) Ltd. ▪ Browns Tours (Pvt) Ltd. ▪ Standard Finance (Pvt) Ltd. ▪ The Hatton Transport & Agency Co. (Pvt) Ltd. ▪ Browns Group Motels Ltd. ▪ CFT Engineering Ltd. ▪ B.G. Air Services (Pvt) Ltd. ▪ I. G. Browns Rubber Industries (Pvt) Ltd. ▪ Mutugala Estates (Pvt) Ltd. ▪ Pathregalla Estates (Pvt) Ltd. ▪ Masons Mixtures Ltd. ▪ Engineering Services (Pvt) Ltd. ▪ Taprobane Holdings Ltd. ▪ Taprobane Fund Management Ltd. ▪ Taprobane Investments (Pvt) Ltd. ▪ Taprobane Plantations Ltd. ▪ Ayojana Fund (Pvt) Ltd. ▪ NDB Venture Investments (Pvt) Ltd. ▪ Hydro Power Free Lanka PLC. ▪ Sifang Lanka Trading (Pvt) Ltd. ▪ Sifang Lanka (Pvt) Ltd. <p>DIRECTOR:</p> <ul style="list-style-type: none"> ▪ Agrisil Holdings Ltd. ▪ Browns Battery (Pvt) Ltd. ▪ Walker & Greig (Pvt) Ltd. ▪ Taprobane Mutual Fund Management Ltd. ▪ Trans Asia Hotels PLC. ▪ Mireka Homes (Pvt) Ltd. ▪ Overseas Realty (Ceylon) Ltd.

	<ul style="list-style-type: none"> ▪ Eastern Merchant PLC. ▪ Browns Capital (Pvt) Ltd. ▪ Browns Healthcare (Pvt) Ltd. ▪ Samudra Beach Resorts (Pvt) Ltd
<p>Mr. Nadeemah Mandi Prakash <i>Managing Director / Chief Executive Officer</i></p> <p>Age - 47</p> <p>Residential Address- No. 7 B, Barnes Place Residencies, Barnes Place, Colombo 7.</p>	<p>GROUP MANAGING DIRECTOR / CEO :</p> <ul style="list-style-type: none"> ▪ Brown & Company PLC. ▪ Standard Finance (Pvt) Ltd. ▪ Engineering Services (Pvt) Ltd. ▪ Browns Group Motels Ltd. ▪ C.F.T. Engineering Ltd. ▪ Browns Group Industries (Pvt) Ltd. ▪ Browns Tours (Pvt) Ltd. ▪ B.G. Air Services (Pvt) Ltd. ▪ The Hatton Transport & Agency Co (Pvt) Ltd. ▪ Walker & Greig (Pvt) Ltd. ▪ Masons Mixture Ltd. ▪ I. G. Browns Rubber Industries (Pvt) Ltd. ▪ Browns Thermal Engineering (Pvt) Ltd ▪ Sifang Lanka (Pvt) Ltd. ▪ Sifang Lanka Trading (Pvt) Ltd. ▪ Snowcem Products Lanka (Pvt) Ltd. <p>DIRECTOR:</p> <ul style="list-style-type: none"> ▪ Associated Battery Manufactures Ceylon Ltd. ▪ Klevenberg (Pvt) Ltd. ▪ The Tea Leaf Resort Holdings (Pvt) Ltd. ▪ Hydro Power Free Lanka PLC. ▪ Free Lanka Capital Properties (Pvt) Ltd. ▪ Gal Oya Holdings (Pvt) Ltd. ▪ Browns Battery (Pvt) Ltd. ▪ Free Lanka Capital Holdings (Pvt) Ltd. ▪ Bentota Backwaters Management (Pvt) Ltd. ▪ Bentota Backwaters (Pvt) Ltd. ▪ Browns Capital (Pvt) Ltd. ▪ Browns Healthcare (Pvt) Ltd. ▪ Samudra Beach Resorts (Pvt) Ltd ▪ Gal Oya Plantations (Pvt) Ltd (Alternate Director to Mr. A.L. Devasurendra

<p>Mr. Ishara Chinthaka Nanayakkara <i>Executive Director</i></p> <p>Age - 38</p> <p>Residential Address - No. 302/1, Nawala Road, Rajagiriya</p>	<p>CHAIRMAN:</p> <ul style="list-style-type: none"> • Confill Hotel Holdings PLC. • Riverina Hotels PLC. • Eden Hotels Lanka PLC. • Tropical Villas (Pvt) Ltd. <p>DEPUTY CHAIRMAN:</p> <ul style="list-style-type: none"> • Lanka ORIX Leasing Co. PLC. • Lanka ORIX Finance Co. Ltd. • Commercial Leasing Co. Ltd. <p>DIRECTOR:</p> <ul style="list-style-type: none"> • PRASAC Micro Finance Institute • Pussellawa Plantations Ltd. • Maturata Plantations Ltd. • Ishara Traders (Pvt) Ltd. • Taprobane Fund Management Ltd. • Taprobane Holdings Ltd. • Brown & Company PLC. • Gal Oya Plantations (Pvt) Ltd. • Gal Oya Holdings (Pvt) Ltd. • Diriya Investments (Pvt) Ltd. • Seylan Bank PLC. • Sierra Constructions Ltd. • Agstar Fertilizers (Pvt) Ltd. • LOLC Micro Credit Ltd. • Agrisil Holdings Ltd. • Browns Capital (Pvt) Ltd. <p>ALTERNATE DIRECTORS:</p> <ul style="list-style-type: none"> • Standard Finance (Pvt) Ltd • Masons Mixture Ltd • Browns Group Motels Ltd • CFT Engineering Ltd • Browns Group Industries (Pvt) Ltd • The Hatton Transport and Agency Company (Pvt) Ltd • Walker & Greig (Pvt) Ltd • Browns Tours (Pvt) Ltd • Browns Battery (Pvt) Ltd • Mutugala Estates (Pvt) Ltd • Pathregalle Estates (Pvt) Ltd • Klevenberg (Pvt) Ltd • Sifang Lanka Trading (Pvt) Ltd
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	<ul style="list-style-type: none"> • Sifang Lanka (Pvt) Ltd • Browns Motors (Pvt) Ltd • Snowcem Products Lanka (Pvt) Ltd
<p>Mr. Ajith Lasantha Dissanayake <i>Executive Director</i></p> <p><i>Age - 49</i></p> <p><i>Residential Address -</i> No. 17, Spathodes Avenue, Colombo 5</p>	<p>CHAIRMAN:</p> <ul style="list-style-type: none"> • Gal Oya Holdings (Pvt) Ltd. • Royal Fernwood Porcelain Ltd. <p>DEPUTY CHAIRMAN:</p> <ul style="list-style-type: none"> • Brown & Company PLC. <p>MANAGING DIRECTOR / CEO:</p> <ul style="list-style-type: none"> • Taprobane Holdings Ltd. • Taprobane Fund Management Ltd. <p>DIRECTOR:</p> <ul style="list-style-type: none"> • Associated Battery Manufacturers (Ceylon) Ltd. • Conflit Hotels Holdings PLC. • Diriya Investments (Pvt) Ltd. • Eden Hotels Lanka PLC. • Free Lanka Capital Holdings Ltd. • Gal Oya Plantations (Pvt) Ltd. • Seylan Bank PLC. • Sierra Constructions Ltd. • The Finance & Company PLC • Tropical Villas (Pvt) Ltd. • Browns Capital (Pvt) Ltd. <p>ALTERNATE DIRECTOR:</p> <ul style="list-style-type: none"> • Standard Finance (Pvt) Ltd • Engineering Services (Pvt) Ltd • Masons Mixture Ltd • Mutugala Estates (Pvt) Ltd
<p>Mr. Don Boshen Kammalha Amarasinha <i>Non-Executive Director</i></p> <p><i>Age - 40</i></p> <p><i>Residential Address -</i> No.12, Rotunda Gardens, Colombo 03.</p>	<p>DIRECTOR:</p> <ul style="list-style-type: none"> • Free Lanka Power Holdings (Pvt) Ltd. • Free Lanka Power 1 (Pvt) Ltd. • Free Lanka Power 2 (Pvt) Ltd. • Free Lanka Power 3 (Pvt) Ltd. • Hydro Power Free Lanka PLC.

	<ul style="list-style-type: none"> • Hydro Power Free Lanka 2 (Pvt) Ltd. • Hydro Power Free Lanka 3 (Pvt) Ltd. • Free Lanka Management Co. (Pvt) Ltd. • Free Lanka Plantations Co. (Pvt) Ltd. • The Tea Leaf Resort Holdings (Pvt) Ltd. • Free Lanka Capital Properties (Pvt) Ltd. • Foton Lanka (Pvt) Ltd. • Samudra Beach Resorts (Pvt) Ltd. <p>NON EXECUTIVE DIRECTOR:</p> <ul style="list-style-type: none"> • Lanka Milk Foods (CWE) PLC • Madulsima Plantations PLC • Kelani Tyres PLC • Colombo Land Exchange Ltd. • Conflit Hotel Holdings PLC • Riverina Hotel PLC • Eden Hotel Lanka PLC • Inside the Jungle (Pvt) Ltd. • Tropical Villas (Pvt) Ltd. • Balangoda Plantation PLC • Sierra Cables PLC • Sierra Holdings Ltd. • Sierra Water Works (Pvt) Ltd. • Sierra Road Engineering (Pvt) Ltd. • Sierra Telecommunications (Pvt) Ltd. • Sierra Electrical Engineering (Pvt) Ltd. • Sierra Civil Engineering (Pvt) Ltd. • Sierra Piling (Pvt) Ltd. • Finco Holdings Ltd. • Agstar Fertilizer (Pvt) Ltd. • Sunsun Boutique Hotels Ltd. • Free Lanka Capital Holdings Ltd.
<p>Mr. Praveen Rince Saldin Executive Director</p> <p>Age - 52</p> <p>Residential Address - No.4, Samagi Mawatha, Borupana Road Ratmalana.</p>	<p>DIRECTOR:</p> <ul style="list-style-type: none"> • Free Lanka Capital Holdings Ltd. • Royal Fernwood Porcelain (Pvt) Ltd. • Gal Oya Holdings (Pvt) Ltd. • Samudra Beach Resorts (Pvt) Ltd. • Free Lanka Capital Properties (Pvt) Ltd. • Free Lanka Capital (Pvt) Ltd. • Agstar Fertilizers (Pvt) Ltd.

<p>Mr. Steven Pathan <i>Non-Executive Director</i></p> <p>Age- 45</p> <p>Residential Address - No. 29 / 2, Guildford Crescent, Colombo 07</p>	<p>CHAIRMAN:</p> <ul style="list-style-type: none"> • Conifi Capital (Pvt) Ltd • Conifi Leisure Holdings (Pvt) Ltd • Travelanka (Pvt) Ltd <p>DIRECTOR:</p> <ul style="list-style-type: none"> • Conifi Investments (Pvt) Ltd • Conifi Management Services (Pvt) Ltd • Conifi Engineering (Pvt) Ltd • Conifi Finance Ltd • Adam & Eve (Pvt) Ltd • Eden Hotel Lanka PLC
<p>Mr. Ravon Prasanna Sugathadasa <i>Non-Executive Director</i></p> <p>Age - 37</p> <p>Residential Address - No. 39, Gregory's Road, Colombo 07</p>	<p>DIRECTOR:</p> <ul style="list-style-type: none"> • Taprobane Holdings Ltd. • Lexington Holdings (Pvt) Ltd. • Lexington Resorts (Pvt) Ltd. • Taprobane Investments (Pvt) Ltd. • Samudra Beach Resorts (Pvt) Ltd.
<p>Mr. Anushige Gunawine Wewasinghe <i>Non-Executive Independent Director</i></p> <p>Age- 68</p> <p>Residential Address - No. 50 / 1, Papiliyana Road, Gangodawila</p>	<p>DIRECTOR:</p> <ul style="list-style-type: none"> • Pan Asia Bank PLC • South Asia Financial Excel Investments (Pvt) Ltd • George Steuarts Financial Services (Pvt) Ltd • New World Securities (Pvt) Ltd • Suncity Property Developers (Pvt) Ltd • Suncity Residences (Pvt) Ltd • Suncity Homes (Pvt) Ltd • Sustainable Economic Development Assistance (Pvt) Ltd
<p>Mr. Michael Fernando <i>Non-Executive Independent Director</i></p> <p>Age- 44</p> <p>Residential Address - No. 116, Katukunuda, Moratuwa.</p>	<p>DIRECTOR:</p> <ul style="list-style-type: none"> • Odel Apparel (Pvt) Ltd

9.2 PROFILES OF THE DIRECTORS

Mrs. Rohini Lettitia Nanayakkara Chairperson / Non-Executive Director

In August 2004, Mrs. Nanayakkara assumed duties as Chairperson of LOLC and its subsidiaries.

Mrs. Rohini Nanayakkara obtained her BA second Class Honours Degree from the University of Peradeniya, Sri Lanka and a Diploma in French from the Chamber of Commerce, Brussels. She is a Fellow of the Institute of Management & the Institute of Bankers, Sri Lanka.

She was the first woman executive to join a commercial bank with the rare distinction of not only being the first woman General Manager / CEO of a bank in Sri Lanka but the entire Asian Region. At Bank of Ceylon (BOC), Sri Lanka's largest bank with a local branch network of 321 branches and several overseas branches, she effectively managed a work force of 10,300 employees.

Some of the main highlights of her tenure of office as General Manager / CEO were the major restructuring and reform program of BOC in association with international management consultants and the World Bank and BOC's opening of their first Sri Lankan Bank branches in India and Pakistan. She also gained the opportunity of working in International Banks such as Midland Bank-UK and Banque Brussels, Lambert, Brussels and with several International banking correspondents across the globe.

Mrs. Nanayakkara was also a Chairperson / Director of several financial institutions such as the National Development Bank, DFCC Bank, Merchant Bank of Sri Lanka and the First Capital Group of Companies. She is presently the Chairperson of NDB Venture Investments (Pvt) Ltd, Ayojana Fund Management (Pvt) Ltd and the Taprobane Investment Group of Companies. She is also a Director of Trans Asia Hotels PLC, Eastern Merchants PLC and the largest property development companies such as Mireka Homes (Pvt) Ltd and Overseas Realty PLC as a nominee of the main Singaporean investor.

After her retirement from BOC, she was appointed as the General Manager / CEO of Private Sector Infrastructure Development Co. Ltd a concern under the Ministry of Finance with access to World Bank assistance. The main infrastructure project funded by this Company is the South Asian Gateway Terminal Project of the Colombo port.

Having completed this assignment, she decided to rejoin the banking and financial sector and share her experiences with one of the largest private sector banks - Seylan Bank, as Director - General Manager / CEO. During her tenure of office there she successfully improved the performance of the bank which achieved acceptable credit ratings and ISO standards and was recognized as a major player in the market. During the latter part of her tenure at the Bank, Seylan Bank received (in 2003) its first credit rating of A(-) from Fitch Ratings Lanka Ltd.

In August 2004 she accepted the invitation extended to her by the shareholders of Lanka ORIX Leasing Co. PLC (LOLC) to be the Chairperson of the LOLC Group of Companies.

In January 2005, her Excellency the President of Sri Lanka appointed her as a member of the Task Force to Rebuild the Nation (TAFREN). This Task Force will be converted to a special authority by an Act of Parliament to undertake the rebuilding exercise over the next 5 year period.

In September 2006 she assumed duties as the Chairperson of Browns Group of Companies. Mrs. Nanayakkara has also been the president of Sri Lanka Bankers Association, Association of Professional Bankers and Institute of Management Sri Lanka and was a member of the Council of University of Colombo. She is presently the president of the United Nations Association of Sri Lanka.

Mr. Nadarajah Murali Prakash
Managing Director / CEO

Mr. Murali Prakash holds an MBA from University of Southern Queensland and is also a Certified Professional Marketer (Asia Pacific) and a Certified Management Accountant (Australia). He is a Fellow of Chartered Management Institute London and holds an Executive Diploma in Business Administration from the University of Colombo. He is also an Alumni of National University of Singapore & Asian Institute of Management, Manila and a Fellow of Certified Professional Managers Sri Lanka.

He served as the Sales Director for Singer (Sri Lanka) PLC, a multinational company involved in retailing of durables. Mr. Prakash has also served as the Deputy Credit Director and Credit Manager for many years handling the marketing and management of hire purchase and related credit portfolios at Singer. He also served in the Boards of Singer (Sri Lanka) PLC, Singer Finance Lanka PLC and Singer Industries (Ceylon) Ltd prior to his appointment at Brown and Company PLC.

At present, he is the Group Managing Director / Chief Executive Officer of Browns Group of Companies, a public quoted conglomerate involved in trading, manufacturing, finance, travel & tours, plantations, power and investments.

Mr. Ishara Chinthaka Nanayakkara
Executive Director

Mr. Nanayakkara holds executive directorships within the LOLC Group of companies, one of the leading financial conglomerates in the Country. He is one of the co-founders of Taprobane Fund Management Ltd, focusing on primary markets and serves as a Director in the Browns Group, a conglomerate with leading market position in trade, leisure and manufacturing.

He is also a Director in Seylan Bank PLC, Commercial Leasing Company Ltd, and PRASAC Microfinance Institute, the largest Microfinance Company in Cambodia. Mr. Nanayakkara is the Managing Director of Ishara Traders, a family owned organisation importing new and reconditioned automobiles.

Pursuing his personal interest on sustainable energy, he is involved in many green investments through Maturata Plantations Ltd, Pussellawa Plantations Ltd, Free Lanka Capital Holdings PLC, Agrisil Holdings Ltd, Agstar Fertilizers (Pvt) Ltd, and Gal Oya Plantations (Pvt) Ltd, the first public-private partnership for sugar production with the government of Sri Lanka.

As the Chairman of Conifi Hotel Holdings PLC, Eden Hotel PLC, Riverina Hotel PLC and Tropical Villas (Pvt) Ltd, he contributes in all strategic and operational decisions of the hotels.

His recent involvement in construction through Sierra Constructions Ltd is a fine proof of his perpetual interest on the growth sectors of the Sri Lankan economy.

Mr. Ajith Lasantha Devasurendra
Executive Director

Mr. Ajith Devasurendra is a veteran in the financial services industry in Sri Lanka and counts more than 28 years work experience both in Sri Lanka and Overseas. He pioneered in Money Broking and Government Securities markets and was able to bring new dimensions to the Sri Lankan Money market industry. He is the former group CEO of First Capital Group. Mr. Devasurendra was a past president of the Sri Lanka Money Brokers Association and also the first president of the Sri Lanka Primary Dealers Association. He acted as a consultant to Price Water House Coopers, Bombay, India on a USAID project.

At present he is a director of Seylan Bank PLC, the Group CEO of Taprobane Group of Companies and he serves in the capacity of Deputy Chairman of Brown & Company PLC as well as in many committees that focuses on the development of the Financial Markets in Sri Lanka.

Mr. Don Soshan Kamantha Amarasekera
Non-Executive Director

Mr. Kamantha Amarasekera is a member of the Institute of Chartered Accountants of Sri Lanka and is an Attorney-at-law of the Supreme Court of Sri Lanka. He also holds a degree in Business Administration from the University of Sri Jayawardenapura and began his career in the year 1996.

Mr. Amarasekera is an eminent Tax Consultant and the Senior Tax and Legal Partner of Amerasekera & Company, a leading tax consultancy firm in the country.

Mr. Prawira Rimoe Saldin
Executive Director

Mr. Rimoe Saldin is a Fellow of the Institute of Chartered Accountants of Sri Lanka, Chartered Institute of Management Accountants UK, Certified Management Accountant Australia, Alumni of the Asia Institute of Management, Manila.

He has over 15 years experience at Senior Management level in the areas of Finance, Human Resource Development, General Management and Operations.

Presently Mr. Saldin serves as the Group Chief Operating Officer of the Browns Group of Companies and Director / Chief Operating Officer of Browns Investments Ltd.

He was also the Finance Director of Shell Gas Lanka Ltd and Shell Terminal Lanka Ltd and served as the Country Controller, Shell Businesses In Sri Lanka. Mr. Saldin has also served in the capacity of Group Director in Chemical Industries (Colombo) Ltd and on the Board of Directors of number of listed and unlisted companies.

Mr. Stefan Furkhan
Non-Executive Director

Mr. Stefan Furkhan joined the hospitality industry in 1984 having had his initial training in Germany and Australia and possesses over 25 years of experience in the tourism and hospitality industry in Australia and Sri Lanka.

He is a Graduate Diploma Holder and Fellow Member of the Chartered Institute of Marketing, UK (CIM), the premier professional marketing body in the world, and a Member of the Institute of Hospitality, UK. Mr. Furkhan was a former Vice President of the Tourist Hotels Association of Sri Lanka (THASL), and the Chairman of its Marketing Sub-Committee. He also served on the Pacific Asia Travel Association (PATA) Sri Lanka Chapter Board.

Mr. Furkhan has had extensive experience in the setting up, Project Management and Launching of new Green Field Hotel Projects in Sri Lanka, Bangladesh and Australia. He also functioned as the Managing Director of the Confihi Group Hotels until recently.

During his career he has been instrumental in identifying and introducing several new concepts to the Tourism Industry in Sri Lanka. He was awarded the Winner of the Chartered Institute of Marketing, Marketer Awards 2001, in recognition of his marketing efforts in the Hospitality Industry.

Mr. Furkhan is currently Chairman of Confihi Capital (Pvt) Ltd., Travelanka (Pvt) Ltd., and related companies and director of Eden Hotel Lanka PLC and a Consultant & Advisor to the Board of LOLC Leisure Limited.

Mr. Ruwan Prasanna Sugathadasa
Non-Executive Director

Mr. Ruwan Sugathadasa possess over 15 years experience in government and corporate debt market including over 10 years in a senior management capacity at First Capital Treasuries, a Central Bank appointed primary dealer. He was also involved in money broking, corporate debt placement and asset management. Currently he serves as an Executive Director Taprobane Holdings Ltd, managing over Rs.10 billion worth of assets. Mr. Sugathadasa holds a MBA from the University of Preston USA.

Mr. Aratchige Gunaratne Weerasinghe
Non-Executive Independent Director

Mr. Weerasinghe is a Fellow member of the Institute of Bankers, Sri Lanka and also holds a B.A. in Economics from the University of Ceylon, Peradeniya. He is an experienced Senior Banker who served the Board of Pan Asia Banking Corporation PLC as a Director and subsequently was appointed as the Chairman. Mr. Weerasinghe served as an Assistant Lecturer in Economics, University of Ceylon, Peradeniya.

He was the former Deputy General Manager, Corporate Banking at Bank of Ceylon. He has served as Country Manager, Bank of Ceylon, London and Deputy General Manager, International at Seylan Bank. He was also a former President of Sri Lanka FOREX Association.

Mr. Nishan Fernando
Non-Executive Independent Director

Mr. Nishan Fernando is a Fellow member of the Institute of Chartered Accountants of Sri Lanka (ICASL). He is a member of the Council of the ICASL and is the immediate Past President. He is the Vice President of AAT (SL). He is also a Fellow member of ICMA (SL), AAT (SL) and an Associate member of CIMA (UK). He also holds a MBA from the University of Sri Jayewardenepura, Sri Lanka. He was a member of the International Accounting Education Standards Board of International Federation of Accountants (IFAC) during 2007-2009. Mr. Fernando was a Board Member of the South Asian Federation of Accountants (SAFA) and was the Chairman of SAFA Centre of Excellence on Standards and Quality and SAFA Accounting and Auditing Standards Committee. Currently he is representing ICASL as Technical Advisor at SAFA Board.

Mr. Fernando is the current chairman of the Accounting Standards Committee. He serves in the Cabinet appointed Expert Panel on Finance Companies in Sri Lanka, Advisory Committee to the Export Development Board on Professional Services and on the Board of "Api Venuven Api" welfare fund of the Ministry of Defense. He has served as a member of the Securities and Exchange Commission of Sri Lanka, Governing Councils of the Postgraduate Institute of Management and National Institute of Business Management, Sri Lanka Accounting and Auditing Standards Monitoring Board, Inter-Regulatory Institutions Council, and of the Quality Assurance and Accreditation Council of University Grants Commission of Sri Lanka. He had been the Chairman of the ICASL's Urgent Issues Task Force and continues to be a member.

Mr. Fernando is the Group Chief Financial Officer of ODEL PLC and counts over 20 years of senior management experience.

9.3 DIRECTORS' STATEMENT

No director or a person nominated to become a director is or was involved in the following events:-

- (i) 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.
- (ii) A conviction for fraud, misappropriation or breach of trust or any other similar offence, which the Exchange considers a disqualification.

9.4 DIRECTORS' SHAREHOLDING

(Refer Section 8.5 of the Prospectus)

9.5 DIRECTORS' EMOLUMENTS

There were no emoluments including bonus and/or profit sharing payments made to the directors by Browns Investments during financial year ended 31st March 2010, as they were remunerated by other companies in the Browns Group of Companies and Taprobane Holdings Limited.

Further this practice will be continued in the current financial year, and there will be no emoluments including any bonus and / or profit sharing payments payable to the directors for the year ended 31st March 2011.

9.6 DIRECTORS INTEREST IN ASSETS

Directors hold no interest in any assets acquired, disposed or leased by Browns Investments during the past two years preceding the issue; and proposed to be acquired, disposed or leased during the two years succeeding the issue.

9.7 DIRECTOR'S INTEREST IN CONTRACTS OR ARRANGEMENTS

There are no contracts or arrangements in force as at the 30th April 2011 in which a director of Browns Investments is materially interested, in relation to the business of the Company other than the transactions disclosed below;

Related Party	Directors	Nature of the Transaction	Outstanding Capital as at 30th April 2011
Brown & Company PLC	Mrs. R. L. Nanayakkara Mr. I. C. Nanayakkara Mr. A. L. Devasurendra Mr. N. M. Prakash	Short term loan amounting to Rs 500 million extended to Brown & Company PLC at 8.5% p.a.	Rs. 500 million
Lexington Holdings (Pvt) Ltd	Mr. R. P. Sugathadasa	Investment of Rs. 700million in short-term Commercial Paper at 10% p.a.	Rs. 550 million
Standard Finance (Pvt) Ltd	Mrs. R. L. Nanayakkara Mr. A. L. Devasurendra Mr. M. N. Prakash	Short-term, revolving loan of Rs.600 million from Standard Finance (Pvt) Ltd at 10.25% p.a.	Rs. 600 million
Taprobane Holdings Ltd	Mrs. R. L. Nanayakkara Mr. I. C. Nanayakkara Mr. A. L. Devasurendra Mr. R. P. Sugathadasa	Investment of Rs.421 million in short-term Commercial Paper at an average rate of 13% p.a.	Rs. 421 million
Taprobane Securities (Pvt) Ltd	(Refer Note 1)	A 2% fee or Rs.83 million paid to Taprobane Securities (Pvt) Ltd as Placement Agents to the private placement of shares that took place on 3 rd February 2011 for a total value of Rs.4.15 billion.	-

Note 1 – Taprobane Securities (Pvt) Ltd is a fully owned subsidiary of Taprobane Holdings Ltd, and as at the date of Prospectus, Mrs. R. L. Nanayakkara, Mr. I. C. Nanayakkara, Mr. A. L. Devasurendra and Mr. R. P. Sugathadasa hold directorships of Taprobane Holdings Ltd.

9.8 CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company is responsible to adopt the best corporate governance practices of the Company and its controlled entities. They provide the strategic direction, leadership and guidance as well as supervision, in order to ensure the responsibility & accountability towards the best interest of its shareholders and other stakeholders of the society.

The Board of Directors of Browns Investments consists of 10 Directors including the Chairperson and Managing Director / CEO. In line with the regulatory requirements of the CSE Listing Rules, the Company has appointed six non-executive directors including two independent non-executive directors to the Board of Browns Investments in order to facilitate independent judgment in Board discussions and decisions.

The Company understands, supports and has applied the core concepts that underlie enterprise governance and ensures that its standards remain in compliance with all applicable legal and regulatory requirements.

9.8.1 Remuneration Committee

The Remuneration Committee, which was set up on the 8th March 2011, consists of two independent and non-executive directors. Mr. Aratchige Gunaratne Weerasinghe, a well known professional in the country heads the Remuneration Committee to ensure that the remuneration arrangements support the strategic aims of the Company.

The composition of the Remuneration Committee is as follows,

- Mr. Aratchige Gunaratne Weerasinghe – Chairman (Independent, Non-Executive Director)
- Mr. Nishan Fernando – Member (Independent, Non-Executive Director)
- Mr. Don Soshan Kamantha Amarasekera – Member (Non-Executive Director)

The Committee is responsible for setting up the remuneration policy and making recommendations to the Board on;

- Remuneration framework
- The remuneration payable to the Executive Directors, CEO/Managing Director and Senior Management
- Senior Management performance evaluation
- Performance based remuneration plans including performance incentives
- Remuneration policy amendments

As stated in Section 9.5, the Company has not paid remuneration to their Executive or Non-Executive directors in the past.

9.8.2 Audit Committee

The Audit Committee which was set up on the 8th March 2011, comprises of two independent and non-executive directors. Mr. Nishan Fernando has been appointed as the Chairman of the Audit Committee.

The composition of the Audit Committee is as follows,

- Mr. Nishan Fernando - Chairman (Independent, Non - Executive Director)
- Mr. Aratchige Gunaratne Weerasinghe – Member - (Independent, Non - Executive Director)
- Mr. Don Soshan Kamantha Amarasekera – Member - (Non - Executive Director)

The Managing Director and the Head of Finance attend meetings of the Audit Committee by invitation. The Committee is responsible for:

- Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements of a listed entity, in accordance with the Sri Lanka Accounting Standards.
- Overseeing of the Entity's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related to regulations and requirements.
- Overseeing the processes to ensure that the Entity's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards.
- Recommending to the Board the appointment, re-appointment and removal of internal and external auditors, approving the remuneration and terms of engagement of the external auditors and assessment of the independence and performance of the Entity's external auditors.

10. KEY MANAGEMENT PERSONNEL

10.1 MANAGING DIRECTOR / CEO

Mr. Nadarajah Murali Prakash
(Refer Section 9.2 of the Prospectus).

- The Chief Executive Officer / Managing Director of the Company is not or was not 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 by corporation of which he was an executive officer;
- Conviction for fraud, misappropriation or breach of trust or any other similar offence, which the CSE considers a disqualification.

10.2 SENIOR MANAGEMENT

Mr. Prawira Rimoe Saldin
Executive Director / Chief Operating Officer of Browns Investments Ltd.
(Refer Section 9.2 of the Prospectus)

Mrs. Nayantha K. Delpechitra
GM – Group Legal / Group Secretary – Browns Group of Companies

Mrs. Nayantha Delpechitra is an Attorney-at Law from the Supreme Court of Sri Lanka and a Registered Company Secretary.

She has over Fifteen years of work experience and proven track record in Company Secretarial practice, Commercial Law, Intellectual Property Law, Labour Law and also liaising with statutory bodies and ensuring Legal requirements are met and Corporate Governance is adhered to.

Currently she holds a Senior Management Position in Browns Group and heads the Group Legal and Company Secretarial Division provides legal and secretarial services.

Mr. J. M. Upul Priyantha Bandara
Group Financial Accountant - Browns Group of Companies

Mr. Upul Bandara is an Associate Member of the Institute of Chartered Accountants of Sri Lanka (ICASL), holds a Honors Special Degree in Bachelors of Science- Accountancy, University of Sri Jayewardenepura. He is a lecturer for Chartered examinations and an Author in Accounting.

He currently works as the Group Financial Accountant of Brown & Company PLC.

Mr. Upul Bandara has more than Five years proven track record in Accounting and Auditing which involves liaising with statutory bodies and ensuring both Accounting and legal requirements are adhered to.

Mr. Manjula Pitigala
Finance Manager

Mr. Manjula Pitigala joined Browns Investments Ltd with over seventeen years overall experience, of which eleven years experience as the Head of Finance in reputed entities such as Atlas Group of Companies, Sathosa Motors PLC and Shell Renewables.

He holds a 2nd Class Honours Bachelor's degree in Business Management from the University of Sunderland, UK and an MBA from the University of Strathclyde, Glasgow, UK. Mr. Pitigala is also a finalist of Chartered Institute of Management Accountants (UK), an Associate Member of the Chartered Institute of Marketing (UK) and the Institute of Cost and Executive Accountants (UK). He is a Certified Management Accountant of Australia.

Mr. Pitigala had his early training in internal / external auditing and management consultancy from Ernst & Young - Sri Lanka and Ernst & Young - Maldives. He has also served as an Analyst, covering conglomerates (diversified holdings) and plantations at Jardine Fleming HNB, making significant contributions to its Hong Kong based publications.

10.3 EMOLUMENTS OF THE SENIOR MANAGEMENT

There were no emoluments including any bonus and / or profit sharing payments made to the Chief Executive Officer and the senior management team, during the last financial year, as they were all remunerated by other companies in the Browns Group of Companies.

Further this practice will be continued in the current financial and there will be no bonus and / or profit sharing payments, other than an estimated aggregate allowance of Rs.2,700,000/- to be paid to the Chief Executive Officer and the senior management team for the year ended 31st March 2011.

10.4 HUMAN CAPITAL OF THE GROUP

The Group	No. of Employees	
Browns Investments Ltd	-	<i>Note 1</i>
LOLC Leisure Group of Companies	968	<i>Note 2</i>
Sierra Group of Companies	1,808	<i>Note 2</i>
Royal Fernwood Group of Companies	556	<i>Note 2</i>
Free Lanka Group of Companies (includes the plantation sector & power sector companies)	21,255	<i>Note 3</i>
Total	24,587	

Note 1: As Browns Investments Ltd is a holding company, business activities are being handled by selected staff members from the Browns Group of Companies. The employees of the entity are not engaged in any labour union activities and there are no labour unions or any significant agreements entered into between the Company and any labour unions.

Note 2: The employees of the LOLC Leisure Group of Companies, Sierra Group of Companies, and Royal Fernwood Group of Companies are not involved in any labour union activities and there are no labour unions or any significant agreements entered into between these companies and any labour unions.

Note 3: The two plantation companies belonging to the Free Lanka Group of Companies, Maturata and Pussellawa Plantations each have two main collective agreements with estate staff and estate workers unions, where the Employer's Federation of Ceylon represents the employers of regional plantation companies, and all negotiations with labour unions are collectively handled by them.

The employees of the Power sector companies belonging to the Free Lanka Group of Companies are not involved in any labour union activities and there are no labour unions or any significant agreements entered into between these companies and any labour unions.

11. STATUTORY AND OTHER GENERAL INFORMATION

11.1 ARTICLES OF ASSOCIATION

Extracts of the Articles of Association of Browns Investments are set out in the Annexure D of this Prospectus. Articles of Association of the Company will be available on the website of the CSE, www.cse.lk and Browns Investments website www.brownsinvestments.com

11.2 INSPECTION OF DOCUMENTS

The Articles of Association, the Auditors' Report, Audited Financial Statements of Browns Investments for the two financial years immediately preceding the date of this Prospectus, i.e. FY 2008/09 and FY 2009/10, and other documents to which references are made in this Prospectus, are available for inspection by the public. This is for not less than fourteen market days during normal working hours at the Business Office of the Company from the date the Prospectus until closure of the Subscription List. (Refer Section 5.8 of the Prospectus)

11.3 HOSTING OF PROSPECTUS AND APPLICATION FORM ON THE WEB

The Prospectus and Application Form are available on the website of the CSE, www.cse.lk and Browns Investments website www.brownsinvestments.com, from the date hereof, until the Subscription List closes or up to fourteen (14) Market Days, whichever is later.

11.4 BROKERAGE

Brokerage at the rate of zero decimal seven percentum (0.7%) of the Share Offer Price will be paid in respect of the number of shares allotted / allocated on Applications bearing the seal of any bank operating in Sri Lanka or a member / trading member of the CSE.

11.5 COST OF THE ISSUE

The Directors estimate that the total cost of the Offering including structuring and management fees, fees payable in respect of services rendered by lawyers, accountants, registrars, printing and marketing costs and brokerage commissions will be approximately Rs. 20 Million (excluding taxes). Such costs will be recovered from the proceeds of the issue.

11.6 UNDERWRITING

The Offering is not underwritten. The Company shall seek a listing irrespective of whether the Offering is fully subscribed or not for the reasons set out in paragraph below, whilst acknowledging the fact that the listing would be granted only upon the Company satisfying the requirements under the CSE Listing Rules. The Offering in conformity to Section 45(1) of the Companies Act No.7 of 2007, will not be conditional upon any minimum subscription being met.

The proceeds raised by the Offering are to be utilized by the Company for the activities elaborated under Section 5.2 - Objectives of the Offering. In the event of an under subscription, the Directors of the Company are confident that the shortfall can be financed through internally generated funds and borrowings.

12. STATUTORY DECLARATIONS

12.1 STATUTORY DECLARATION BY THE DIRECTORS

31st May, 2011

"This Prospectus has been seen and approved by the directors of Browns Investments Ltd and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that provisions of the CSE Listing Rules and of the Companies Act No. 07 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 their 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 Entity have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to the entity and making assumptions that are considered to be reasonable at the present point in time in the best judgement of the directors."

"Also as per Section 40 (1) b of the Companies Act No. 07 of 2007, the persons named in the Prospectus, being Directors of the Company do hereby declare that we have read the provisions of this Act relating to the issue of the Prospectus and those provisions have been complied with to the best of our knowledge and belief"

Sgd. Mrs. Rohini Letitia Nanayakkara
Chairperson / Director

Sgd. Mr. Nadarajah Murali Prakash
Managing Director / CEO

Sgd. Mr. Ishara Chinthaka Nanayakkara
Director

Sgd. Mr. Ajith Lasantha Devasurendra
Director

Sgd. Mr. Don Soshan Kamantha Amarasekera
Director

Sgd. Mr. Prawira Rimce Saldin
Director

Sgd. Mr. Stefan Furkhan
Director

Sgd. Mr. Ruwan Prasanna Sugathadasa
Director

Sgd. Mr. Aratchige Gunaratne Weerasinghe
Director

Sgd. Mr. Nishan Fernando
Director

12.2 STATUTORY DECLARATION BY THE MANAGERS TO THE OFFERING

16th March, 2011

We, Taprobane Holdings Limited, of No. 10, Gotham Road, Colombo 08 being the Managers to the initial public offering of Browns Investments Ltd, hereby declare and confirm to the best of our knowledge and belief the Prospectus constitutes full and true disclosure of all material facts about Browns Investments Ltd and their Offering and that we are satisfied that where applicable profit forecasts have been stated by the directors after due and careful enquiry.

The Common Seal of Taprobane Holdings Limited affixed on this 16th day of March 2011 at Colombo in the presence of Mr. Ajith Devasurendra (Managing Director) and the Managers and Secretaries (Pvt) Ltd (Company Secretary).

Sgd.
Managing Director

Sgd.
Company Secretary

12.3 STATUTORY DECLARATION BY THE COMPANY

18th March, 2011

"An application has been made to the Colombo Stock Exchange for permission to deal in and for a listing for all securities in a particular class issued by the Entity and those Securities of the same class which are the subject of this issue. Such permission will be granted when the 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 Entity or of the Securities issued"

The Common Seal of Browns Investments Ltd affixed on this 18th day of March 2011 at Colombo in the presence of Mr. N. M. Prakash (Managing Director / CEO) and the Company Secretary.

Sgd.
Managing Director / CEO

Sgd.
Company Secretary

13. FINANCIAL OVERVIEW OF THE GROUP

	Group			Company		
	31.12.2010	31.03.2010	31.03.2009	31.12.2010	31.03.2010	31.03.2009
Net Profit Ratio	54.26%	6.33%	-	97.89%	44.17%	-
Return on Capital Employed (ROCE)	24.46%	4.03%	21.41%	51.21%	0.35%	0.50%
Return on Avg. SH Funds	30.81%	3.40%	27.38%	67.84%	0.84%	0.50%
Return on Avg. Assets (ROA)	21.66%	3.99%	19.34%	47.37%	0.46%	0.50%
Debt to Equity Ratio	0.53	0.43	0.42	0.62	0.13	0.01
Debt to total Assets Ratio	34.60%	30.24%	29.38%	38.21%	11.51%	0.50%
Equity as a % of Total Assets	65.40%	69.76%	70.62%	61.79%	88.49%	99.50%
Interest Cover	22.25	3.04	-	35.03	0.00	-
Earnings Per Share (EPS)	4.92	0.18	4.53	3.98	0.02	-0.01
Net Assets per Share	3.98	24.97	34.67	2.40	12.05	9.95
Current Ratio	1.09	0.55	0.56	1.02	0.03	-

14. FINANCIAL STATEMENTS AND AUDITORS REPORTS

14.1 ACCOUNTANTS' REPORT FOR INCLUSION IN THE PROSPECTUS



Tel	: +94-11-2421678-79-70	Chartered Accountants
	: +94-11-2387002-03	"Charter House"
Fax	: +94-11-2336064	65/2,Sir Chittampalam A.Gardiner Mawatha
E-mail	: bdopartners@bdo.lk	Colombo 2
Website	: www.bdo.lk	Sri Lanka

The Board of Directors
Browns Investments Ltd
No. 481,
TB Jaya Mawatha
Colombo 10

Dear Sirs,

ACCOUNTANTS' REPORT FOR INCLUSION IN THE PROSPECTUS OF BROWNS INVESTMENTS LTD

INTRODUCTION

This report has been prepared for the inclusion in the Prospectus issued in connection with the initial public offering of 50,000,000 Ordinary Shares at the Share Offer Price of LKR 7.50 each (Refer Section 5.4 of the Prospectus).

We have examined the financial statements of the Browns Investments Ltd and report as follows:

1. INCORPORATION

The Company was incorporated in Sri Lanka on 10th November'2008 as a limited liability Company under the Companies Act No.07 of 2007.

The Company's name was changed from Browns Plantation Investments (Pvt) Ltd to Browns Investments (Pvt) Ltd with effect from 11th January'2010 and subsequently the Company converted to a public limited liability company on 31st December'2010 under Section 11(1) of the Companies Act No. 7 of 2007 and accordingly changed the name to Browns Investments Ltd.

2. FINANCIAL STATEMENTS

2.1 Two-year Summary of Financial Statements

Two-year summary of Income Statements, Balance Sheets, Statement of Changes in Equity and Cash Flow Statements of Browns Investments Ltd for the financial years ended 31st March'2009 to 31st March'2010 based on the audited financial statements are set out in Section 14 of the Prospectus.

2.2 Audited Financial Statements for the year ended 31st March'2010.

Our audit report on financial statements for the year ended 31st March'2010 together with such financial statements comprising the Balance sheet, Income Statement, Statement of Changes in Equity and Cash Flow Statement along with the Accounting Policies and notes thereon is set out in Section 14 of the Prospectus.

BDO Partners, a Sri Lankan Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

Partners : S. Jayapakse FCA, MBA, Ms. A.S.E. Raymond FCA, S. G. Ranjith ACA, Thushan H. Sabarasinghe FCA, CISA
H.S. Rathnawansa ACA, Ashana J.W. Jayasokara ACA, MBA, H.M. Saman Siri Lal ACA
Consultant : V. Simhadral FCA



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+94-11-2387002-03
Fax : +94-11-2336064
E-mail : bdopartners@bdo.lk
Website : www.bdo.lk

Chartered Accountants
"Charter House"
65/2,Sr Chitampalam A Gardner Mawatha
Colombo 2
Sri Lanka

2.3 AUDIT AND REVIEW REPORTS

Audit Reports

The Audit Reports issued for the financial years ended 31st March'2009 and 31st March'2010, indicate that unqualified audit opinions have been issued for the said financial years.

Review Report

The Review Report issued for the nine months period ended 31st December'2010 indicates following emphasis of matters.

- Rs.123.5 Min has been recognized in the consolidated financial statements as share of profits from equity accounted investees based on the unaudited financial statements of such entities.
- Debenture issued on 19th June'1997 by Maturata Plantations Ltd to the value of Rs.150 Min have been converted to ordinary shares on 22nd June'2002 as stipulated in the agreement. The basis and or ratio of conversion have been contested by the golden share holder in year 2008.

2.4 ACCOUNTING POLICIES

The accounting policies of the Company are stated in detail in the audited financial statements of the Company for the financial years ended 31st March'2009 and 31st March'2010.

The financial statements have been prepared in accordance with Sri Lanka Accounting Standards and there were no material changes in the accounting policies of the Company during this period.

2.5 DIVIDENDS

The Company has not paid any dividends to its Ordinary Share holders for the financial years ended 31st March'2009 and 31st March'2010 and for the nine months ended 31st December'2010.

2.6 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No significant event of the Company has taken place after the Balance sheet date other than those disclosed in the Explanatory Note 8 to the Interim Financial Statements (Refer Section 14.4 of the Prospectus) and also Note 41 to the consolidated financial statements for the year ended 31st March'2010.

Yours faithfully,

BDO Partners

CHARTERED ACCOUNTANTS

Colombo

22nd March'2011

BDO Partners, a Sri Lankan Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

Partners : S. Rajapakse FCA, MBA, Ms. A.S.E. Raymond FCA, S. G. Ranjith ACA, Thushan H. Sabarasinghe FCA, CISA

H.S. Rathnayake ACA, Ashani J.W. Jayasekara ACA, MBA, H.M. Saman Siri Lal ACA

Consultant : V. Simachchala FCA

14.2 TWO YEAR SUMMARY OF FINANCIAL STATEMENTS

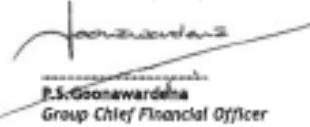
BROWNS INVESTMENTS LTD
TWO YEAR SUMMARY OF THE FINANCIAL STATEMENTS

Summary Income Statements and Balance Sheets

	2009/2010		2008/2009	
	Group	Company	Group	Company
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
A) Summary of Operations	(Restated)	(Restated)	(Restated)	(Restated)
Turnover	2,451,530	9,259	-	-
Gross Profit	173,482	9,259	-	-
Net Profit/(Loss) Before Finance Costs	259,245	4,090	1,109,960	(2,250)
Profit/(Loss) Before Taxation	174,021	4,090	1,109,960	(2,250)
Taxation	(18,891)	-	-	-
Profit/(Loss) Attributable to Equity Holders	43,568	4,090	1,109,960	(2,250)
Profit/(Loss) Attributable to Minority Holders	111,562	-	-	-
			As at 31.3.2010	As at 31.3.2009
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
B) Summary of Financial Position	(Restated)	(Restated)	(Restated)	(Restated)
Capital and Reserves				
Stated Capital	980,000	980,000	450,000	450,000
Surplus on Revaluation of Property, Plant and Equipment	115,039	-	-	-
Surplus on Revaluation of Long Term Investments	199,155	199,155	-	-
Retained Earnings	1,153,228	1,840	1,109,960	(2,250)
Total Equity Attributable to Equity Holders of the Company	2,447,422	1,180,995	1,359,960	447,750
Minority Interest	2,623,270	-	2,493,788	-
Total Equity	5,070,692	1,180,995	4,053,748	447,750
Assets and Liabilities				
Current Assets				
Current Assets	454,329	5,313	309,478	-
Current Liabilities	830,589	153,603	633,292	2,250
Net Current Assets	(376,260)	(148,290)	(323,814)	(2,250)
Property, Plant and Equipment				
Property, Plant and Equipment	3,174,238	45,000	2,556,875	-
Other Non-current Assets	3,640,757	1,284,285	2,873,810	450,000
Non-current Liabilities	1,367,841	-	1,053,323	-
Net Assets	5,070,692	1,180,995	4,053,748	447,750

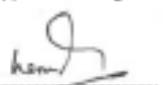
Financial Ratios

Basic Earnings/(Loss) Per Ordinary Share (LKR)	0.18	0.02	4.53	(0.01)
Diluted Earnings/(Loss) Per Ordinary Share (LKR)	0.18	0.02	4.53	(0.01)
Dividends Per Share (LKR)	-	-	-	-
Net Assets Per Ordinary Share (LKR)	24.97	12.05	34.67	9.95
Current Ratio (Times)	0.55	0.03	0.49	-


P.S. Deonawardena
Group Chief Financial Officer

The above summarized financial information have been extracted from the audited financial statements. The Board of Directors of Browns Investments Ltd is responsible for the preparation and presentation of these financial statements.

Approved and signed for and on behalf of the Board of Directors of Browns Investments Ltd.


D.S.K. Amarasekara
Director
Colombo
21st March 2011


P.R. Saldin
Director

BROWNS INVESTMENTS LTD

TWO YEAR SUMMARY OF THE FINANCIAL STATEMENTS

Statement of Changes in Equity - Group

	Stated Capital (Rs. '000)	Surplus on Revaluation of Property, Plant and Equipment (Rs. '000)	Surplus on Revaluation of Long Term Investments (Rs. '000)	Retained Earnings (Rs. '000)	Minority Interest (Rs. '000)	Total Equity (Rs. '000)
Opening Balance	-	-	-	-	-	-
Issue of New Ordinary Shares	450,000	-	-	-	-	450,000
Profit for the Period (First Year of Operation)	-	-	-	1,109,960	2,493,788	3,603,748
Balance as at 31st March 2009	450,000	-	-	1,109,960	2,493,788	4,053,748
Issue of New Ordinary Shares	530,000	-	-	-	-	530,000
Mark to Market Value Adjustments for Carrying Value of Long Term Investments	-	-	199,155	-	-	199,155
Profit for the Year	-	-	-	43,568	111,562	155,130
Ordinary Share Dividends	-	-	-	(300)	-	(300)
Consolidated Share of Revaluation Reserve	-	115,039	-	-	-	115,039
Consolidated Share of Minority Interest	-	-	-	-	17,921	17,921
Balance as at 31st March 2010	980,000	115,039	199,155	1,153,228	2,623,271	5,070,433

Statement of Changes in Equity - Company

	Stated Capital (Rs. '000)	Surplus on Revaluation of Property, Plant and Equipment (Rs. '000)	Surplus on Revaluation of Long Term Investments (Rs. '000)	Retained Earnings (Rs. '000)	Total Equity (Rs. '000)
Opening Balance	-	-	-	-	-
Issue of New Ordinary Shares	450,000	-	-	-	450,000
Loss for the Period (First Year of Operation)	-	-	-	(2,250)	(2,250)
Balance as at 31st March 2009	450,000	-	-	(2,250)	447,750
Issue of New Ordinary Shares	530,000	-	-	-	530,000
Mark to Market Value Adjustments for Carrying Value of Long Term Investments	-	-	199,155	-	199,155
Profit for the Year	-	-	-	4,090	4,090
Balance as at 31st March 2010	980,000	-	199,155	1,840	1,180,995

BROWNS INVESTMENTS LTD
TWO YEAR SUMMARY OF THE FINANCIAL STATEMENTS

Cash Flow Statement

	2009/2010		2008/2009	
	Group	Company	Group	Company
Operating Activities	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash Generated from Operations	579,728	146,184	-	-
Income Tax/ESC/SRL Paid	(3,571)	-	-	-
Retiring Gratuity Paid	(26,333)	-	-	-
Interest Paid	(111,869)	-	-	-
Net Cash Generated From/(Used In) Operating Activities	437,955	146,184	-	-
Investing Activities				
Investments in Joint Venture and Subsidiaries	(136,500)	(84,000)	(507,301)	(450,000)
Purchase and Construction of Property, Plant and Equipment	(395,046)	(45,000)	-	-
Capital Grants Received	54,514	-	-	-
Interest Income Received	44	-	-	-
Proceeds from Sale of Property, Plant and Equipment	2,287	-	-	-
Written back Amount Payable	(2,032)	-	-	-
Dividend Income	14,571	-	-	-
Acquisition of Quoted Investments	(570,856)	(570,856)	-	-
Disposal of Quoted Investments	28,385	28,385	-	-
Net Cash Flows From/(Used In) Investing Activities	(1,004,633)	(671,471)	(507,301)	(450,000)
Financing Activities				
Receipts from Issue of Shares	614,000	530,000	450,000	450,000
Repayment of Finance Lease Liability	(40,444)	-	-	-
Term and Other Loans Repaid	(340,767)	-	-	-
Term and Other Loans Received	367,000	-	-	-
Dividends Paid	(12,360)	-	-	-
Net Cash Flows From/(Used In) Financing Activities	587,429	530,000	450,000	450,000
Net Increase/(Decrease) in Cash and Cash Equivalents	20,751	4,713	(57,301)	-
Cash and Cash Equivalents at the beginning of the Year/Period	(57,301)	-	-	-
Cash and Cash Equivalents at the end of the Year/Period	(36,550)	4,713	(57,301)	-

14.3 AUDIT REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2010



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	+94-11-2387002-03	"Charter House"
Fax	: +94-11-2336064	65/2,Sir Chittampalam A.Gardiner Mawatha
E-mail	: bdopartners@bdo.lk	Colombo 2
Website	: www.bdo.lk	Sri Lanka

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BROWNS INVESTMENTS (PVT) LTD

Report on the Financial Statements

We have audited the accompanying financial statements of Browns Investments (Pvt) Ltd., and consolidated financial statements of the company and its subsidiary as at 31st March'2010 which comprise the balance sheet as at 31st March'2010, and the Income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 06 to 52.

Management's Responsibility for the Financial Statements

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

Scope of Audit and Basis of Opinion

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

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

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

Opinion - Company

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the period 31st March'2010 and the financial statements give a true and fair view of the Company's state of affairs as at 31st March'2010 and its profit and cash flows for the period ended 31st March'2010 in accordance with Sri Lanka Accounting Standards.

Opinion - Group

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at 31st March'2010 and its profit and cash flows for the period then ended in accordance with Sri Lanka Accounting Standards, of the company and its subsidiaries dealt with thereby so far as concerns the shareholders of the company.

Report on Other Legal and Regulatory Requirements

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

BDO Partners

CHARTERED ACCOUNTANTS

14th June'2010

Colombo

SRI/LK

BDO Partners, a Sri Lankan Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

Partners : S. Jayapakse FCA, MBA, Ms. A.S.E. Raymond FCA, S. G. Ranjith ACA, Tharun H. Sabasinghe FCA, CISA
H.S. Rathnawansa ACA, Ashanee J.W. Jayasekara ACA, MBA, H.M. Saman Siri Lal ACA

Consultant : V. Simendral FCA

INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH'2010

	Notes	Consolidated		Company	
		From 10.11.2008 To 31.03.2010		From 10.11.2008 To 31.03.2009	
		(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
Revenue	3	2,451,530	-	9,259	-
Cost of Sales	4	(2,278,048)	-	-	-
Gross Profit	5	173,482	-	9,259	-
Share of Profit from Equity Accounted Investees (Net of Taxation)		17,160	-	-	-
Gain on Change in Fair Value of Timber Stocks and Timber Content of Rubber Trees	16 & 18	118,893	-	-	-
Negative Goodwill	6	-	1,112,244	-	-
Other Income	7	64,469	-	-	-
		374,002	1,112,244	9,259	-
Administrative Expenses		(114,758)	(2,285)	(5,169)	(2,250)
Finance Costs	8	(85,224)	-	-	-
		(199,982)	(2,285)	(5,169)	(2,250)
Profit/(Loss) Before Taxation	9	174,021	1,109,960	4,090	(2,250)
Income Tax Expense	10	(18,891)	-	-	-
Profit/(Loss) for the Period/Year		155,130	1,109,960	4,090	(2,250)
Attributable to:					
Equity Holders of the Company		43,568	1,109,960	4,090	(2,250)
Minority Interest		111,562	-	-	-
Profit/(Loss) for the Period/Year		155,130	1,109,960	4,090	(2,250)
Basic Earnings/(Loss) per Ordinary Share (Rs.)	11	0.44	24.67	0.04	(0.05)
Diluted Earnings/(Loss) per Ordinary Share (Rs.)	11	0.44	24.67	0.04	(0.05)
Dividend per Ordinary Shares (Rs.)	12	-	-	-	-

Figures in Brackets indicate deductions

The Accounting Policies and Notes to the Financial Statements annexed herewith form an integral part of these financial statements.

Colombo
 14th June'2010



BALANCE SHEET
AS AT 31ST MARCH 2010

Notes	Consolidated		Company	
	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)
ASSETS				
Non-current Assets				
Leasehold Right to Bare Land of (JEDB/SLSPC)				
Estates	13	266,859	274,501	-
Immovable (JEDB/SLSPC) Estate Assets on Finance Lease (other than Bare Land)	14	158,685	171,227	-
Property, Plant and Equipment (Other than Immature/Mature Plantations)	15	945,283	533,255	45,000
Immature/Mature Plantations	16	1,756,031	1,527,570	-
Capital Work-in-Progress	17	47,378	50,322	-
Timber Stocks	18	2,884,583	2,821,070	-
Investments in Joint Ventures	19	-	-	534,000
Investments in Equity Accounted Investees	20	5,631	7,885	-
Long-term Investments	21	750,285	44,855	750,285
	6,814,735	5,430,685	1,329,285	450,000
Goodwill	22	258	-	-
Current Assets				
Inventories	23	232,015	158,512	-
Trade and Other Receivables	24	184,989	130,219	-
Amounts Due From Related Parties	25	4,535	10,645	600
Income tax Recoverable	26	-	1,442	-
Cash and Cash Equivalents	27.a)	32,690	8,860	4,713
	454,229	309,678	5,313	-
Total Assets		7,369,222	5,740,363	1,334,598
EQUITY AND LIABILITIES				
Stated Capital and Reserves				
Stated Capital	28	980,000	450,000	980,000
Surplus On Revaluation of Property, Plant and Equipment	29	115,039	-	-
Surplus On Revaluation of Long Term Retained Earnings	30	199,155	-	199,155
Equity attributable to Equity holders of the Company		1,153,228	1,109,960	1,840
		2,447,422	1,559,960	1,180,995
Minority Interest	31	2,623,271	2,493,788	-
Total Equity		5,070,693	4,053,748	1,180,995
				447,750



BROWNS INVESTMENTS (PVT) LTD
BALANCE SHEET
AS AT 31ST MARCH 2010

Page 3

	Consolidated		Company	
	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)
Non-current Liabilities				
Interest Bearing Borrowings	32.b) & c) 33	503,730 750	453,953 2,250	• •
Rescheduled Debentures	34	589,694	370,414	• •
Retirement Benefit Obligations	35	273,767	226,706	• •
Deferred Income				
Total Non-current Liabilities		1,367,941	1,053,323	• •
Current Liabilities				
Trade and Other Payables	36	369,915	310,333	20,285 •
Amounts Due To Related Parties	37	139,353	3,857	133,318 2,250
Income Tax Payable	38	17,302	3,782	• •
Short Term Borrowings		27,500	30,162	• •
Rescheduled Debentures	33	1,500	1,500	• •
Current Portion of Interest Bearing Borrowings	32.a) 27.b)	205,780 69,239	217,497 66,161	• •
Bank Overdrafts		830,589	633,292	153,603 2,250
Total Current Liabilities				
Total Liabilities		2,198,529	1,686,616	153,603 2,250
Total Equity and Liabilities		7,269,722	5,740,363	1,334,598 450,000
Net Assets per Ordinary Share (Rs.)		25	35	12 10

Commitments and Contingencies 39 & 40

Figures in Brackets indicate deductions

The Accounting Policies and Notes to the Financial Statements annexed herewith form an integral part of these financial statements.

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No.7 of 2007.


Mr. P.S. Gunawardena
Group Chief Financial Officer

The Board of Directors of Browns Investments (Pvt) Ltd., is responsible for the preparation and presentation of these financial statements.

Approved and signed for and on behalf of the Board of Directors of Browns Investments Limited.


Mr. N.M. Prakash
Director

Colombo
14th June 2010
SRI/CC


Mr. P.R. Saldin
Director



STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2010

Equity attributable to Equity holders of the Company

Consolidated	Surplus On Revaluation of Property, Plant and Equipment						Minority Interest (Rs. '000)	Total Equity (Rs. '000)
	Stated Capital (Rs. '000)	Surplus On Revaluation of Long Term Investments (Rs. '000)	Retained Earnings (Rs. '000)	Total (Rs. '000)	Minority Interest (Rs. '000)	Total (Rs. '000)		
Balance as at 01 st April'2008	-	-	-	-	-	-	-	-
Issue of New Ordinary Shares	450,000	-	-	-	450,000	-	-	450,000
Profit/(Loss) for the Period - (First Year of Operation)	-	-	1,109,960	1,109,960	-	-	1,109,960	
On Acquisition of Joint Venture	-	-	-	-	-	2,493,788	2,493,788	
Balance as at 01 st April'2009	450,000	-	1,109,960	1,559,960	2,493,788	4,053,748		
Issue of New Ordinary Shares	530,000	-	-	-	530,000	-	-	530,000
Mark to Market Value Adjustment	-	199,155	-	199,155	-	-	199,155	
Profit/(Loss) for the Year	-	-	43,568	43,568	111,562	155,130		
Ordinary Share Dividends Paid	-	-	(300)	(300)	-	(300)		
Surplus On Revaluation of Property, Plant and Equipment	-	115,039	-	-	115,039	-	-	115,039
Consolidated Share of Minority Interest	-	-	-	-	-	17,921	17,921	
Balance as at 31 st March 2010	980,000	115,039	199,155	1,153,228	2,447,422	2,623,271	5,070,692	

Company	Surplus On Revaluation of Long Term Investments				Retained Earnings (Rs. '000)	Total Equity (Rs. '000)
	Stated Capital (Rs. '000)	Surplus On Revaluation of Long Term Investments (Rs. '000)	Retained Earnings (Rs. '000)	Total (Rs. '000)		
Balance as at 01 st April'2008	-	-	-	-	-	-
Issue of New Ordinary Shares	-	-	450,000	-	-	450,000
Profit/(Loss) for the Period - (First Year of Operation)	-	-	-	(2,250)	(2,250)	
Balance as at 01 st April'2009	-	-	450,000	-	(2,250)	447,750
Issue of New Ordinary Shares	-	-	530,000	-	-	530,000
Mark to Market Value Adjustment	-	199,155	-	-	199,155	
Profit/(Loss) for the Year	-	-	-	4,090	4,090	
Balance as at 31 st March 2010	-	199,155	1,840	1,160,995		

Figures in Brackets indicate deductions

The Accounting Policies and Notes to the Financial Statements annexed herewith form an integral part of these financial statements.

Colembo
14th June'2010



BROWNS INVESTMENTS (PVT) LTD
 CASH FLOW STATEMENT
 FOR THE YEAR ENDED 31ST MARCH 2010

Page 5

	Consolidated		Company	
	From 10.11.2008 To 31.03.2009	(Rs.'000)	From 10.11.2008 To 31.03.2009	(Rs.'000)
Cash Flow From Operating Activities				
Net Profit before Taxation	174,021	1,109,960	4,090	(2,250)
Adjustments for :				
- Profit on Disposal of Shares	(8,659)	-	(8,659)	-
- Provision for Retirement Benefit Obligations - Gratuity	245,406	-	-	-
- Depreciation on Property, Plant and Equipment	111,612	-	-	-
- Gain on Change In Fair Value of Timber Stocks and Timber Content of Rubber Trees	(118,893)	-	-	-
- Share of Profit from Equity Accounted Investees (Net of Taxation)	(17,160)	-	-	-
- Capital Grants Amortized	(7,453)	-	-	-
- Finance Costs	85,224	-	-	-
- Interest Income	(22)	-	-	-
- Bad Debts Written Off	246	-	-	-
- Amount Written Off from Immature Plantations	311	-	-	-
- Negative Goodwill	-	(1,112,210)	-	-
- Dividend Income	-	-	(600)	-
- Gain on Disposal of Property, Plant & Equipment	(417)	-	-	-
Operating Profit/(Loss) before Working Capital Changes	464,216	(2,250)	(5,169)	(2,250)
(Increase)/Decrease in Inventories	(73,503)	-	-	-
(Increase)/ Decrease in Trade and Other Receivables	(25,245)	-	-	-
(Increase)/Decrease in Amounts Due From Related Parties	(23,317)	-	-	-
Increase/(Decrease) in Trade & Other Payables	96,044	-	20,285	-
Increase/(Decrease) in Amounts Due To Related Parties	121,610	2,250	131,068	2,250
Cash Generated From Operations	539,605	-	146,184	-
Income Tax/ESC/SRL Paid	(9,167)	-	-	-
Retiring Gratuity Paid	(26,333)	-	-	-
Interest Paid	(111,869)	-	-	-
Net Cash Flows From/(Used In) Operating Activities	412,437	-	146,184	-
Cash Flow From Investing Activities				
Investments in Joint Venture & Subsidiaries	(136,500)	(507,301)	(84,000)	(450,000)
Purchase & Construction of Property, Plant & Equipment	(369,606)	-	(45,000)	-
Capital Grants Received	54,514	-	-	-
Interest Income Received	22	-	-	-
Proceeds from Sale of Property, Plant & Equipment	2,109	-	-	-
Amount Payables Written Back	(2,032)	-	-	-
Dividend Income	14,571	-	-	-
Acquisition of Quoted Investments	(570,856)	-	(570,856)	-
Disposal of Quoted Investments	28,385	-	28,385	-
Net Cash Flows From/(Used In) Investing Activities	(979,393)	(507,301)	(671,471)	(450,000)
Cash Flow From Financing Activities				
Repayment of Finance Lease Liability	(46,217)	-	-	-
Receipts from Issue of Shares	614,000	450,000	530,000	450,000
Term & Other Loans Repaid	(252,054)	-	-	-
Term & Other Loans Received	287,000	-	-	-
Repayment of Short Term Loans - (Net of Receipts)	(2,662)	-	-	-
Dividends Paid	(12,360)	-	-	-
Net Cash Flows From/(Used In) Financing Activities	587,709	450,000	530,000	450,000
Net Increase/(Decrease) in Cash and Cash Equivalents	20,753	(57,301)	4,713	-
Cash and Cash Equivalents at beginning of the Period/Year	(57,301)	-	-	-
Cash and Cash Equivalents at end of the Period/Year	(36,549)	(57,301)	4,713	-
Analysis of Cash and Cash Equivalents at the end of the Period/Year				
Cash in Hand and Banks	32,690	8,860	4,713	-
Bank Overdrafts	(69,239)	(66,161)	-	-
Figures in Brackets Indicate deductions	(36,549)	(57,301)	4,713	-

The Accounting Policies and Notes to the Financial Statements annexed herewith form an integral part of these financial statements.

Colombo
 14th June'2010



BROWNS INVESTMENTS (PVT) LTD

FOR THE YEAR ENDED 31ST MARCH 2010 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 DOMICILE AND LEGAL FORM OF REPORTING ENTITY

The company is a limited liability company incorporated on 10th November 2008 under the Companies Act No.07 of 2007 and domiciled in Sri Lanka.

The Registered Office of the Company is located at 481, T.B.Jayah Mawatha, Colombo 10.

The Consolidated Financial statements of the company for the year ended 31st March 2010 includes the company and its Joint Venture (together referred to as the "Group") and the Group's interest in associates.

1.2 PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

The principal activities of the Company are investments in listed companies and its Joint Venture M/s. Free Lanka Plantation Holdings Company (Pvt) Ltd, which mainly engages in the Plantation Management.

1.3 PARENT ENTERPRISE

The Company's parent undertaking is Brown & Company PLC, which holds 50 % of the shares of Browns Investments (Pvt) Ltd.,

The company's name was changed from Browns Plantation Investments (Pvt) Ltd., to Browns Investments (Pvt) Ltd., with effect from 11th January 2010.

1.4 DATE OF AUTHORIZATION FOR ISSUE

The Financial Statements of Browns Plantations Ltd., for the year ended 31st March 2010 was authorized for issue on 14th June 2010 in accordance with a resolution of the board of directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements. The accounting policies of the Company have been consistently applied by Group entities where applicable and deviations, if any, have been disclosed accordingly.

However, the following standards have been issued by the Institute of Chartered Accountants of Sri Lanka but not yet effective.

2.1 EFFECT OF SRI LANKA ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE.

- a) Sri Lanka Accounting Standard 44 Financial Instruments; Presentation (SLAS 44) and Sri Lanka Accounting Standard 45 Financial Instruments; Recognition & Measurement (SLAS 45).

SLAS 44 and 45 become effective for financial years beginning on or after 1st January 2011. Accordingly, the Financial Statements for the year ending 31 March 2011 will adopt SLAS 44 and 45, for the first time.

These two standards together provide comprehensive guidance on identification, classification, measurement and presentation of financial instruments (including Derivatives) into financial assets, financial liabilities and equity instruments.

In order to comply with the requirements of these standards, the company is in the process of setting up an implementation plan and assessing the effect of adoption of aforesaid two standards. Due to the complex nature of the effect of these standards the impact of adoption is not estimable as at the date of publication of these financial statements.

- b) Sri Lanka Accounting Standard 39 - Share Based Payments (SLAS 39).

SLAS 39 - Share based payments, effective for periods beginning on or after 1st January 2010 will be first adopted in the year ending 31 March 2011. This standard requires an expense to be recognized where the company buys goods or services in exchange for shares or rights over shares (equity-settled Transactions), or in exchange for other assets equivalent in value to a given number of shares or rights over shares (cash-settled transactions). For equity-settled share-based payment transactions, the company is required to apply SLAS 39 to grants of shares, share options or other equity instruments that were granted after 1 January 2010.

The company is in the process of evaluating the impact of this standard, and the impact of the same is not currently estimable as at the date of the publication of these financial statements.

2.2 GENERAL ACCOUNTING POLICIES

2.2.1 Basis of Preparation of Financial Statements

These Financial Statements presented in Sri Lankan Rupees have been prepared on the Historical Cost Basis except for Produce stocks which are stated at Net Realizable Value and certain Property, Plant and Equipment which are stated at revalued amounts, in accordance with Generally Accepted Accounting Principles and the Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka.

2.2.2 Statement of Compliance

The Financial Statements of company and those consolidated with such are prepared in accordance with the Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka and also in compliance with the requirements of the Companies Act No.07 of 2007 and therefore present fairly the financial position, financial performance and cash flow of the company.

2.2.3 Critical Accounting Judgments, Estimates and Assumptions

The preparation of financial statements required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

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

The company makes assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

2.2.3.1 Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the Financial Statements.

a) Inventory Valuation

Unsold Produce Stock as at the balance sheet has been valued date at their actual or estimated realizable values, net of direct selling expenses based on most recent selling prices available subsequent to the year end.

2.2.3.2 Estimates and Assumptions

a) Useful Lives and Residual Values appropriate for Property, Plant and Equipment

The company tests annually whether, the useful life and residual value estimates were appropriate and in accordance with its accounting policy. Useful lives and residual values of property, plant and equipment have been determined by Professional Valuers.

b) Impairment Loss on Trade Receivables

The company reviews its debtors to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in the income statement, the company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in estimated cash flows from a portfolio of debtors.

Management uses estimates based on historical loss experience of assets. The assumptions used for estimating the amount and timing of cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

c) Defined Benefit Plans - Gratuity

The cost of defined benefit plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases.

Due to the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are disclosed in Note 34 to the Financial Statements.

The assumptions and methodology used by the company are consistent with SLAS 16. The pension costs and balance sheet items are dependent on the assumptions made for future experience. SLAS 16 sets out how these assumptions should be set. These assumptions are shown in Note 2.4.2.1.a) to the financial statements.

2.2.4 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and they certified that the company has adequate resources to continue its operations in the foreseeable future. Therefore, these financial statements are prepared on going concern basis.

2.2.5 Materiality and Aggregation

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

2.2.6 Basis of Consolidation of Consolidated Financial Statements

a) Jointly Controlled Entities (Joint Venture)

A Joint Venture is a contractual agreement, whereby the group and other party undertake an economic activity that is subject to joint control.

The Consolidated Financial Statements represent the consolidation of Financial Statements of Browns Investments (Pvt) Ltd., as at 31st March 2010 and for the period then ended and its Joint Venture M/s/Free Lanka Plantation Holdings (Pvt) Ltd.,

The interest in the Joint Venture of Free Lanka Plantation Holdings (Pvt) Ltd., which is a jointly controlled entity, has been recognized using the Proportionate Consolidation Method of accounting from the date that joint control commences until the date joint control ceases in line with Sri Lanka Accounting Standard 31 (Revised 2005) - Interest in Joint Ventures.

The financial statements of the company and its jointly controlled entity included in the financial statements have been prepared under uniform Accounting Policies and have a common financial year, which ends on 31st March.

a) Equity Accounted Investees - Associates

Associates are those investments over which the group has significant influence and holds 20% to 50% of the equity and which are neither subsidiaries nor joint ventures of the group.

Associate company of the group which has been accounted for under the equity method of accounting are Melfort Green Teas (Pvt) Ltd., and Hydro Power Free Lanka (Pvt) Ltd.,

The investments in associates are carried in the balance sheet at cost plus post acquisition changes in the group's share of net assets of the associates.

Goodwill relating to an associate is included in the carrying amount of the investment.

After application of the equity method, the group determines whether it is necessary to recognize any additional impairment loss with respect to the group's net investment in the associate.

The income statement reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the group recognizes its share of any changes in the statement of changes in equity.

When the group's share of losses in an associate equals or exceeds the interest in the undertaking, the group does not recognize future losses unless it has incurred obligations or made payments on behalf of the entity. The group ceases to use the equity method of accounting on the date from which it no longer has significant influence in the associates. The accounting policies of associate companies conform to those used for similar transactions of the group.

b) Goodwill

Goodwill acquired in a 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 the 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.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognized. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets pro-rata to the carrying amount of each asset in the unit.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

a) ***Transactions Eliminated on Consolidation***

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

Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the enterprise, against the investment in the associate. Unrealized losses are eliminated in the same way as unrealized gains.

2.2.7 Foreign Currency Transactions

Transactions in foreign currencies are translated into Sri Lanka Rupees ("Rupees") at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated to rupees at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translations are recognized in the Income Statement.

2.2.8 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional currency.

Financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand unless indicated otherwise.

2.3 Assets and Bases of Their Valuation

Assets classified as current assets on the balance sheet are cash and bank balances and those which are expected to be realized in cash during the normal operating cycle or within one year from the balance sheet date, whichever is shorter.

2.3.1 Freehold Property, Plant and Equipment

a) **Cost**

Items of Property, Plant and Equipment are stated at cost or fair value less accumulated depreciation and any accumulated impairment in value.

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.

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) **Cost and Valuation**

All items of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued.

When an asset is revalued any increase in the carrying amount is credited directly to a revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset which was previously recognized as an expense. In these circumstances the increase is recognized as income to the extent of the previous written down value. When asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset is transferred directly to accumulated profit or loss on retirement or disposal of the asset.

a) **Depreciation**

Depreciation is charged on a straight line basis over the estimated useful lives of such assets based on the cost or valuation of all property, plant and equipment other than freehold land. Assets are depreciated over the shorter of the lease term and their useful lives.

Class of Asset	No. of Years	Rate
Buildings	40 years	2.5%
Water Sanitation	20 years	5%
Plant and Machinery	13 1/3 years	7.5%
Office Equipment	08 years	12.5%
Furniture and Fittings	10 years	10%
Motor Vehicles	05 years	20%
Roads Bridges	50 years	2%

Improvements to leasehold buildings and buildings constructed on leasehold land are amortized over the lower of their economic useful life and unexpired period of lease.

Mature Plantations (Re-planting and New Planting)

	No. of Years	Rate
Tea	33 1/3 years	3%
Rubber	20 years	5%
Coconut	50 years	2%

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

Depreciation methods, useful lives and residual values are assessed at the reporting date. Mature plantations are depreciated over their useful lives or unexpired lease period, whichever is less.

No depreciation is provided for immature plantations and freehold land.

d) **Amortization**

The leasehold rights of assets taken over from JEDP/SLSPC are amortized in equal amounts over the lower of lease period and economic useful life.

Depreciation rates used for the purpose are as follows.

Class of Asset	No. of Years	Rate
Bare Land	53 years	1.89%
Mature Plantations	30 years	3.33%
Buildings	25 years	4%
Machinery	15 years	6.67%
Water and Sanitation	20 years	5%
Other Vested Assets	30 years	3.33%

e) **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 is recognized in the Income Statement as an expense as incurred.

f) **Derecognition**

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount. Gains or losses on derecognition are recognized in profit or loss and gains are not classified as revenue.

2.3.2 Permanent Land Development Costs

Permanent land development costs are those costs incurred making major infrastructure development and building new access roads on leasehold lands.

These costs have been capitalized and amortized over the remaining lease period.

2.3.3 Immature and Mature Plantations

The total cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter-planting and fertilizing etc., incurred between the time of planting and harvesting (When the planted area attains maturity) are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads, including interest attributable to long-term loans used for financing immature plantations.

Attributable overheads incurred on the plantation are apportioned based on the labour days spent on respective replanting and new planting and capitalized on the immature areas. The remaining non attributable overhead is expensed in the accounting period in which it is incurred.

The expenditure incurred on perennial crop (Tea/Rubber/Coconut) fields, which come into bearing during the year, has been transferred to mature plantations and depreciated over their useful life period.

2.3.4 Infilling Costs

The land development costs incurred in the form of infilling have been capitalized to the relevant mature field where infilling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance, in accordance with Sri Lanka Accounting Standard No. 32 and depreciated over the useful life at rates applicable to mature plantation.

Infilling cost that are not capitalized have been charged to the income statement in the year in which they are incurred.

2.3.5 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 are recognized in the income statement except for impairment losses in respect of Property, Plant and Equipment which are recognized against the revaluation reserve to the extent that it reverses a previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. Previously recognized impairment losses other than in respect of goodwill, are reversed only if there has been an increase in the recoverable amount of the asset. Such increase is recognized to the extent of the carrying amount had no impairment losses been recognized previously.

The following criteria are also applied in assessing impairment of specific assets.

f) **Derecognition**

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount. Gains or losses on derecognition are recognized in profit or loss and gains are not classified as revenue.

a) **Goodwill**

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impaired is determined for goodwill by assessing the recoverable amount of the cash generating unit (or group of cash generating units) to which the goodwill relates. Where the recoverable amount of cash generating unit (or group of cash generating units) is less than the carrying amount of cash generating unit (or group of cash generating units) to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

b) **Intangible Assets**

Intangible assets with indefinite useful lives are tested for impairment annually as of 31st March 2010 either individually or at the cash generating unit level as appropriate.

However, at present the company does not record any intangible assets as at the balance sheet date.

2.3.6 Leased Property, Plant and Equipment

a) **Finance Leases – Where the Company is the Lessee**

Property, plant and equipment obtained under the finance lease, which effectively transfer to the company substantially the entire risk and rewards incidental to ownership of the leased assets, are treated as if they have been purchased outright and are capitalized at their cash price.

Assets held under finance lease are amortized over the shorter of the lease period or the useful lives of equivalent owned assets, unless ownership is not transferred at the end of the lease period.

The corresponding principal/capital elements payable to the lessor are shown as a liability/obligation. The lease rentals are treated as consisting of capital and interest elements. The capital element in the rental that is applied to reduce the outstanding obligation and interest element is charged against profit, in proportion to the reducing capital element outstanding.

The finance charges allocated to future periods are separately disclosed in the notes.

The cost of improvements to or on leased property is capitalized, disclosed as improvements to leasehold property and depreciated over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

b) **Operating Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases.

Lease payments (excluding cost of service such as insurance and maintenance) paid under operating leases are recognized as an expense in the income statement.

c) **Leasehold Rights to Bare Land of JEDB/SLSPC Estate Assets and Immoveable (JEDB/SLSPC) Estate Assets on Finance Lease**

Leasehold Rights to Bare Land of JEDB/SLSPC Estate Assets and Immoveable (JEDB/SLSPC) Estate Assets on Finance Lease obtained on a long term basis, are stated at the recorded carrying values as at the effective date of Sri Lanka Accounting Standard No.19 – Leases, In line with Ruling of the Urgent Issues Task Force of the Institute of Chartered Accountants of Sri Lanka. Such carrying amounts are amortized over the remaining Lease term or useful life of such asset whichever is shorter.

Prepaid lease rentals paid to acquire land use rights are amortized over the lease term in accordance with the pattern of benefits provided.

Leasehold properties are tested for impairment annually and are written down where applicable. The impairment loss, if any, is recognized in the income statement.

2.3.7 Investment Property

Properties held to earn rental income, and properties held for capital appreciation have been classified as investment property. Investment properties are initially recognized at cost.

Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the balance sheet date. Gains or losses arising from changes in fair value are included in the income statement in the year in which they arise.

Investment properties are derecognized when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognized in the income statement in the year of retirement or disposal.

Transfers are made to investment property, when there is a change in use, evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property, when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Where group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as Property, Plant and Equipment in the consolidated financial statements, and accounted for as per Sri Lanka Accounting Standard 18 - Property, Plant and Equipment.

However, at present Group do not own any Investment Properties.

2.3.8 Capital Work-In-Progress

Capital Work-In-Progress is transferred to the respective asset accounts at the time of the first utilization or at the time the asset is commissioned.

2.3.9 Intangible Assets

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

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level.

2.3.10 Timber Stocks and Timber Content of Rubber Trees

The accounting policies adopted for Timber Stocks and Timber Content of Rubber Trees on plantations which is a consumable biological asset, is stated at fair value less estimated point-of-sale-costs. The policy for revaluation is adopted based on the International Accounting Standard 41 – Agriculture, as there is no Sri Lanka accounting Standard on Timber and Rubber. Point-of-sale-costs include all the costs that would be necessary to sell the assets, including costs necessary to get the assets to market.

The company has engaged an independent Chartered Valuation Surveyor Mr.K.T.D. Tissera in determining the fair value of Timber Stocks and Timber Content of Rubber Trees. The valuer has valued the Timber Stocks and Timber Content of Rubber Trees per tree valuation basis by using available log and tree prices in city centers less point-of-sale-costs. The Company measured the Timber Stock and Timber Content of Rubber Trees at fair value less estimated-point-of-sale-costs as at each balance sheet date.

2.3.11 Investments

2.3.11.1 Long Term Investments

In the parent company's financial statements, the investments in unquoted subsidiaries and associates are carried at cost. The quoted investments of the Group are stated at the market value as at the Balance Sheet Date. The gains and losses on revaluation of Long Term Investments are dealt with in the Statement of Changes in Equity through a Surplus on Revaluation of Long Term Investments.

The carrying amounts of long term investments are reduced to recognize a decline which is considered other than temporary, in the value of investments, determined on an individual investment basis.

In the company's financial statements, investments in subsidiaries, joint ventures and associate companies have been accounted for at cost, net of any impairment losses which are charged to the income statement. Income from these investments is recognized only to the extent of dividends received.

Provision for diminution in value is made when in the opinion of the Directors that there has been a decline other than temporary in the value of the investment.

2.3.11.2 Investments in Subsidiaries

Investments in subsidiaries are carried at cost.

2.3.11.3 Investments in Associates

Investments in Associates are accounted for using the Equity Method of Accounting (equity accounted investees) and are initially recognized at cost.

2.3.12 Inventories

Inventories other than produce stocks are valued at the lower of cost and estimated 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 after allowing for cost of realization and/or cost of conversion from their existing state to saleable condition.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formula.

Type of Inventory	Method of Valuation
Input Materials	At Average Cost using Weighted Average Cost Formula.
Growing Crop – Nurseries	At the cost of direct materials, direct labour and appropriate proportion of directly attributable overheads less provision for over grown plants.
Produce Stocks	Produce Stocks manufactured up to the Balance Sheet date and sold since then, until the time of preparation of the Financial Statements are valued at since realized price. The balance Produce Stocks are valued at estimated selling prices. The prices are net of all attributable expenses relating to the public auction.
Spares and Consumables	At the Actual Cost

2.3.13 Trade & Other Receivables

Trade and other receivables are stated at the amounts they are estimated to be realized, net of provisions for bad and doubtful receivables.

A provision for doubtful debts is made when the collection of the full amount is no longer probable. Bad debts are written off when identified.

Other receivables and dues from related parties are recognized at cost less provision for bad and doubtful receivables.

2.3.14 Cash and Cash Equivalents

Cash and cash equivalents are defined as 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 & cash equivalent consists of cash in hand and deposits in banks net of outstanding bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Investment with short term maturities i.e. three months or less from the date of acquisitions is also treated as cash equivalents.

Interest paid is classified as operating cash flows. Government grants received, which are related to purchase and construction of Property, Plant and Equipment are classified as investing cash flows. Dividend and interest income are classified as cash flows from investing activities. Dividends paid are classified as financing cash flows.

The cash flow statements are prepared using "Indirect Method".

2.4 Liabilities and Provisions

2.4.1 Liabilities

Liabilities classified as current liabilities on the balance sheet are those, which fall due for payment on demand or within one year from the balance sheet date. Non-current liabilities are those balances that fall due for payment after one year from the balance sheet date.

All known liabilities have been accounted for in preparing the financial statements.

2.4.2 Provisions

2.4.2.1 Employee Benefits

a) Defined Benefit Plans - Gratuity

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The liability recognized in the balance sheet date. Benefits falling due more than 12 months after the balance sheet date are discounted to present value. The defined benefit obligation is calculated annually by independent actuaries using Projected Unit Credit Method (PUC) as recommended by SLAS - 16, Employees benefits. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows. The gratuity liability was based on the actuarial valuation carried out.

The actuarial gains and losses are charged or credited to income statement in the period in which they arise. The assumptions based on which the results of the actuarial valuation was determined, are given below. However, according to the Payment of Gratuities Act No.12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 5 years of continued service with the Company.

2.3.13 Trade & Other Receivables

Trade and other receivables are stated at the amounts they are estimated to be realized, net of provisions for bad and doubtful receivables.

a.	Average Rate of Interest	- 12% (Per annum)
b.	Average Rate of Salary Increase	
	- Worker	- 15% (Every two years)
	- Staff	- 7.5% (Every two years)
c.	Average Retirement Age	
	- Worker	- 60 Years
	- Staff	- 60 Years
d.	Daily Wage Rate	
	- Tea	- Rs. 200/-
	- Rubber	- Rs. 200/-
e.	The company will continue in business as a going concern	

However according to the payment of Gratuities Act No.12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued services.

The liability is not externally funded.

b) Defined Contribution Plans – EPF, ETF and ESPS

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective statutes and regulations. The company contributes 12% and 3% of consolidated salary of such employees to the relevant Provident Fund and to the Employees' Trust Fund respectively.

Employees Provident Fund & Employees Trust Fund are recognized as an expense in the income statement as incurred.

2.4.3 Taxation

Income tax on profit or loss for the year comprises current and deferred tax and is recognized in the Income Statement.

a) Current Tax Expense

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the Balance Sheet date and any adjustments to tax payable in respect of previous years.

b) **Deferred Tax**

Deferred taxation is the tax attributable to the temporary differences that arise when taxation authorities recognize and measure assets and liabilities with rules that differ from those of the consolidated financial statements.

Deferred 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 tax assets are recognized 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 utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

Deferred tax relating to items recognized directly in equity is recognized in equity.

2.4.4 Grants and Subsidies

Grants related to property, Plant and Equipment are initially deferred and allocated to income statement on a systematic basis over the useful life of the related Property, Plant and Equipment as follows. Assets are amortized over the shorter of the lease term and their useful lives.

Class of Asset	No. of Years	Rate
Building	40 years	2.5%
Plant and Machinery	13 1/3 years	7.5%
Equipment	08 years	12.5%
Road	50 years	2%
Vehicles	05 years	20%

Grants related to assets, including non-monetary grants at fair value, are deferred in the balance sheet and credited to the income statement over the useful life of the related asset.

Grants related to income are recognized in the income statement in the period in which they are receivable.

2.4.5 Trade and Other Payables

Trade creditors and other payables are stated at their book values.

2.5 INCOME STATEMENT

2.5.1 Revenue

The net Group turnover excludes turnover taxes, and trade discounts. The gross turnover represents the invoiced value of goods and services to customers outside the Group.

2.5.1.1 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 value added taxes, net of sales within the Group.

The following specific criteria have been used to recognize revenue.

- a) Revenue from Sale of Goods

Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

- b) Revenue from Services Rendered

Revenue from services rendered is recognized in the income statement in proportion to the stage of completion of the transaction at the Balance Sheet date. The stage of completion is assessed by reference to surveys of work performed.

- c) Dividend Income

Dividend income is recognized in the income statement, when the Group's right to receive payment is established.

- d) Interest Income

Interest income is recognized in the income statement as it accrues.

- e) Gains/(Losses) on Change in Fair Valuation of Timber Stocks and Timber Content of Rubber Trees

Gains/(Losses) arising on the change in the fair valuation of Timber Stocks and Timber Content of Rubber Trees are dealt with in the Income Statement in the year in which they occur in line with International Accounting Standard 41 - Agriculture.

- f) Gains or Losses on the disposal of Property, Plant and Equipment

Gains or Losses of revenue nature on the disposal of Property, Plant and Equipment and other Non-current assets, including investments held by the Group have been accounted for in the Income Statement, after deducting from the net sales proceeds on disposal, the carrying amount of such Assets and related Property, Plant and Equipment amount remaining in the Revaluation Reserve relating to that asset is directly transferred to Retained Earnings.

- g) Other Income

Other income is recognized on accrual basis.

2.5.2 Expenditure Recognition

- a) Expenses are recognized in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income.

All the expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency have been charged to income arriving at the profit for the period.

For the purpose of presentation of the income statement the directors are of the opinion that function of expenses method presents fairly the elements of the company's performance and hence such presentation method is adopted.

Repairs and renewals are charged to the income statement in the year in which the expenditure is incurred.

- b) Preliminary and pre-operational expenditure

Preliminary and pre-operational expenditure are recognized in the Income Statement.

- c) Borrowing Costs

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale, are capitalized as a part of the asset.

Borrowing costs that are not capitalized are recognized as expense in the period in which they are incurred and charged to the Income Statement.

The amounts of borrowing costs which are eligible for capitalization are determined in accordance with the Allowed Alternative Treatment in Sri Lanka Accounting Standard 20 - "Borrowing Costs".

Borrowing cost incurred in respect of specific loans that are utilized for field development activities have been capitalized as a part of the cost of the relevant immature plantation. The capitalization will cease when the crops are ready for commercial harvest.

- d) Financing Costs

Financing costs comprise interest payable on borrowings, net foreign exchange gains and losses, net of interest receivable on funds invested. The interest expense component of finance lease payments is recognized in the Income Statement using the effective interest rate method.

2.6 Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) which is subject to risk and rewards that are different from those of other segments.

2.6.1 Reporting Segments

The group's internal organization and management is structured based on individual products and services which are similar in nature and process and where the risk and return are similar.

2.6.2 Segment Information

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the group.

2.7 Discontinuing Operations

A discontinuing operation is a clearly distinguishable component of the Group's business that is abandoned or terminated pursuant to a single plan, and which represents a separate major line of industry or geographical area of operations.

2.8 Off Balance Sheet and Income Statement Items

2.8.1 Events after the Balance Sheet Date

All material post Balance Sheet events have been considered where appropriate; either adjustments have been made or adequately disclosed in the Financial Statements.

2.8.2 Capital Contingencies and Unrecognized Contractual Commitments

Contingencies are possible assets or obligations that arise from past events and would be confirmed only by the occurrence or non-occurrence of uncertain future events, which are beyond the company's control.

Contingencies and capital commitment of the company have been disclosed in Notes 39 and 40 to the Financial Statements respectively.

2.9 Comparative Information

The comparative information is re-classified wherever necessary to conform with the current year's presentation in order to provide a better presentation.

Comparative information has been given for the last period, wherever applicable.

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	Consolidated		Company	
	From 10.11.2008 To 31.03.2010		From 10.11.2008 To 31.03.2009	
	31.03.2010 (Rs.'000)	31.03.2009 (Rs.'000)	31.03.2010 (Rs.'000)	31.03.2009 (Rs.'000)
3 Revenue				
Total Revenue	2,523,144	-	9,259	-
Less : Inter Group Revenue	(71,615)	-	-	-
	2,451,530	-	9,259	-
3.1 Industry Segment (Revenue)				
Investments	9,259	-	9,259	-
Tea	1,928,439	-	-	-
Rubber	485,603	-	-	-
Coconut	4,574	-	-	-
Hydro Power	2,757	-	-	-
Others	20,898	-	-	-
	2,451,530	-	9,259	-
4 Cost of Sales				
4.1 Industry Segment (Cost of Sales)				
Investments	9,259	-	9,259	-
Tea	1,937,808	-	-	-
Rubber	330,559	-	-	-
Coconut	3,116	-	-	-
Hydro Power	1,447	-	-	-
Others	5,119	-	-	-
	2,278,045	-	9,259	-
5 Gross Profit				
5.1 Industry Segment (Gross Profit)				
Investments	9,259	-	9,259	-
Tea	(9,349)	-	-	-
Rubber	155,045	-	-	-
Coconut	1,459	-	-	-
Hydro Power	1,309	-	-	-
Others	15,779	-	-	-
	173,482	-	9,259	-
6 Negative Goodwill				
Free Lanka Management Company (Pvt) Ltd.,	-	582,645	-	-
Free Lanka Plantation Company (Pvt) Ltd.,	-	529,599	-	-
	-	1,112,244	-	-
7 Other Income				
Amortization of Capital Grants	7,453	-	-	-
Profit on Sale of Property, Plant and Equipment	417	-	-	-
Sale of Trees	31,495	-	-	-
Sundry Income	25,123	-	-	-
Interest Income	22	-	-	-
	64,469	-	-	-



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SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

	205780		Company	
	From 10.11.2008 To 31.03.2009		From 10.11.2008 To 31.03.2009	
	31.03.2010 (Rs. '000)	31.03.2009 (Rs. '000)	31.03.2010 (Rs. '000)	31.03.2009 (Rs. '000)
8 Finance Costs				
Interest on Bank Overdrafts	12,808	-	-	-
Lease Interest to JEDB/SLSPC	8,195	-	-	-
Lease Interest to Others	8,629	-	-	-
Interest on Debentures	462	-	-	-
Interest on Short Term Loans	13,570	-	-	-
Interest on Other Loans	79,027	-	-	-
	122,689	-	-	-
Less : Finance Costs capitalized during the Year	(37,465)	-	-	-
	85,224	-	-	-
9 Profit/(Loss) Before Taxation				

Profit before taxation is stated after charging all expenses including the following.

Directors' Emoluments	1,514	-	-	-
Auditors' Remuneration				
Audit Service	1,184	-	-	-
Depreciation/Amortization	111,612	-	-	-
Bad Debts Written Off	246	-	-	-
Staff Costs				
Salaries & Wages	1,005,319	-	-	-
Defined Contribution Plan Costs - EPF, ETF, CPPS and ESPS	154,570	-	-	-
Defined Benefit Plan Costs - Gratuity	249,406	-	-	-
Defined Benefit Plan Cost	122,658	-	-	-

10 Income Tax Expense

10.1 Current Income Tax Expense

Current Income Tax Expense on Current Year's Profit	18,891	-	-	-
	18,891	-	-	-

In terms of section 16 of the Inland Revenue Act No. 10 of 2006, "Specified Profit" from agricultural undertaking is exempt from income tax for a period of five years reckoned from the year of assessment 2006/07. The corporate tax rate applicable to other income is liable at normal rates.



FOR THE YEAR ENDED 31ST MARCH 2010
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

10.2 Numerical Reconciliation between the Tax Expense/(Income) and the Product of Accounting Profit/(Loss).

Numerical reconciliation between the Tax Expense/(Income) and the product of Accounting Profit/(Loss) multiplied by the applicable tax rate disclosing also the basis on which the applicable tax rate is computed are given below.

	Consolidated		Company	
	From 10.11.2008 To 31.03.2010		From 10.11.2008 To 31.03.2009	
	31.03.2010 (Rs.'000)	31.03.2009 (Rs.'000)	31.03.2010 (Rs.'000)	31.03.2009 (Rs.'000)
Statutory Income Tax Rate				
Accounting Profit/(Loss) Before Tax (Rs.)	170,531	1,112,210	4,090	(2,250)
Less : Exempt Income	(118,893)	(1,112,244)	(9,239)	-
Income Taxed at 35%	(15,740)	-	-	-
Accounting Profit/(Loss) Before Tax taxed at 15%	35,898	(35)	(5,169)	(2,250)
Tax Expense/(Tax Income) on Accounting Profit/(Loss) Taxable at 15%				
	5,385	(5)	(775)	(338)
Add : Tax Effect of Disallowable Expenses in determining Taxable Income/(Loss)	40,727	-	-	-
Lees : Tax Effect of Allowable Expenses in determining Taxable Income/(Loss)	(30,752)	-	-	-
Lees : Tax Effect of Exempt Income in determining Taxable Income/(Loss)	(1,896)	-	-	-
Lees : Tax Effect of Deductions under Section 32 in determining Taxable Income/(Loss)	(360)	-	-	-
Tax Expense/(Income) on the Taxable Sources of the Business taxed at 15% as above				
	13,103	(5)	(775)	(338)
Add : Income Tax Expense on Income Taxed at 35%	5,509	-	-	-
	18,612	(5)	(775)	(338)
Add : Social Responsibility Levy at 1.5% Thereon	279	-	-	-
Tax Expense/(Income) on the Total Taxable Sources of the Business				
	18,891	(5)	(775)	(338)

10.3 Deferred Taxation

The deferred tax asset arising on the temporary difference of the Company has not been recognized as a matter of prudence and the resultant tax effect is disclosed below. The effect is computed using 35% tax rate applicable for future periods.

	Consolidated		Company	
	31.03.2010 (Rs.'000)	31.03.2010 (Rs.'000)	31.03.2010 (Rs.'000)	31.03.2010 (Rs.'000)
Temporary Difference of Property, Plant and Equipment	101,216	-	-	-
Temporary Difference of Retirement Benefit Obligations - Gratuity	(76,531)	-	-	-
Tax Less Carried Forward	(492,133)	-	-	-
Tax Credits Carried Forward	(692,130)	-	-	-
Tax Effect	(979,578)			



FOR THE YEAR ENDED 31ST MARCH 2010

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

11 Earnings/(Loss) per Ordinary Share

11.1 Basic Earnings/(Loss) per Ordinary Share

The computation of the Basic Earnings/(Loss) per Ordinary Share has been done based on Net Profit/(Loss) attributable to ordinary shareholders for the period/year divided by weighted average number of ordinary shares in issue as at the Balance Sheet date and calculated as follows.

	Consolidated		Company	
	From 10.11.2008 To 31.03.2010	(Rs.'000)	From 10.11.2008 To 31.03.2009	(Rs.'000)
Amounts used as the Numerator				
Net Profit/(Loss) Attributable to Ordinary Shareholders	43,568	1,109,360	4,090	(2,250)
Amount used as the Denominator				
Weighted Average Number of Ordinary Shares in Issue (Nos.)	98,000	45,000	98,000	45,000
Earnings/(Loss) per Ordinary Share (Rs.)	0.44	24.67	0.04	(0.05)

11.2 Diluted Earnings/(Loss) Per Ordinary Share

The calculation of Diluted Earnings/(Loss) per Ordinary Share is based on Net Profit/(Loss) attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares. However, there were no potentially dilutive shares outstanding at any time during year/previous period.

12 Dividend per Share (Rs.)

The directors of the company have not recommended payment of any dividend on the ordinary shares of company for the year ended as at 31st March 2010/Previous Period.



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SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

13 Leasehold Right to Bare Land of (JEDB/SLSPC) Estates - Group

Lease agreements of all JEDB/SLSPC estates handed over to the Company's Joint Venture's Subsidiaries have been executed to date (31st March'2010). All of these lease are retroactive to 15th June' 1992, the date of formation of the Company's Joint Venture's Subsidiaries. The leasehold rights to the bare land on all of these estates have been taken into the books of the Company's Joint Venture's Subsidiaries on 15th June' 1992, immediately after formation of the Company's Joint Venture's Subsidiaries, in terms of the ruling obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose, Board of the company's Joint Venture's Subsidiaries decided at its meetings that lease bare land would be revalued at the value established for this land by Valuation Specialist Dr.Wickramasinghe just prior to the formation of the Company's Joint Venture's Subsidiaries. The value taken into the 15th June'1992 Balance Sheet of the Company's Joint Venture's Subsidiaries and the amortization of the leasehold rights up to 31.03.2010 are as follows.

	Consolidated		Company	
	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)
	321,428	321,428	-	-
13.1 Capitalized Value (15th June'1992)				
Leasehold Rights Acquired	178,074	178,074	-	-
Balance as at 31st March	178,074	178,074	-	-
13.2 Accumulated Amortization				
Amortization on Leasehold Rights Acquired	111,215	103,574	-	-
Balance as at 31st March	111,215	103,574	-	-
13.3 Net Carrying Value	266,859	274,501	-	-

The Leasehold Right to Bare Land of JEDB/SLSPC Estates is being amortized by equal amounts over a 53 year period and the unexpired period of the lease as at the Balance Sheet date is 35 years.



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14 Immoveable (JEDB/SLSPC) Assets on Finance Lease (Other than Bare Land) - Capitalized

As more fully explained in Note 11 (a), all JEDB/SLSPC estate lease debts have been converted to date. In terms of the ruling of the UNTF of the Institute of Chartered Accountants of Sri Lanka, all immovable assets in the JEDB/SLSPC estates under finance leases have been taken into the books of the Company's Subsidiaries retrospective to 15th June'1992. For this purpose, the Board of Company's Subsidiaries decided at their meetings, that these assets be revalued at their book values as they appear in the books of the JEDB/SLSPC, on the day immediately preceding the date of formation of the Company's Subsidiaries. These assets are taken into the Balance Sheets of Company's Subsidiaries as at 15th June'1992 and depreciated as follows.

	Vested Land (Rs. '000)	Unimproved Land (Rs. '000)	Improvements To Land (Rs. '000)	Vested Plantations (Rs. '000)	Mature Plantations (Rs. '000)	Immature Plantations (Rs. '000)	Buildings (Rs. '000)	Machinery (Rs. '000)	Sanitation (Rs. '000)	Development (Rs. '000)	Water (Rs. '000)	Permanent Land (Rs. '000)	Crop (Rs. '000)	Roads (Rs. '000)	Other Assets (Rs. '000)	Vested Assets (Rs. '000)	Total (Rs. '000)
14.1 Capitalized Value (15th June 1992)	445	3,422	1,567	298,154	124	56,683	13,937	8,192	251	4,519	639	662	662	388,591	388,591		
As at 1st April 2009	445	3,422	1,567	298,154	124	56,683	13,937	8,192	251	4,519	639	662	662	388,591	388,591		
As at 31st March 2010	445	3,422	1,567	298,154	124	56,683	13,937	8,192	251	4,519	639	662	662	388,591	388,591		
14.2 Amortization																	
As at 1st April 2009	233	1,903	874	151,453	-	37,947	13,936	7,404	80	2,516	350	662	662	217,365	217,365		
Charges for the Year	17	113	51	9,674	-	2,246	-	243	5	151	21	-	-	12,542	12,542		
As at 31st March 2010	250	2,016	925	161,127	-	40,214	13,936	7,647	84	2,677	371	662	662	229,906	229,906		
14.3 Written Down Value as at 31st March'2010	195	1,407	642	137,027	124	16,469	1	545	167	1,841	248	-	-	195,693	195,693		
14.4 Written Down Value as at 31st March 2009	213	1,530	693	146,701	124	18,737	1	788	171	1,993	288	-	-	179,227	179,227		
14.5 Investments in plantation assets which were immature at the time of handing over to the company by way of estate leases are shown under immature plantations (revalued as at 22nd June 1992), all of which have been transferred to mature plantations as at Balance Sheet date.																	



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15 Tangible Assets other than Inventories/Nature Plantations - Consolidated

15.1 Gross Carrying Amount

	Land and Buildings	Plant and Machinery	Motor Vehicles	Equipment	Computers	Furniture and fittings	Equipment	Biological Assets	Roads and Bridges	Water	Penthouse	Pipe Line	Security Fences	Total
15.1.1 At Cost	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	
As at 1st April 2009	284,648	149,776	74,269	3,837	13,302	2,823	19,474	29,955	-	1,381	347,744	-	-	
Additions	153,454	12,527	3,852	3,523	167	194	1,233	1,109	27,596	-	203,684	-	-	
Acquisition of Subsidiary	49,036	-	38	51,988	151	48	-	1,115	-	11,532	-	113,893	-	
Surplus On Revaluation of Property, Plant and Equipment	6,120	-	(35)	67,532	-	-	-	-	-	67,569	-	643,224	-	
Disposals	49,720	207,146	151,307	196,249	4,154	13,394	4,156	20,897	12	29,101	1,381	1,378	(3,738)	
As at 31st March 2010	493,254	207,146	151,307	196,249	4,154	13,394	4,156	20,897	12	29,101	1,381	1,378	(3,738)	
15.1.2 Assets on Finance Leases														
As at 1st April 2009	-	31,075	11,046	-	-	-	-	-	-	-	-	-	-	44,121
Additions	-	7,185	5,620	-	-	-	-	-	-	-	-	-	-	12,805
Acquisition of Subsidiary	3,319	-	-	-	-	-	-	-	-	-	-	-	-	3,319
Surplus On Revaluation of Property, Plant and Equipment	4,130	-	-	-	-	-	-	-	-	-	-	-	-	4,130
As at 31st March 2010	7,449	40,260	16,666	-	-	-	-	-	-	-	-	-	-	64,174
15.1.3 Total Gross Carrying Amount	505,729	337,399	169,272	196,249	4,154	13,394	4,156	20,897	83	57,561	29,101	1,381	1,378	314
15.2 Depreciation														
15.2.1 At Cost														
As at 1st April 2009	36,941	154,134	107,237	32,305	2,274	8,140	910	7,914	73	1,067	-	814	-	346,031
On Acquisition of Subsidiary	11,700	17	12,679	111	30	-	973	-	-	2,956	-	-	-	28,454
On Disposals	-	(8)	(1,235)	(241)	-	-	-	-	-	-	-	-	-	(1,484)
Change for the Year	8,048	17,854	16,254	8,674	586	794	727	7	798	144	360	-	-	55,060
As at 31st March 2010	50,809	172,110	172,272	53,316	2,971	8,363	1,636	9,317	80	1,885	1,100	1,116	-	428,700
15.2.2 Assets on Finance Leases														
As at 1st April 2009	-	6,982	5,199	-	-	-	-	-	-	-	-	-	-	12,181
On Acquisition of Subsidiary	426	-	-	-	-	-	-	-	-	-	-	-	-	426
On Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change for the Year	27	2,444	939	-	-	-	-	-	-	-	-	-	-	3,405
As at 31st March 2010	449	9,415	6,138	-	-	-	-	-	-	-	-	-	-	16,011
Total Depreciation	51,177	181,605	128,409	52,316	2,871	8,363	1,636	9,317	80	1,885	2,100	1,116	-	446,031
Total Depreciation														
15.3 Written Down Value as at 31st March 2010	454,592	155,794	39,863	142,933	1,184	4,632	2,529	11,883	3	55,616	78,001	267	945,283	-
15.4 Written Down Value as at 31st March 2009	236,760	156,427	48,387	41,965	1,563	5,212	2,054	11,556	10	28,818	8,576	567	533,795	-



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15.5 These Immovable/Movable assets vested in the Company's Subsidiaries by Gazette Notification on the date of formation of the Company's Subsidiaries and all the Investments made in the tangible assets by the Company's Subsidiaries since their formation have been classified as above. The assets taken over by way of finance leases by the Company's Subsidiaries are set out in Notes 13 and 14.

15.6 Revaluation of Property, Plant and Equipment

Freehold Building, Electrical Equipment and Penstock Pipe Lines owned by Hydro Power Free Lanka (Pvt) Ltd., a subsidiary of the company, have been revalued by an independent value, W.K.T.Thare, Chartered Valuation Surveyor.

The current market value of the revalued assets as at 31st March 2010 was arrived at by depreciating the estimated current costs of similar items in the market; the original costs have been adjusted taking into account the escalation of the prices and the depreciation of rupee.

There is no tax effect on the above revaluation.

15.7 Carrying Value of Revalued Property, Plant and Equipment at Cost Model - Group

The carrying value of revalued Property, Plant and Equipment that would have been included in the financial statements, had the assets been carried at under the Cost Model is as follows:

Class of Asset	Net Book Accumulate d Depreciate d Cost			Value At AF 31.03.2010
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
Buildings				
Electrical Equipment	49,026	12,563	36,463	
Penstock Pipe Line	51,799	11,157	38,443	
Motor Vehicles	11,532	3,707	8,431	
Office Equipment	38	19	19	
Tools	129	120	10	
Computers & Accessories	1,014	994	20	
Furniture and Fittings	142	116	26	
Total	133,723	30,099	103,634	





15 Tangible Assets other than Inventories/Nature Plantations - Company

		Land and Buildings (Rs. '000)	Plant and Machinery (Rs. '000)	Motor Vehicles (Rs. '000)	Equipment (Rs. '000)	Computers (Rs. '000)	Furniture and Fixtures (Rs. '000)	Min Equipment (Rs. '000)	Ergonomic Equipment (Rs. '000)	Sanitaries and Others (Rs. '000)	Biological Assets (Rs. '000)	Water (Rs. '000)	Peststock (Rs. '000)	Pipe Line (Rs. '000)	Security Fences (Rs. '000)	Total (Rs. '000)
15.1	Gross Carrying Amount															
15.1.1	At Cost															
	As at 1st April 2009	45,000														45,000
	Additions															
	Acquisition of Subsidiary															
	Surplus On Revaluation of Property, Plant and Equipment															
	Disposals															
	As at 31st March 2010	45,000														45,000
15.1.2	Assets on Finance Leases															
	As at 1st April 2009															
	Additions															
	Acquisition of Subsidiary															
	Surplus On Revaluation of Property, Plant and Equipment															
	As at 31st March 2010															
15.1.3	Total Gross Carrying Amount	45,000														45,000
15.2	Depreciation															
15.2.1	At Cost															
	As at 1st April 2009															
	On Acquisition of Subsidiary															
	On Disposals															
	Change for the Year															
	As at 31st March 2010															
15.2.2	Assets on Finance Leases															
	As at 1st April 2009															
	On Acquisition of Subsidiary															
	On Disposals															
	Change for the Year															
	As at 31st March 2010															
	Total Depreciation															
15.3	Written Down Value as at 31st March 2010	45,000														45,000
15.4	Written Down Value as at 31st March 2009															

16 Immature/Nature Plantations - Consolidated

16.1	Cost	Immature Plantations											
		Land			Nature Plantations			Mixed					
		Development Costs	(Rs. '000)	Tea	Rubber	Coconut	Crop	Total	(Rs. '000)	Tea	Rubber	Coconut	Total
		20,088	434,853	730,845	10,135	1,504	1,177,336	130,910	377,558	2,970	2,826	514,283	1,711,706
As at 1st April 2009		5,462	-	-	-	-	-	63,423	107,530	235	-	171,168	176,630
Additions													
Gains On Fair Valuation of Timber													
Carrying of Rubber Trees													
Transfers In/(Out)													
Amount Written Off													
As at 31st March 2010		25,530	457,861	827,581	10,135	1,504	1,297,080	171,345	473,457	3,205	2,515	650,521	1,973,131

16.2 Depreciation

As at 1st April 2009	933	88,926	92,711	1,350	216	183,203	-	-	-	-	-	184,136
Change for the Year	375	13,897	18,450	215	47	32,589	-	-	-	-	-	32,564
As at 31st March 2010	1,308	102,823	111,141	1,585	263	215,792	102,823	111,141	1,585	263	-	217,103
Written Down Value as at 31st March 2010	24,222	355,048	716,460	8,569	1,241	1,001,288	68,522	382,317	1,419	2,252	650,521	1,716,011

16.3 Written Down Value as at 31st March 2009

16.4 Written Down Value as at 31st March 2009

These are investments in immature/nature plantations since the formation of the Company's Subsidiaries. The assets (including plantations/assets) taken over by way of estate are set out in Notes 13 and 14. Further investment in immature plantations taken over by way of these leases are shown in the above Note. When such plantations become mature, the additional investments since take over to bring them to maturity will be moved from immature to mature under this Note. A corresponding movement from immature to mature of the investment undertaken by EDPA/SLSPC on the same plantations prior to the lease will be carried out under Note 14.



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	Consolidated	
	As At 31.03.2010 (Rs. '000)	As At 31.03.2009 (Rs. '000)
17 Capital Work-in-Progress		
Balance at the end of the Year	47,378	50,322
	47,378	50,322
17.1 Class of Asset-wise Break-up		
Buildings	14,332	19,583
Plant and Machinery	10,043	6,738
Motor Vehicles	258	250
Water Sanitation	1,992	3,613
Roads and Bridges	14,705	18,183
Hydro Power	5,652	-
Others	396	1,956
	47,378	50,322

18 Timber Stocks

Balance as at 1st April.	2,821,070	-
Timber Stocks on Acquisition	-	2,821,070
Add : - Increase due to New Planting	29,727	-
- Gain on Fair Valuation	-	-
- Marginal Increase of Timber Stocks	33,786	-
Balance as at 31st March	2,884,583	2,821,070

18.1 The group has engaged an Independent Chartered Valuation Surveyor Mr.K.T.D.Thisera in determining the fair value of Timber Stocks and Timber Content of Rubber Trees. The Valuer has valued, as at 31st December 2009, the Timber Stocks and Timber Content of Rubber Trees on a per tree valuation basis using available log and tree prices in city centers less point-of-sale-costs. The group has valued the Timber Stocks and Timber Content of Rubber Trees at fair value less estimated-point-of-sale-cost as at each balance sheet date.

Timber Trees namely Eucalyptus Torarlyana, Albezzia, Graveella, Eucalyptus Grandis, Astoria, Pinus, Teona, Mahogany, Teak, Jack, Rubber, Nadun, Manga, Pellen, Hora, Domba, Lunumidella, Wel Del and Mara on the plantations have been taken into consideration in this valuation of Timber Trees.

In valuing the timber plantations, under-mentioned factors have been taken into consideration.

- i Maturity age of the tree.
- ii Annual marginal increase in timber content.
- iii Number of years to harvest in case of trees are matured for harvest.
- iv Timber content of harvestable trees.
- v Current price of timber per cubic foot at the farm gate.

Timber Trees that have not come up to a harvestable size are valued working out the period that would take for these trees to grow up to a harvestable size. The present value of the trees is established based on the projected size and the estimated number of years it would take to reach that size. This is calculated on the basis of an annual marginal increase of timber content which normally ranges from 0.35 to 1.5 cm per year for trees of diameter girth over 10 cm.

In this exercise, following factors too have been taken in to consideration and adjustments for these factors have also been made.

- i Cost of obtaining approval for felling
- ii Cost of felling and cutting in to logs
- iii Cost of transport to mill.
- iv Sawing costs
- v Cost of sale

Marginal Increase in the timber content of Rubber Trees which is dealt with in Note 16.1 to the Financial Statements have also been valued on the same basis .



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	Consolidated		Company	
	Carrying Amount As At	Carrying Amount As At	Carrying Amount As At	Carrying Amount As At
	31.03.2010 (Rs.'000)	31.03.2009 (Rs.'000)	31.03.2010 (Rs.'000)	31.03.2009 (Rs.'000)
19 Investments in Joint Ventures				
Free Lanka Plantation Holdings Company (Pvt) Ltd.,(FLPHCL)	Note 19.1	-	534,000	450,000
		-	534,000	450,000
19.1 Free Lanka Plantation Holdings Company (Pvt) Ltd.,(FLPHCL)				
Balance as at 1st April		-	450,000	-
Add : Investments made		-	84,000	450,000
Balance as at 31st March		-	534,000	450,000
Cost of Investment as at 31st March 2010 (Rs'000)			534,000	450,000
Proportion of Ownership Interest			50%	50%
Principal Activity				Plantation Management

*The investment in FLPHCL has been recognized in the financial statements on the basis of Proportionate Consolidation.***19.1.1 Summarized last audited financial statements of FLPHCL as at 31st March'2010 are as follows.**

	Figures in Rupees Thousand	
	Total	Investor's Interest
Revenue	4,685,741	2,442,871
Cost of Sales	(4,256,096)	(2,278,048)
Gross Profit	329,645	164,823
Other Income	163,256	81,628
Gain On Change in Fair Value of Timber Stocks and Timber Content of Rubber Trees	237,786	118,893
	739,687	365,344
Expenses	(389,626)	(194,813)
Net Profit before Taxation	341,061	170,531
Income Tax Expense	(37,781)	(18,891)
Net Profit after Taxation	303,280	151,640
<i>As at 31st March'2010</i>		
Long Term Assets	12,039,414	6,019,707
Current Assets	899,033	449,517
Total Assets	12,938,447	6,469,224
Long Term Liabilities	2,735,881	1,367,941
Current Liabilities	1,354,570	677,285
Total Liabilities	4,090,451	2,045,226



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20	Investments in Equity Accounted Investees	Consolidated		Company		
		As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)	
		Note 20.1	5,631	7,885	-	
	Melfort Green Teas (Pvt) Ltd., (MGTPL)		5,631	7,885	-	
			5,631	7,885	-	
20.1	Melfort Green Teas (Pvt) Ltd., (MGTPL)	Group Holding %		No. of Shares		
		As At 31.03.2010 %	As At 31.03.2009 %	As At 31.03.2010 Nos.	As At 31.03.2009 Nos.	
		46.43%	46.43%	325,000	325,000	
Dates on which shares were acquired				Date	No. of Shares	
				16.06.2003	250,000	
				01.11.2004	75,000	
					325,000	
Cost of Investment as at 31st March 2010 (Rs'000)					7,885	
Number of Shares (Nos.)					325,000	
Percentage Holding as at 31st March 2010					46.43%	
Principal Activity				Manufacture and exporting of Green Tea		
Profit Share Recognized					3,434	
Last Published Financial Statements					31st March 2010	

The investment in MGTPL is accounted for in the financial statements using Equity Method of Accounting.

20.1.1 Equity Value of Investment in Associates as at 31st March 2010 - Company

	Figures in Rupees Thousand
Equity Value of Investment as at 1st April 2009	7,885
Add : Share of Profit (After Taxation)	3,434
	11,318
Less : Dividends Received	(3,656)
	7,662
Less : Adjustment for Effective Holdings	(2,032)
Equity Value of Investment as at 31st March 2010	5,631



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20.1.2 Summarized last audited financial statements of MGTPL as at 31st March 2010 are as follows.

					Figures in Rupees Thousand
					As at 31st March 2010
Revenue					159,424
Other Income					3,823
					<u>163,247</u>
Expenses					(145,572)
Net Profit before Taxation					17,675
Income Tax Expense					(2,909)
Net Profit after Taxation					<u>14,766</u>
As at 31st March 2010					
Long Term Assets					22,399
Current Assets					27,130
Total Assets					<u>49,529</u>
Long Term Liabilities					908
Current Liabilities					24,382
Total Liabilities					<u>25,290</u>
Consolidated					
	Carrying Value As At	Carrying Value As At	Carrying Value As At	Carrying Value As At	
	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)	
21 Long-term Investments	31.03.2010	31.03.2009	31.03.2010	31.03.2009	
Quoted Investments	Note 21.1	750,285	-	750,285	-
Unquoted Investments	Note 21.2	-	44,835	-	-
	750,285	44,835	750,285	750,285	-
21.1 Quoted Investments					
Seylan Bank Plc - Voting Shares	Note 21.1.1	607,750	-	607,750	-
Seylan Bank Plc - Non-voting Shares	Note 21.1.2	142,535	-	142,535	-
	750,285	44,835	750,285	750,285	-
21.1.1 Seylan Bank Plc - Voting Shares					
Balance as at 1st April		-	-	-	-
Add : Investments made		463,444	-	463,444	-
	463,444	-	463,444	-	-
Add : Mark to Market Value Adjustment		144,306	-	144,306	-
Balance as at 31st March		607,750	-	607,750	-
21.1.2 Seylan Bank Plc - Non-voting Shares					
Balance as at 1st April		-	-	-	-
Add : Investments made		87,686	-	87,686	-
	87,686	-	87,686	-	-
Add : Mark to Market Value Adjustment		54,849	-	54,849	-
Balance as at 31st March		142,535	-	142,535	-



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21.2 Unquoted Investments

<i>Name of Investee</i>	No. of Shares	Consolidated		Company	
		Cost As At (Rs.'000)	Cost As At (Rs.'000)	Cost As At (Rs.'000)	Cost As At (Rs.'000)
Hydro Power Free Lanka (Pvt) Ltd., Note 21.2.1	661,501	-	44,855	-	-
		<u>-</u>	<u>44,855</u>	<u>-</u>	<u>-</u>
21.2.1 Hydro Power Free Lanka (Pvt) Ltd.,					
Balance as at 1st April		44,855	-	-	-
Add : Investments Acquired		-	44,855	-	-
		<u>44,855</u>	<u>44,855</u>	<u>-</u>	<u>-</u>
Less : Transfers Out		(44,855)	-	-	-
Balance as at 31st March		-	44,855	-	-
		<u>-</u>	<u>44,855</u>	<u>-</u>	<u>-</u>

During the year under review, Free Lanka Plantation Holdings Company (Pvt) Ltd., (FLPHCPL), a Joint Venture of the Company, has invested Rs.100.0 Mn in the stated capital of Free Lanka Power Holdings Co. (Pvt) Ltd., a subsidiary of FLPHCPL which in turn has acquired 50% of stated capital of Hydro Power Free Lanka (Pvt) Ltd., and as a result, the effective holding of the group in HPFL has increased from 27.50% to 77.50%.

22	Goodwill	Consolidated		Company	
		As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)
		-	-	-	-
	Balance as at 1st April	-	-	-	-
	Add : Goodwill on Acquisition	258	-	-	-
	Balance as at 31st March	258	-	-	-

This represents the group share of the excess of net assets of Hydro Power Free Lanka (Pvt) Ltd., acquired by Free Lanka Plantation Holdings Company (Pvt) Limited during the year under review over the consideration paid.

23	Inventories	Consolidated		Company	
		As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)
		-	-	-	-
	Input Materials	28,072	35,745	-	-
	Growing Crop Nurseries	12,703	11,066	-	-
	Harvested Crop				
	- Tea	153,245	91,564	-	-
	- Rubber	20,266	14,328	-	-
	- Coconut	775	199	-	-
	Consumables and Spares	16,955	5,613	-	-
		<u>232,015</u>	<u>158,512</u>	<u>-</u>	<u>-</u>



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	Consolidated		Company	
	As At (Rs.'000)	As At (Rs.'000)	As At (Rs.'000)	As At (Rs.'000)
24 Trade and Other Receivables	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Produce Receivable	76,387	52,866	-	-
Withholding Tax Recoverable	344	273	-	-
Economic Service Charge Recoverable	12,789	9,933	-	-
Dividend Receivable	-	2,430	-	-
Other Debtors	63,457	20,778	-	-
Advance and Prepayments	30,012	43,940	-	-
	184,989	130,219	-	-
25 Amounts Due From Related Parties				
Free Lanka Trading (Pvt) Ltd.,	39	508	-	-
Melfort Green Teas (Pvt) Ltd.,	28	674	-	-
Free Lanka Teas (Pvt) Ltd.,	4,468	3,264	-	-
Hydro Power Free Lanka (Pvt) Ltd.,	-	6,200	-	-
Free Lanka Plantation Holdings Company (Pvt) Limited.,	-	-	400	-
	4,535	10,645	400	-
26 Income tax Recoverable				
Balance as at 1st April	1,442	-	-	-
Income Tax Recoverable on Acquisition	-	1,442	-	-
Less : Amount Transferred to Income Tax Payable	(1,442)	-	-	-
Balance as at 31st March	-	1,442	-	-
27 Cash and Cash Equivalents				
27.(a) Favourable Balances				
Cash In Hand	1,216	1,846	-	-
Cash In Transit	2,012	1,389	-	-
Cash at Banks	29,463	5,626	4,713	-
	32,690	8,860	4,713	-
27.(b) Unfavourable Balances				
Bank Overdrafts	69,239	66,161	-	-
	69,239	66,161	-	-
28 Stated Capital				
28.(a) Ordinary Shares				
28.(a).1 Number of Shares				
Opening Balance	45,000	-	45,000	-
Add : Issue of Shares	53,000	45,000	53,000	45,000
Closing Balance	98,000	45,000	98,000	45,000
28.(a).2 Value of Shares				
Opening Balance	450,000	-	450,000	-
Add : Issue of Shares	530,000	450,000	530,000	450,000
Closing Balance	980,000	450,000	980,000	450,000
28.(a).3	The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.			



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	Consolidated		Company	
	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)
29 Surplus On Revaluation of Property, Plant and Equipment	115,039	-	-	-
Balance as at 1st April	115,039	-	-	-
Add : Surplus on Revaluation of Property, Plant and Equipment				
Balance as at 31st March	115,039	-	-	-

This represents the group share of the surplus on revaluation of Freehold Building, Electrical Equipment and Penstock Pipe Lines owned by Hydro Power Free Lanka (Pvt) Ltd., a sub-subsidiary of the company, which was acquired during the year under review by company's Joint Venture, Free Lanka Plantation Holdings Company (Pvt) Ltd.,

	Consolidated		Company	
	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)
30 Surplus On Revaluation of Long Term Investments	199,155	-	199,155	-
Balance as at 1st April	199,155	-	199,155	-
Add : Mark to Market Value Adjustments for Carrying Value of				
Long Term Investments				
Balance as at 31st March	199,155	-	199,155	-

31 Minority Interest

The Minority Interest is that portion of the profit or loss and net assets of subsidiaries attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent company.

	Consolidated		Company	
	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)
32 Interest Bearing Borrowings				
32.a) Amount Payable not later than One Year				
Term Loans	32.1.2	193,921	132,856	-
Net Liability to Lessor of JEDB/SLSPC				
Estates	32.2.2	2,084	2,019	-
Other Finance Leases	32.3.2	9,776	7,623	-
Lanka Orix Leasing Co Pte	32.4.2	-	75,000	-
		205,780	217,497	-
32.b) Amount Payable later than One Year and not later than Five Years				
Term Loans	32.1.2	333,976	283,595	-
Net Liability to Lessor of JEDB/SLSPC				
Estates	32.2.2	9,203	8,237	-
Other Finance Leases	32.3.2	14,540	13,434	-
Lanka Orix Leasing Co Pte	32.4.2	-	-	-
		357,719	305,266	-
32.c) Amount Payable later than Five Years				
Term Loans	32.1.2	-	-	-
Net Liability to Lessor of JEDB/SLSPC				
Estates	32.2.2	145,408	148,220	-
Other Finance Leases	32.3.2	604	468	-
Lanka Orix Leasing Co Pte	32.4.2	-	-	-
		146,012	148,687	-



FOR THE YEAR ENDED 31ST MARCH'2010
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	Consolidated		Company	
	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)
32.1 Term Loans				
32.1.1 Master Summary				
Balance as at 1st April	416,451	-	-	-
Add : Amount on Acquisition		416,451		
Loans obtained during the Year	287,000	-	-	-
	703,451	416,451	-	-
Less : Repayments	(179,554)	-	-	-
Balance as at 31st March	527,897	416,451	-	-
32.1.2 Maturity Analysis				
Amount Payable not later than One Year	193,921	132,856	-	-
Amount Payable later than One Year and not later than Five Years	333,976	283,595	-	-
Amount Payable later than Five Years		-	-	-
	527,897	416,451	-	-
32.1.3 Lender-wise Summary				
Bank of Ceylon	58,071	70,348	-	-
National Development Bank Plc	21,215	27,010	-	-
Lanka Orix Leasing Co Plc - ADB	44,062	89,451	-	-
Lanka Orix Leasing Co Plc - Others	36,779	-	-	-
Ishara Traders (Pvt) Ltd	121,250	-	-	-
Sampath Bank PLC	75,082	77,335	-	-
Asia Development Bank		52,944	-	-
Hutton National Bank PLC		17,268	-	-
Seylan Bank PLC	96,440	25,350	-	-
Broker's Loan		56,747	-	-
Commercial Bank PLC	75,000	-	-	-
	527,897	416,451	-	-
32.2 Net Liability to Lessor of JEDB/SLSPC Estates				
32.2.1 Master Summary				
a) Gross liability				
Balance at 31st March	299,957	303,159	-	-
b) Interest in Suspense				
Balance at 31st March	(143,262)	(144,684)	-	-
c) Net liability to Lessor - (a-b)	(156,695)	(158,475)	-	-
32.2.2 Maturity Analysis				
Amount Payable not later than One Year	2,084	2,019	-	-
Amount Payable later than One Year and not later than Five Years	9,203	8,237	-	-
Amount Payable later than Five Years	145,408	148,220	-	-
	156,695	158,475	-	-





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SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		Company	
	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)
32.3 Other Finance Leases				
32.3.1 Master Summary				
a) Gross Liability				
Seylan Merchant Bank Plc	8,127	11,450	-	-
DFCC Bank Plc	1,080	189	-	-
Hatten National Bank Plc	-	2,699	-	-
Lanka Orix Leasing Co Plc	8,898	8,419	-	-
Orient Finance Services Ltd.,	3,523	5,581	-	-
Merchant Bank of Sri Lanka Plc	12,296	-	-	-
	33,974	28,338	-	-
b) Lease Interest In Suspense				
Seylan Merchant Bank Plc	(1,719)	(3,143)	-	-
DFCC Bank Plc	(58)	(12)	-	-
Hatten National Bank Plc	-	(324)	-	-
Lanka Orix Leasing Co Plc	(2,218)	(1,546)	-	-
Orient Finance Services Ltd.,	(904)	(1,790)	-	-
Merchant Bank of Sri Lanka Plc	(4,107)	-	-	-
	(9,006)	(6,814)	-	-
c) Net Liability - (a-b)				
	24,918	21,524	-	-
32.3.2 Maturity Analysis				
Amount Payable not later than One Year	9,776	7,623	-	-
Amount Payable later than One Year and not later than Five Years	14,540	13,434	-	-
Amount Payable later than Five Years	604	468	-	-
	24,919	21,524	-	-
32.4 Lanka Orix Leasing Co Plc				
32.4.1 Master Summary				
Balance as at 1st April	75,000	-	-	-
Add : Amount on Acquisition	-	75,000	-	-
Less : Repayments	75,000	-	-	-
	(75,000)	-	-	-
32.4.2 Maturity Analysis				
Amount Payable not later than One Year	-	75,000	-	-
Amount Payable later than One Year and not later than Five Years	-	-	-	-
Amount Payable later than Five Years	-	-	-	-
	-	75,000	-	-
33 Rescheduled Debentures				
33.1 Employees' Trust Fund Board				
Balance as at 1st April	3,750	5,250	-	-
Less : Settlements	(1,500)	(1,500)	-	-
Balance as at 31st March	2,250	3,750	-	-
33.1.1 Maturity Analysis				
Amount Payable not later than One Year	1,500	1,500	-	-
Amount Payable later than One Year and not later than Five Years	750	2,250	-	-
Amount Payable later than Five Years	-	-	-	-
	2,250	3,750	-	-
33.1.2 Interest Rate Applicable				

Interest rate applicable to Rescheduled Debentures is one year weighted average Treasury Bill gross rate (before 10% withholding tax) which prevails immediately prior to 11th November every year.

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SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		Company	
	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)
34 Retirement Benefit Obligations				
34.1 Gratuity				
Balance as at 1st April	370,414	-	-	-
Add : Provision at the date of Acquisition	-	370,414	-	-
Provision for the Year	245,613	-	-	-
	616,027	370,414	-	-
Less : Payments Made	(26,333)	-	-	-
Balance as at 31st March	589,694	370,414	-	-

The Gratuity Liability of the Group as at 31st December 2009 is based on the Actuarial Valuation carried out by Actuarial & Management Consultants (Pvt) Ltd., a firm of Professional Actuaries. As per the actuarial valuation, the accrued liability as at 31st December 2009 for all employees is as follows.

	Consolidated		Company	
	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)
Free Lanka Plantations Company (Pvt) Ltd.,	167,254	183,074	-	-
Free Lanka Management Company (Pvt) Ltd.,	277,210	183,161	-	-
	444,464	366,235	-	-

- 34.1.a) If the Group had provided for gratuity on the basis of fourteen days wages and half month salary for each completed year of service in line with the Payment of Gratuities Act No. 12 of 1983, the liability would have been as follows.

	Consolidated		Company	
	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)
Free Lanka Plantations Company (Pvt) Ltd.,	315,014	331,450	-	-
Free Lanka Management Company (Pvt) Ltd.,	314,018	237,467	-	-
	629,031	569,717	-	-

Hence, there is a contingent liability of Rs.164,568 Mn (Previous Period - Rs.203,483 Mn) as follows which would crystallize only if the Group ceases to be a going concern.

	Consolidated		Company	
	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)
Free Lanka Plantations Company (Pvt) Ltd.,	127,760	148,776	-	-
Free Lanka Management Company (Pvt) Ltd.,	36,808	54,707	-	-
	164,568	203,483	-	-
35 Deferred Income				
Capital Grants	Note 35.1	269,646	222,316	-
PHDT Lease Rentals	Note 35.2	4,121	4,390	-
		273,767	226,706	-



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SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		Company	
	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)
35.1 Capital Grants				
a) Total Capital Grants Received				
Balance as at 1st April.	277,666	-	-	-
Add : Grants Received on Acquisition	-	277,666	-	-
Grants Received during the Year	54,514	-	-	-
Balance as at 31st March	332,180	277,666	-	-
b) Amortisation				
Balance as at 1st April.	55,350	-	-	-
Add : Total Amortisation on Acquisition	-	55,350	-	-
Amount Amortized during the Year	7,185	-	-	-
Balance as at 31st March	62,534	55,350	-	-
c) Net Carrying Value at End of the Period/Year - (a-b)	269,646	222,316	-	-

The above represents the following.

- I The funds received from the Plantation Housing and Social Welfare Trust (PHSWT), MTIP and PNDT are for the development of Workers Welfare Facilities and Improvement to Institutional Facilities.
- II The funds received from the Tea Board is for the construction of the CTC Tea Factory at Delta Estates.
- III The funds received from the Plantation Reform Project is for the Development of Forestry Plantations.
- IV Subsidy received from the Rubber Controller Department is for Rubber Replanting.

The amount spent is capitalized under the relevant classification of Property, Plant and Equipment and corresponding grant component is reflected under Deferred Income and is being amortized over the useful life span of the related asset.

	Consolidated		Company	
	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)
35.2 PNDT Lease Rentals				
Balance as at 1st April.	4,390	-	-	-
Add : Net Amount Received on Acquisition	-	4,390	-	-
Less : Amount Amortized during the Year	4,390	4,390	-	-
Balance as at 31st March	(269)	-	-	-
	4,121	4,390	-	-

Premises at St. Andrew's Drive in Nuwara Eliya owned by Naturata Plantations Ltd., has been leased out to Plantation Human Development Trust for a period of 20 years commencing from August 2005 at a total lease rental of Rs.10,734,696/-.

Lease Rentals received are deferred and amortized over the lease period commencing from August 2005 as given below.

	Consolidated		Company	
	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)	As At 31.03.2010 (Rs.'000)	As At 31.03.2009 (Rs.'000)
Not later than One Year	269	269	-	-
Later than One Year and not later than Five Years	1,074	1,074	-	-
Later than Five Years	2,779	3,048	-	-
Total	4,121	4,390	-	-



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 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		Company	
	As At: (Rs.'000)	As At: (Rs.'000)	As At: (Rs.'000)	As At: (Rs.'000)
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
36 Trade and Other Payables				
Trade Payables	189,815	263,356	-	-
VAT Payable	3,188	13,493	-	-
Accrued Charges	24,542	18,201	285	-
Employees' Profit Share	12,959	9,273	-	-
Payable on Share acquisition	5,825	5,825	-	-
Other payables	133,588	151	20,000	-
Adjustments	-	35	-	-
	369,915	310,333	20,285	-
37 Amounts Due To Related Parties				
Free Lanka Trading Company Ltd.,	5,731	1,603	-	-
Brown & Company PLC	7,254	2,250	7,254	2,250
Standard Finance (Pvt) Ltd.,	114,500	-	114,500	-
Taprobane Securities (Pvt) Ltd.,	11,564	-	11,564	-
Cricket Club Café	4	4	-	-
Perpetual Holdings Co. Ltd.,	300	-	-	-
	139,353	3,857	133,318	2,250
38 Income Tax Payable				
Balance as at 1st April.	3,782	-	-	-
Liability Assumed on the Acquisition	5,238	3,782	-	-
Income Tax Expense on Current Year's Profit	18,890	-	-	-
	27,910	3,782	-	-
Less : Amount Transferred From Income Tax Recoverable	(1,442)	-	-	-
Payments made	(9,166)	-	-	-
Balance as at 31st March	17,302	3,782	-	-
39 Contingent Liabilities and Assets				
39.1 Contingent Liabilities				
a) Company	The company does not anticipate any contingent liabilities to arise out of any contingent event as at the balance sheet date.			
b) Consolidated	Debenture issued by Maturata Plantations Ltd., on 19th June 1997 to the value of Rs.150 Mn has been converted to ordinary shares on 22nd June 2002 as stipulated in the agreement. The basis and/or ratio of conversion has been contested by the Golden Shareholder in year 2008. Details of the conversion are as follows.			
i Basis of Conversion	Nes.4,575,000,732 Ordinary Shares at par value of Rs.10/- each per Debenture of par value of Rs.10/- each.			
ii Number of Shares resulting from the above Conversion	Nes.15,000,000 Ordinary Shares. (i.e. 21% Incremental share holding to the Group from 51% to 72%).			
iii Possible Impact on Group shareholding of Maturata Plantations Ltd., from the said Matter	The number of shares resulting from the conversion would be reduced from Nes.15,000,000 to 3,278,688 Ordinary Shares. (i.e. Incremental share holding to the Group would be reduced from 72% to 57.90%).			
The Group does not anticipate any contingent liabilities to arise out of any contingent event as at the balance sheet date, other than those disclosed in Note No.34.1.a) and 39.1.b) to the financial statements.				



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SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

39.2 Contingent Assets**a) Company/Consolidated**

There is no contingent assets as at the balance sheet date.

40 Unrecognized Contractual Commitments**a) Company/Consolidated**

There have been no capital commitments contracted but not provided for, or authorized by the board but not contracted for, outstanding as at the balance sheet date.

41 Events after the Balance Sheet Date**a) Company**

There have been no material events occurred between Balance Sheet date and the date on which the financial statements are authorized for issue that require adjustments to or disclosures in the Financial Statements.

b) Consolidated

There have been no material events occurred between Balance Sheet date and the date on which the financial statements are authorized for issue that require adjustments to or disclosures in the Financial Statements, other than those disclosed below.

LOLC Securities is 70% subsidiary of Lanka Orix Leasing Plc and the balance is held by Browns Investments (Pvt) Ltd.,, LOLC Securities has acquired 51.79% (3,728,699 shares) of Coniffl Hotel Holdings Plc and 23.51% (3,617,597 shares) of Riverrina Hotel Plc at a cost of Rs.1.18 Bln. Riverrina Hotel Plc holds 24.39 % of Eden Hotel Plc and Coniffl Hotel Holdings Plc holds 21.82% of Eden Hotel Plc. Coniffl Holding Plc Riverrina Hotel Plc and Eden Hotel Plc has acquired 20.81%, 20.82% and 20.99% respectively of Coniffl Service Ltd ., securing the management agreement exercised over the three companies. The cost of purchase of the management agreements was Rs.77.6 Mn.

LOLC Securities Ltd., has offered to purchase all remaining ordinary shares of Coniffl Hotel Holdings Plc other than the shares already owned by LOLC Securities Ltd.,



42 Related Party Disclosures

42.1 Substantial Shareholding and Ultimate Parent Company

The company is a Joint Venture of Brown & Company PLC, which holds 50 % of ordinary shares of the company. In the opinion of the Directors, the company's ultimate parent company as at the balance sheet date is Brown & Company PLC.

42.2 Key Management Personnel Information

The Directors of the company have interest in the transactions detailed below and some directors held the post of Directors of such related companies during the year.

Mrs.L.C.Hanayakkara and Mr.N.M.Pratiksha are the directors of the company are also directors of following companies and has had transactions as disclosed in Note 42.3 below.

42.3 Related Party Transactions

The company has a related party relationship with its related group companies as disclosed hereunder. The following transactions have been carried out with related parties during the year ended 31st March 2010 under normal commercial terms.

42.3.1 Transactions with Companies in which Directors of the Company hold Other Directorships

The Company has carried out transactions with entities where the Chairman or a Director of the Company is also the Chairman or a Director of such entities as detailed below.

42.3.1.1 Transactions with Ultimate Parent Company

a) Receiving of Services

Name of Ultimate Parent Company	Name of Director	Relationship	Description of Transaction
Brown & Company PLC (BCPLC)	Mrs.R.L.Hanayakkara Mr.N.M.Pratiksha	Director Director	Company has received Interest Free Loan of Rs.272,250,000/- from BCPLC.

42.3.1.2 Transactions with Other Related Companies

a) Company

a).1 Receiving of Services

Name of Related Company	Name of Director	Relationship	Description of Transaction
Standard Finance (Pvt) Ltd., (SFLPL)	Mrs.R.L.Hanayakkara Mr.N.M.Pratiksha	Director Director	Company has received an Interest Free Loan of Rs.114,500,000/- from SFLPL.

b) Consolidated

b).1 Free Lanka Plantation Holdings Company (Pvt) Limited (FLPHCL)

b).1.1 Receiving of Services

Name of Related Company/Entity	Name of Partner/Director	Relationship	Description of Transaction
Ishara Traders (IT)	Mr.L.C.Hanayakkara	Partner	FLPHCL has obtained and settled a loan of Rs.105,000,000/- from IT during the year. The interest cost incurred is Rs.15,652,163/-.
Free Lanka Power 3 (Pvt) Ltd., (FLP3PL)	Mr.K.Aloysius Mr.G.A.Aloysius	Director Director	FLPHCL has obtained an Interest free loan of Rs.10,000,000/- from FLP3PL during the year.
Free Lanka Plantations Co.(Pvt) Ltd., (FLPCPL)	Mr.K.Aloysius Mr.G.A.Aloysius	Director Director	FLPHCL has obtained an Interest free loan of Rs.5,000,000/- from FLPCPL during the year.





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42 Related Party Disclosures (Cont..)

b).1.2 Providing of Services

Name of Related Company	Name of Director	Relationship	Description of Transaction
Free Lanka Power 1 (Pvt) Ltd., (FLPIPL)	Mr.K.Aloysius Mr.G.A.Aloysius	Director Director	FLPHCPL has granted an interest free advance of Rs.481,000/- to FLPIPL.
Maturata Plantations Ltd., (MPL)	Mr.K.Aloysius Mr.G.A.Aloysius Mr.I.C.Nanayakkara	Director Director Director	FLPHCPL has granted a loan of Rs.18,000,000/- to MPL. Interest earned during the year is Rs.3,375,000/-.
Free Lanka Power Holdings Co. (Pvt)	Mr.K.Aloysius Mr.G.A.Aloysius	Director Director	FLPHCPL has granted an interest free advance of Rs.5,000,000/- to FLPHCPL.

b).1.3 Obtaining Guarantees

FLPHCPL has obtained a "Letters of Comfort" from Free Lanka Trading Co. Ltd., and Free Lanka Plantations Co. (Pvt) Ltd., for Rs.75 Mn for loans obtained from Asian Development Bank, through Sesan Bank PLC, details of which are disclosed in Note 43.2.1.b) to the financial statements.

FLPHCPL has obtained a "Corporate Guarantee" from Free Lanka Trading Company Ltd., for loans obtained Lanka Orix Leasing PLC details of which are disclosed 43.2.1.c).

b).2 Free Lanka Plantations Company (Pvt) Ltd., (FLPCPL)

b).2.1 Receiving of Services

Name of Related Company	Name of Director/Partner	Relationship	Description of Transaction
Pussellawa Plantations Ltd., (PPL)	Mr.K.Aloysius Mr.G.A.Aloysius Mr.I.C.Nanayakkara Mr.A.L.Devasurendra	Director Director Director Director	FLPCPL has earned a fixed reimbursement on PPL vehicle used for PPL operations amounting to Rs.480,000/- (Previous Year - Rs.480,000/-).
Lanka Orix Leasing Co. PLC, (LOLC)	Mr.I.C.Nanayakkara	Director	FLPCPL has paid to PPL Rs.663,504/-, Rs.163,875/- and Rs.3,875/- for purchase of Rubber Trees, Gear Box & Sundry Expense respectively and Gratuity Payment of Rs. 45,000/- and Rs.5,810/- for e-mail charges and Rs.25,000/- for Rubber Consulting fees.
Rainforest Ecolodge (Pvt) Ltd. (REPL)	Mr.G.A.Aloysius	Director	FLPCPL has received Commercial Loans of Rs.65,000,000/- during the year.
Free Lanka Trading Co. Ltd., (FLTCL)	Mr.K.Aloysius Mr.G.A.Aloysius	Director Director	FLPCPL has paid off Rs.5,654,276/- (Previous Year - Rs.25,763,828/-) in settlement of Commercial Loans & loans obtained under ADB Plantation development Project through LOLC.
Ishara Traders (IT)	Mr.I.C.Nanayakkara	Partner	FLPCPL has incurred an interest expense of Rs.18,108,036/- (Previous Year - Rs.21,129,673/-) for loans obtained from LOLC.
			FLPCPL has paid off Rs.11,903,792/- (excluding Input VAT) (Previous Year - Rs.8,379,276/-) in settlement of loans obtained under finance leasing arrangements from LOLC.
			FLPCPL has incurred Rs.6,982,775/- (Previous Year - Rs.4,988,519/-) for the green leaf bought from REPL.
			FLPCPL has received a temporary loan of Rs.5,000,000/- & reimbursement of e-mail expenses Rs.4,800/-.
			FLPCPL has incurred a vehicle rent expense of Rs.905,000/- (Previous year - Rs.915,000/-) for obtaining vehicles on rent. The interest expense on the loan for year was Rs.1,093,548/- (Previous Year - 797,945/-).
			FLPCPL has received loan of Rs.250,000,000/- during the first three months and paid of Rs.7,500,000/- in this period from IT.

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42 Related Party Disclosures (Cont..)**b)2.2 Rendering of Services**

Name of Related Company	Name of Director	Relationship	Description of Transaction
Rainforest Ecotodge (Pvt) Ltd., (REPL.)	Mr.G.A.Aloysius	Director	FLPCPL has earned Rs.4,357,695/- (Previous Year - Rs.5,540,584/-) as reimbursement of expenses met by the FLPCPL on behalf of REPL.
Free Lanka Power 1 Co. (Pvt) Ltd., (FLP1CPL)	Mr.K.Aloysius	Director	FLPCPL has incurred expenditure of Rs.1,575,002/- on behalf of FLP1CPL pertaining to Hydro Power Projects.
Free Lanka Power 2 Co. (Pvt) Ltd., (FLP2CPL)	Mr.K.Aloysius	Director	FLPCPL has incurred expenditure of Rs.136,859/- on behalf of FLP2CPL pertaining to Company Incorporation & its Hydro Power Projects.
Free Lanka Power 3 Co. (Pvt) Ltd., (FLP3CPL)	Mr.K.Aloysius	Director	FLPCPL has incurred expenditure of Rs.908,909/- on behalf of FLP3CPL pertaining to Company Incorporation & its Hydro Power Projects.
Mr.G.A.Aloysius		Director	

b)3 Free Lanka Management Company (Pvt) Ltd., (FLMCPL)**b)3.1 Receiving of Services**

Name of Related Company	Name of Director	Relationship	Description of Transaction
Natura Plantations Ltd., (NPL)	Mr.K.Aloysius	Director	FLMCPL has incurred Rs.85,811/- (Previous Year - Rs.4,250/-) for obtaining other services from NPL.
	Mr.G.A.Aloysius	Director	
	Mr.J.M.S.De.Mel	Director	
	Mr.I.C.Nanayakkara	Director	

b)3.2 Rendering of Services

Name of Related Company	Name of Director	Relationship	Description of Transaction
Pussellawa Plantations Ltd., (PPL)	Mr.K.Aloysius	Director	FLMCPL has earned Rs.115,646,013/- (Inclusive of VAT) as management fees (Previous Year - Rs.91,080,195/-) for rendering management services to PPL.
	Mr.G.A.Aloysius	Director	
	Mr.G.J.Aloysius	Director	
	Mr.J.M.S.De.Mel	Director	
	Mr.I.C.Nanayakkara	Director	
Natura Plantations Ltd., (NPL)	Mr.K.Aloysius	Director	FLMCPL has earned Rs.831,256/- (Previous Year - Rs.120,000/-) for rendering other services to NPL.
	Mr.G.A.Aloysius	Director	
	Mr.J.M.S.De.Mel	Director	
	Mr.I.C.Nanayakkara	Director	
Ceylon Estate Teas (Pvt) Ltd., (CETPL)	Mr.K.Aloysius	Director	FLMCPL has met an expenses of Rs.3,083,736/- (Previous Year - Nil) on behalf of CETPL.
	Mr.G.J.Aloysius	Director	
	Mr.G.A.Aloysius	Director	

b)3.3 Purchase of Goods

Name of Related Company	Name of Director	Relationship	Description of Transaction
Ceylon Estate Teas (Pvt) Ltd., (CETPL)	Mr.K.Aloysius	Director	FLMCPL has incurred Rs.482,880/- (Previous Year - Nil) for purchase of Tea from CETPL.
	Mr.G.J.Aloysius	Director	
	Mr.G.A.Aloysius	Director	FLMCPL has incurred Rs.354,482/- (Previous Year - Nil) for obtaining other services from CETPL.



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42 Related Party Disclosures (Cont..)

b) 4 Pussellawa Plantations Ltd., (PPL)

b) 4.1 Sale of Goods

Name of Related Company	Name of Director	Relationship	Description of Transaction
Melfort Green Teas (Pvt) Ltd., (MGTPL)	Mr.K.Aloysius Mr.G.A.Aloysius	Director Director	PPL has earned Rs.19,617,880/= (Previous Year- Rs.8,446,590/=) for sale of Green Leaf to MGTPL .

There were no related party transactions other than those disclosed in Note 42 to the Financial Statements.

42.3.2 Transactions with Key Management Personnel (KMP) of the Company or Parent

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company as well as its related parties, directly or indirectly, including any director (whether executive or otherwise) of the company.

a) Loans to Directors

No loans have been given to directors of the company and its parent company.

b) Compensation to Key Management Personnel of the Company and its company

Emoluments to the directors are disclosed in Note 9 to the Financial Statements.

Other than those disclosed above, there are no material transactions with the key management personnel of the company and its parent company.

42.3.3 Amounts receivable from and payable to related parties are set out in Notes 25 and 37 to the Financial Statements. These receivables and payables are unsecured and have no fixed repayment terms.



FOR THE YEAR ENDED 31ST MARCH 2010
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

43 Assets Pledged as Collaterals**43.1 Assets Pledged as Collaterals by the Company**

No assets have been pledged by the company.

43.2 Assets Pledged as Collaterals by the Group Companies

The following assets of the Group have been pledged as collaterals for overdraft facilities and Loans obtained by the Group to the respective financial institution concerned.

43.2.1 Assets Pledged by Maturata Plantations Limited

Name of the Financial Institution	Facility Granted	Balance Outstanding		Securities Pledged
		Rs.	Rs.	
a) Seylan Bank PLC	125,000,000	64,610,614		Mortgage over leasehold rights of Bramley Estate for Rs.13.0 Mn.
	50,000,000	37,496,000		Primary Mortgage for Rs.36.0Mn Secondary Mortgage bond for Rs.50Mn over leasehold rights of Gonapitiya Estate.
	26,000,000	23,833,000		
				Mortgage over leasehold rights of Alma Estate for Rs.26.0 Mn.
	201,000,000	125,939,614		
b) Asian Development Bank, through Seylan Bank PLC	41,911,105	38,402,555		Mortgage over leasehold rights of estate land, buildings, fixed and floating assets of Ragalla Estate for Rs.74.75 Mn.
	18,734,597	17,487,097		
	2,273,650	2,098,600		Mortgage over leasehold rights of estate land, buildings, fixed and floating assets of Maha Uva Estate for Rs.19.50 Mn.
	10,600,000	10,000,000		
	13,732,250	13,034,000		Mortgage over leasehold rights of estate land, buildings, fixed and floating assets of Eiselwatte Estate for Rs.102.25 Mn.
	380,408	327,608		
	87,634,010	81,549,860		



FOR THE YEAR ENDED 31ST MARCH'2010
 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS
 (Cont..)

Name of the Financial Institution	Facility Granted	Balance Outstanding		Securities Pledged
		Rs.	Rs.	
c) Lanka Orix Leasing PLC	4,427,148	3,279,344		Primary Continuing mortgage bond for Rs.42.93 Mn over the unexpired leasehold rights over the land called Anningkanda and Panikkanda Estates in Deniyaya and Freehill Bungalow in Nuwara Eliya.
	38,506,166	26,703,514		Primary continuing mortgage bond on all that unexpired leasehold rights over Land, Estate and Premises called "Hayes Group" in Deniyaya/Rathnapura.
	59,205,582	59,205,582		Primary Continuing mortgage bond for Rs.42.93 Mn over the unexpired leasehold rights over the land called Anningkanda and Panikkanda Estates in Deniyaya and Freehill Bungalow in Nuwara Eliya.
	15,000,000	14,350,911		Primary Continuing mortgage bond for Rs.42.93 Mn over the unexpired leasehold rights over the land called Anningkanda and Panikkanda Estates in Deniyaya and Freehill Bungalow in Nuwara Eliya.
	50,000,000	50,000,000		Primary continuing mortgage bond on all that unexpired leasehold rights over Land, Estate and Premises called and known as "St. Leonards Estate".
	167,138,896	153,539,353		
d) Seylan Merchant Bank Ltd.,	3,650,000	3,386,292		Absolute ownership of the asset on finance lease.
e) Seylan Merchant Leasing PLC	17,809,119	14,818,347	- do -	
f) DFCC Bank,	11,468,365	2,418,606	- do -	
g) Merchant Bank of Sri Lanka	19,620,000	27,543,120	- do -	
h) Lanka Orix Leasing Company Ltd.,	32,704,394	19,931,621	- do -	
i) Orient Financial Services Corporation Ltd.,	8,906,000	7,890,733	- do -	
	94,177,678	75,988,721		
	549,950,784	437,017,548		



44 Segmental Information

	44.1 Consolidated	Plantations												Unallocated	Total
		Investments	Tea	Rubber	Horto Power	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009		
Revenue		(Rs. 300)	(Rs. 300)	(Rs. 300)	(Rs. 300)	(Rs. 300)	(Rs. 300)	(Rs. 300)	(Rs. 300)	(Rs. 300)	(Rs. 300)	(Rs. 300)	(Rs. 300)	(Rs. 300)	
Cost of Sales		9,239	1,928,431	485,403	2,737	25,472	2,491,530	1,927,467	2,735	25,472	2,491,530	1,778,048	173,482	(94,386)	
Gross Profit/(Loss)			(1,917,864)	(330,597)	(1,467)										
Add : Share of Profit from Equity Associated Investments (Net of Taxation)		9,239	(9,348)	152,044	1,310	8,738									
Gain on Change in Fair Value of Timber Stocks and Timber Content of Rubber Trees															
Negative Goodwill															
Other Income															
Less : Administrative Expenses		26,419	(8,368)	240,151	2,257	1,112,344	64,469								
Finance Costs		(5,168)	(2,250)		(1,984)	(307,431)	(154,758)								
Profit/(Loss) Before Taxation		21,250	(2,390)	(9,368)	240,151	209	(78,310)	1,112,309	(13,688)	(31,998)	(147,921)	(1,06,999)			
Less : Income Tax Expense						(5,203)									
Profit/(Loss) for the Period/Year		21,250	(2,390)	(9,368)	240,151	(4,995)	(31,998)	1,112,309	(13,688)	(31,998)	(147,921)	(1,06,999)			
44.1.2 Segmental Assets															
a) Non-current Assets		1,329,265	450,000	1,276,476	1,245,048	1,466,549	1,251,041	259,673	2,523,011	2,484,597	6,854,993	5,610,485			
b) Current Assets		5,313	267,191	218,434	80,544	41,471	16,008	68,173	39,713	484,229	1,053,323	1,053,323	309,477		
44.1.3 Segmental Liabilities															
a) Non-current Liabilities		133,623	1,250	1,187,259	975,783	76,036	92,445	6,366	775,335	7,289,222	635,389	635,389	635,389		
b) Current Liabilities		133,623	2,250												
44.1.4 Segmental Expenses															
a) Capital Expenditure		45,000	63,434	102,530		6,390									
b) Depreciation/Amortization			34,680	18,430		1,709									





	44.2	Company	Plantations						Total
			Investments	Tea	Rubber	Hydro Power	Unallocated	Total	
		31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009
		(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)
Revenue		9,259	-	-	-	-	-	-	9,259
Cost of Sales		-	-	-	-	-	-	-	-
Gross Profit/(Loss)		9,259	-	-	-	-	-	-	9,259
Add : Share of Profit from Equity Accrued Investments Net of Taxation)		-	-	-	-	-	-	-	-
Gain on Change in Fair Value of Timber Stocks and Timber Content of Rubber Trees		-	-	-	-	-	-	-	-
Negative Goodwill		-	-	-	-	-	-	-	-
Other Income		9,259	-	-	-	-	-	-	9,259
Less : Administrative Expenses		(5,649)	(7,250)	-	-	-	-	-	(5,649)
Finance Costs		-	-	-	-	-	-	-	(7,250)
Profit/(Loss) Before Taxation		4,790	(7,250)	-	-	-	-	-	(7,250)
Less : Income Tax Expenses Profit/(Loss) for the Period/Year		4,790	(7,250)	-	-	-	-	-	(7,250)
44.2.2 Segmental Assets									
a) Non-current Assets		1,329,205	490,000	-	-	-	-	-	1,329,205
b) Current Assets		5,313	-	-	-	-	-	-	5,313
		1,334,518	490,000	-	-	-	-	-	1,334,518
44.2.3 Segmental Liabilities									
a) Non-current Liabilities		153,603	2,250	-	-	-	-	-	153,633
b) Current Liabilities		153,603	2,250	-	-	-	-	-	153,633
		307,206	4,500	-	-	-	-	-	307,206
44.2.4 Segmental Expenses									
a) Capital Expenditure		45,000	-	-	-	-	-	-	45,000
b) Depreciation/Amortisation		-	-	-	-	-	-	-	-

14.4 INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER 2010



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Chartered Accountants
"Charter House"
65/2,Sir Chittampalam A.Gardiner Mawatha
Colombo 2
Sri Lanka

REVIEW REPORT

TO THE BOARD OF DIRECTORS OF BROWNS INVESTMENTS LIMITED

We have reviewed the accompanying financial statements of Browns Investments Ltd, and Consolidated Financial Statements of the company and its subsidiaries as at 31st December'2010, which comprise the balance sheet as at 31st December'2010, income statement, statement of changes in equity and cash flow statement for the nine months period ended 31st December'2010 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 guidance requires that we plan and perform the review to obtain moderate assurances 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.

Opinion – Company

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

Opinion – Group

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

Emphasis of Matters

Without qualifying our opinion we draw your attention to the following matters.

- Rs.123.5 Mn has been recognized in the consolidated financial statements as share of profits from equity accounted investees based on the unaudited financial statements of such entities.
- Debenture issued on 19th June'1997 by Maturata Plantations Ltd., to the value of Rs.150 Mn have been converted to ordinary shares on 22nd June'2002 as stipulated in the agreement. The basis and or ratio of conversion have been contested by the golden share holder in year 2008.

BDO Partners

CHARTERED ACCOUNTANTS
Colombo
22nd March'2011
SRVs

BDO Partners, a Sri Lankan Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Partners : S. Rajapakse FCA, MBA, Ms. A.S.E. Raymond FCA, S. G. Ranjith ACA, Thushan H. Sabarasinghe FCA, CISA
H.S. Rathnawansa ACA, Ashanie J.W. Jayasokara ACA, MBA, H.M. Saman Siri Lal ACA
Consultant : V. Simhadran FCA

INCOME STATEMENT

FOR THE NINE MONTHS PERIOD ENDED 31ST DECEMBER 2010

	Group			Company		
	From 01.04.2010	From 01.04.2009		From 01.04.2010	From 01.04.2009	
	To	To		To	To	
	31.12.2010	31.12.2009	Change	31.12.2010	31.12.2009	Change
	(Rs. '000)	(Rs. '000)		(Rs. '000)	(Rs. '000)	
		(Un-Audited)	%		(Un-Audited)	%
Revenue	3,047,077	1,788,684	0.70	1,194,500	-	-
Cost of Sales	(1,537,500)	(1,738,500)	(0.12)	-	-	-
Gross Profit	1,509,577	50,184	29.08	1,194,500	-	-
Other Income	90,611	38,882	1.33	15,537	-	-
Share of Profit of Equity Accounted Investees (Net of Tax)	126,643	19,603	-	-	-	-
Gain on Change in Fair Value of Timber Stocks and Timber Content of Rubber Trees	120,340	118,892	0.01	-	-	-
	1,847,091	227,561	7.12	1,210,037	-	-
Administrative Expenses	(94,052)	(80,851)	0.16	(6,383)	(4,850)	0.32
Finance Costs	(78,795)	(78,307)	0.01	(34,297)	-	-
	(172,847)	(159,158)	0.09	(40,740)	(4,850)	7.4
Profit before Taxation	1,674,244	68,403	23.48	1,169,297	(4,850)	-242.1
Income Tax Expense	(21,036)	(4,523)	3.65	-	-	-
Profit for the Period	1,653,208	63,880	24.88	1,169,297	(4,850)	-242.1
Attributable to:						
Equity Holders of the Company	1,445,566	17,450	-	1,169,297	(4,850)	-
Minority Interests	207,642	46,430	-	-	-	-
	1,653,208	63,880	-	1,169,297	(4,850)	-
Basic Earnings/(Loss) per Ordinary Share (Rs.)	4.917	0.059	-	3.977	(0.016)	-
Diluted Earnings/(Loss) Per Ordinary Share (Rs.)	4.917	0.059	-	3.977	(0.016)	-
Dividend per Ordinary Share (Rs.)	-	-	-	-	-	-



FINANCIAL STATEMENTS AS AT 31ST DECEMBER'2010

BALANCE SHEET

AS AT 31ST DECEMBER' 2010

	Group		Company		
	As At 31.12.2010	As At 31.12.2009 (Un-Audited) (Rs.'000)	As At 31.03.2010 (Audited) (Rs.'000)	As At 31.12.2010 (Rs.'000)	As At 31.12.2009 (Un-Audited) (Rs.'000)
					As At 31.03.2010 (Audited) (Rs.'000)
ASSETS					
Non-current Assets					
Leasehold Right to Bare Land of (JEDB/SLSPC)					
Estates	204,347	268,753	266,859	-	-
Immovable (JEDB/SLSPC) Estate Assets on Finance Lease (other than Bare Land)	116,682	161,865	158,685	-	-
Property, Plant and Equipment (Other than Immature/Nature Plantations)	1,092,623	612,182	945,283	345,811	45,000
Immature/Nature Plantations	1,499,608	1,645,911	1,756,031	-	-
Capital Work-in-Progress	22,497	54,810	47,378	-	-
Timber Stocks	2,374,715	2,957,212	2,884,583	-	-
Investments in Equity Accounted Investees	1,026,947	6,447	5,631	897,174	-
Investment in Joint Ventures				417,778	459,000
Long-term Investments	654,476	820,931	750,285	654,476	770,012
	6,991,895	6,528,111	6,814,735	2,315,239	1,274,012
Goodwill	4,104	-	258	-	-
Current Assets					
Inventories	305,830	281,629	232,015	-	-
Trade and Other Receivables	223,453	179,283	184,989	62,656	-
Amounts Due From Related Parties	15,894	21,011	4,535	-	600
Short Term Investments	529,030	-	-	525,787	-
Income Tax Recoverable	-	1,544	-	-	-
Investments in Repurchase Agreements	345,571	-	-	345,571	-
Cash and Cash Equivalents	709,044	48,371	32,690	554,343	4,748
	2,128,822	531,838	454,229	1,488,357	4,748
Total Assets	9,124,821	7,059,949	7,269,222	3,803,596	1,278,760
EQUITY AND LIABILITIES					
Stated Capital and Reserves					
Stated Capital	980,000	905,000	980,000	980,000	905,000
Surplus on Revaluation of Property, Plant and Equipment	86,775	-	115,039	-	-
Surplus on Revaluation of Long Term Investments	-	199,155	199,155	-	199,155
Retained Earnings	2,832,850	1,198,653	1,153,228	1,370,292	(7,100)
Total Equity attributable to Equity Holders of the Company	3,899,625	2,302,808	2,447,422	2,350,292	1,097,055
Minority Interests	2,068,256	2,461,286	2,623,270	-	-
Total Equity	5,967,881	4,764,094	5,070,692	2,350,292	1,097,055

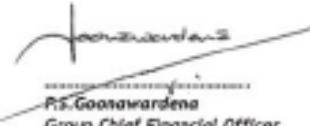


FINANCIAL STATEMENTS AS AT 31ST DECEMBER'2010

BALANCE SHEET

AS AT 31ST DECEMBER' 2010 (Contd.,)

	Group			Company		
	As At 31.12.2010	As At (Un-Audited) (Rs.'000)	As At 31.03.2010 (Audited) (Rs.'000)	As At 31.12.2010 (Rs.'000)	As At 31.12.2009 (Un-Audited) (Rs.'000)	As At 31.03.2010 (Audited) (Rs.'000)
Non-current Liabilities						
Interest Bearing Borrowings	419,328	635,735	503,730	-	-	-
Rescheduled Debentures	-	1,500	2,250	-	-	-
Retirement Benefit Obligations	543,640	557,942	589,694	-	-	-
Deferred Taxation	10,005	-	-	-	-	-
Deferred Income	225,101	257,737	273,767	-	-	-
Total non-current Liabilities	1,198,074	1,452,914	1,369,441	-	-	-
Current Liabilities						
Trade and Other Payables	531,849	452,741	369,915	221,146	20,000	20,285
Amounts Due To Related Parties	1,232,933	175,166	139,353	1,232,158	161,705	133,318
Income Tax Payable	14,710	4,279	17,302	-	-	-
Short Term Borrowings	7,824	-	27,500	-	-	-
Rescheduled Debentures	587	750	-	-	-	-
Current Portion of Interest Bearing Borrowings	122,914	129,016	205,780	-	-	-
Bank Overdrafts	48,049	80,989	69,239	-	-	-
Total Current Liabilities	1,958,866	842,941	829,069	1,453,304	181,705	153,603
Total Liabilities	3,156,940	2,395,855	2,198,530	1,453,304	181,705	153,603
Total Equity and Liabilities	9,174,821	7,059,949	7,749,222	3,803,596	1,728,760	1,334,596
Net Assets per Share (Rs.)	3.98	25.45	24.97	2.40	12.12	12.05

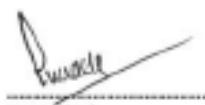


 P.S. Goonawardene

Group 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



 N.M. Prakash

Director



 M. Saldin

Director

 Colombo
 12th April 2011
 SR/cc


STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 31ST DECEMBER 2010

Group	Attributable to Equity Holders of the Parent						
	Stated Capital (Rs. 000)	Surplus On Revaluation of Property, Plant and Equipment (Rs. 000)	Surplus On Revaluation of Long Term Investments (Rs. 000)	Retained Earnings (Rs. 000)	Total (Rs. 000)	Minority Interests (Rs. 000)	Total Equity (Rs. 000)
Opening Balance	-	-	-	-	-	-	-
Issue of Ordinary Shares	455,000	-	-	-	455,000	-	455,000
Profit for the Period	-	-	1,109,960	1,029,360	2,493,720	3,463,740	
Balance as at 31st April 2009	455,000	-	1,109,960	1,029,360	2,493,720	4,053,740	
Issue of Ordinary Shares	455,000	-	-	-	455,000	-	455,000
Mark to Market Value Adjustments for Carrying Value of Long Term Investments	-	-	199,155	-	199,155	-	199,155
Adjustments	-	-	-	-	-	(32,362)	(32,362)
Profit for the Balance Period	-	-	-	88,683	88,683	-	88,683
Balance as at 31st December 2009 (Un-audited)	905,000	-	199,155	1,198,653	3,303,808	3,461,286	4,764,094
Issue of Ordinary Shares	75,000	-	-	-	75,000	-	75,000
Surplus on Revaluation of Property, Plant and Equipment	-	115,039	-	-	115,039	-	115,039
Adjustments	-	-	-	-	-	144,063	144,063
Loss for the Balance Period	-	-	-	(45,125)	(45,125)	-	(45,125)
Ordinary Share Dividends	-	-	-	(300)	(300)	-	(300)
Consolidated Share of Minority Interest	-	-	-	-	-	17,921	17,921
Balance as at 31st March 2010	905,000	115,039	199,155	1,193,238	3,447,402	3,603,279	5,070,691
Minority Interests on Acquisition	-	-	-	-	-	978	978
Amount Transferred to Retained Earnings on Disposal of Revalued Investments	-	-	(199,155)	199,155	-	-	-
Adjustment due to Decrease in the Share of Minority Interest	-	-	-	289,828	289,828	(289,828)	-
Interim Dividend Paid	-	-	-	(400)	(400)	(21,436)	(21,436)
Adjustments due to disposal of Group Share of Joint Ventures	-	(18,264)	-	(154,550)	(202,773)	(568,689)	(652,463)
Issue of New Shares	-	-	-	-	-	117,319	117,319
Profit for the Balance Period	-	-	-	1,445,566	1,445,566	207,642	1,653,208
Balance as at 31st December 2010	905,000	86,773	-	2,832,650	3,899,615	2,368,756	5,997,881

Figures in brackets indicate deductions.

The Significant Accounting Policies and Notes annexed form an integral part of these Financial Statements.

Gaborone
22nd March'2011



STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED 31ST DECEMBER 2010

Category	Stated Capital (Rs.000)	Surplus On Revaluation of Short Term Investments (Rs.000)	Retained Earnings (Rs.000)	Total Equity (Rs.000)
Opening Balance				
Issue of Shares	450,000	-	-	450,000
Loss for the Period	-	-	(2,250)	(2,250)
Balance as at 1st April 2009	450,000	-	(2,250)	447,750
Issue of Shares	455,000	-	-	455,000
Loss for the Balance Period	-	-	(4,850)	(4,850)
Mark to Market Value Adjustments for Carrying Value of Long Term Investments	-	199,155	-	199,155
Balance as at 31st December 2009 (Un-audited)	965,000	199,155	(7,100)	1,097,055
Profit for the Balance Period	-	-	8,940	8,940
Issue of Shares	75,000	-	-	75,000
Balance as at 1st April 2010	965,000	199,155	1,840	1,160,955
Profit for the Period	-	-	1,160,297	1,160,297
Amount Transferred to Retained Earnings on Disposal of Revalued Investments	-	(199,155)	199,155	-
Balance as at 31st December 2010	965,000	-	1,370,292	2,335,292

/Figures in brackets indicate deductions

The Significant Accounting Policies and Notes annexed form an integral part of these Financial Statements.

Colombo
22nd March 2011



BROWNS INVESTMENTS LTD
CASH FLOW STATEMENT
FOR THE NINE MONTHS PERIOD ENDED 31ST DECEMBER 2010

Page 6

	Group				Company			
	From	From	From	From	To	To	To	To
	01.04.2010	01.04.2009	01.04.2010	01.04.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	(Rs. '000)							
Cash Flows From Operating Activities								
Profit before Taxation	1,674,244	68,463	1,168,257	(4,850)				
Adjustments for :								
- Profit on Disposal of Investments	(736,746)	-	(736,746)	-				
- Provision for Retirement Benefit Obligations - Gratuity	118,979	209,377	-	-				
▪ Profit on Disposal of Shares in Joint Venture	(419,169)	-	(419,169)	-				
▪ Depreciation/Aмортизация	75,998	88,023	-	-				
▪ Gain or Loss in Fair Value of Timber Stocks and Timber Content of Rubber	(128,280)	(118,892)	-	-				
▪ Gain or Loss in Fair Value of Short Term Investments	(15,537)	-	(15,537)	-				
▪ Share of Profit of Equity Accounted Investees (Net of Tax)	(126,643)	(18,683)	-	-				
▪ Capital Grants Awarded	(8,094)	(5,499)	-	-				
▪ Finance Costs	91,823	109,532	34,357	-				
▪ Interest Income	(8,052)	(5,834)	-	-				
▪ Adjustments to PPE	(2,019)	(913)	-	-				
▪ Dividend Income	(8,864)	-	(8,864)	-				
▪ Gain on Disposal of Property, Plant & Equipment	(15,483)	6	-	-				
Operating Profit Before Working Capital Changes	477,382	516,384	(8,389)	(4,850)				
Working Capital Changes								
- (Increase)/Decrease in Inventories	(108,611)	(123,117)	-	-				
- (Increase)/Decrease in Trade and Other Receivables	(91,991)	(38,319)	(62,656)	-				
- (Increase)/Decrease in Amounts Due From Related Parties	(79,193)	(22,449)	680	-				
▪ Increase/(Decrease) in Trade and Other Payables	281,357	28,143	200,881	38,060				
▪ Increase/(Decrease) in Amounts Due To Related Parties	1,094,299	296,435	1,098,849	199,454				
Cash Generated From/(Used In) Operations	1,593,245	457,353	1,231,236	174,454				
- Income Tax/ESC/SRI Paid	(19,323)	(2,712)	-	-				
▪ Retiring Gratuity Paid	(28,706)	(19,749)	-	-				
▪ Interest Paid	(88,017)	(88,295)	(34,357)	-				
Net Cash Generated From/(Used In) Operating Activities	1,416,119	352,257	1,196,919	174,454				
Cash Flows From Investing Activities								
Acquisition of Subsidiary	(8,802)	-	-	-				
Investments in Equity Accounted Investees	(897,174)	-	(897,174)	-				
Net Proceed from Disposal of Shares in Joint Venture	535,327	-	535,327	-				
Purchase & Construction of Property, Plant & Equipment	(489,249)	(244,064)	(306,811)	(45,080)				
Capital Grants Received	16,911	36,302	-	-				
Interest Income Received	36,092	-	35,836	-				
Proceeds from Sale of Property, Plant & Equipment	64,189	-	-	-				
Cash Paid for Share Advances	-	(1,405)	-	-				
Investments in Short-Term Investments	(588,396)	-	(510,250)	-				
Investments in Joint Ventures	(18,915)	-	-	-				
Investments in Repurchase Agreements	(345,571)	-	(345,571)	-				
Acquisition of Long-Term Investments	1854,478	(579,856)	1854,478	(579,856)				
Disposal of Quoted Investment	-	-	-	-				
Proceeds from Disposal of Investments	1,481,036	-	1,481,036	-				
Dividend Income	11,093	14,571	8,864	-				
Net Cash Generated From/(Used In) Investing Activities	(831,249)	(799,236)	1647,289	(624,856)				
Cash Flows From Financing Activities								
Repayment of Finance Lease Liabilities	(18,033)	(37,321)	-	-				
Accept from Issue of Ordinary/Preference Shares	138,191	464,068	-	-	465,068			
Term & Other Loans Repaid	(55,482)	(61,124)	-	-				
Term & Other Loans Received	94,510	131,763	-	-				
Repayment of Short-Term Loans - (Net of Receipts)	(13,682)	(15,758)	-	-				
Dividends Paid	(32,484)	(18,031)	-	-				
Net Cash Flows Generated From/(Used In) Financing Activities	123,890	471,679	-	-	465,068			
Net Increase/(Decrease) in Cash & Cash Equivalents	688,595	24,682	588,630	4,748				
Cash & Cash Equivalents at beginning of the Period	(27,579)	(57,360)	4,713	-				
Cash & Cash Equivalents at End of the Period	660,995	(32,618)	584,343	4,748				
Note A.								
Cash & Cash Equivalents at End of the Period								
Cash in Hand & Banks	709,044	48,371	584,343	4,748				
Bank Overdrafts	(48,049)	(85,989)	-	-				
Total	660,995	(32,618)	584,343	4,748				

Figures in brackets indicate deductions

The Significant Accounting Policies and Notes annexed form an integral part of these Financial Statements.

Calcutta
22nd March'2011



BROWNS INVESTMENTS LTD

FINANCIAL STATEMENTS FOR THE PERIOD FROM 1ST APRIL'2010 TO 31ST DECEMBER'2010 EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the accounting policies set out in the audited financial statements for the year ended 31st March 2010, and also in compliance with Sri Lanka Accounting Standard 35 – Interim Financial Reporting.

2. COMPARATIVE INFORMATION

The previous period's figures and phrases have been re-arranged wherever necessary to conform to the current period's presentation/classification.

3. CHANGE OF COMPANY'S NAME

The Company's name was changed from "Browns Plantation Investments (Pvt) Ltd" to "Browns Investments (Pvt) Ltd" effective from 11th January'2010 and subsequently the group of companies converted to public company on 31st December'2010 and changed the name of the company to Browns Investments Ltd.,

4. TIMBER STOCKS AND TIMBER CONTENT OF RUBBER TREES

The Timber Stocks and timber content of rubber trees as at 31st December'2010 of two subsidiaries namely Maturata Plantations Ltd and Pussellawa Plantations Ltd were valued by Mr. W M Chandrasena, a member of the Institute of Valuers of Sri Lanka. The growth rate for timber content and price escalation of the market for timber has been assumed to be 2.50% in the determination of the current market value.

The gain on change in fair value of Timber Stocks and timber content of rubber trees during the interim period amounting to Rs. 120.3 million has been recognized in the Income Statement.

5. CONTINGENT LIABILITIES

There has been no significant change in the nature of the contingent liabilities other than those disclosed in the audited financial statements for the year ended 31st March 2010.

6. DIVIDENDS

The Company has not paid any Dividend during the period under review.

7. STATED CAPITAL

The issued shares of the company have been sub-divided on the basis of 10 shares per 01 existing share in November'2010.

8. EVENTS AFTER THE BALANCE SHEET DATE

The company has issued ordinary shares of by way of a private placement on 3rd February'2011. The total fund raised out of this private placement is Rs.4.15 Bln.

There have been no events subsequent to the Balance Sheet date which require disclosures in/or adjustments to the Financial Statements other than those disclosed above.



FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 31ST DECEMBER 2010

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

	Group			Company		
	As At 31.12.2010	As At 31.12.2009 (Un-Audited) (Rs.'000)	As At 31.03.2010 (Audited) (Rs.'000)	As At 31.12.2010 (Rs.'000)	As At 31.12.2009 (Un-Audited) (Rs.'000)	As At 31.03.2010 (Audited) (Rs.'000)
9. AMOUNTS DUE FROM RELATED PARTIES						
Ceylon Estate Teas (Pvt) Ltd.,	14,859	-	-	-	-	-
Free Lanka Trading (Pvt) Ltd.,	29	7	39	-	-	-
Melfort Green Teas (Pvt) Ltd.,	810	-	28	-	-	-
Free Lanka Teas (Pvt) Ltd.,	-	4,417	4,468	-	-	-
Hydro Power Free Lanka (Pvt) Ltd.,	-	7,517	-	-	-	-
Free Lanka Power 1 (Pvt) Ltd.,	-	28	-	-	-	-
Maturata Plantations Ltd.,	-	9,000	-	-	-	-
Pussellawa Plantations Ltd.,	-	43	-	-	-	-
Free Lanka Capital (Pvt) Ltd.,	196	-	-	-	-	-
Free Lanka Plantations Holdings Company (Pvt) Ltd.,	-	-	-	-	600	-
	15,894	21,011	4,535	-	-	600
10. STATED CAPITAL						
10.1 Ordinary Shares						
a) Number of Shares	(Nos'000)	(Nos'000)	(Nos'000)	(Nos'000)	(Nos'000)	(Nos'000)
Balance as at beginning of the Year/Period	98,000	90,500	45,000	98,000	90,500	45,000
Add : Issue of Shares during the Year	-	-	53,000	-	-	53,000
	98,000	90,500	98,000	98,000	90,500	98,000
Add : Increase in Number of Shares due to Share Split Note a).1	882,000	-	-	882,000	-	-
Balance as at end of the Year/Period	980,000	90,500	98,000	980,000	90,500	98,000
a).1 Increase in Number of Shares due to Share Split						
The issued shares of the company have been sub-divided on the basis of 10 shares per 01 existing share in November'2010.						
b) Value of Shares						
	As At 31.12.2010	As At 31.12.2009 (Un-Audited) (Rs.'000)	As At 31.03.2010 (Audited) (Rs.'000)	As At 31.12.2010 (Rs.'000)	As At 31.12.2009 (Un-Audited) (Rs.'000)	As At 31.03.2010 (Audited) (Rs.'000)
Balance as at beginning of the Year/Period	980,000	905,000	450,000	980,000	905,000	450,000
Add : Issue of Shares during the Year	-	-	530,000	-	-	530,000
Balance as at end of the Year/Period	980,000	905,000	980,000	980,000	905,000	980,000
11. AMOUNTS DUE TO RELATED PARTIES						
Free Lanka Trading Company Ltd.,	772	2,490	5,731	-	-	-
Thursten Investments Ltd.,	-	5,825	-	-	-	-
Melfort Green Teas (Pvt) Ltd.,	-	2,743	-	-	-	-
Cricket Club Café	3	4	4	-	-	-
Hydro Power Free Lanka (Pvt) Ltd.,	-	2,400	-	-	-	-
Brown Company PLC	74,686	7,254	7,254	74,686	7,254	7,254
Standard Finance (Pvt) Ltd.,	1,142,942	114,500	114,500	1,142,942	114,500	114,500
Taprobane Securities (Pvt) Ltd.,	4,530	39,950	11,564	4,530	39,951	11,564
Taprobane Holdings (Pvt) Ltd.,	10,000	-	-	10,000	-	-
Perpetual Holdings Co. Ltd.,	-	-	300	-	-	-
	1,232,933	175,166	139,353	1,232,158	161,705	133,318



T2.1 Group
SEGMENTAL INFORMATION

	Investments			Tire			Rubber			Hydro Power			Unlocated			Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Revenue																
Revenue Expenditure	1,194,500	(Un-audited)	1,351,291	1,459,184	443,037	(Un-audited)	29,254	19,042	(Un-audited)	16,797	3,047,077	1,798,644				
Gross Profit/(Loss)			(1,311,489)	(1,503,595)	(208,456)	(225,807)	(11,251)	(5,834)	(3,209)	(1,531,597)	(1,798,500)					
Add : Other income	1,194,500		35,803	(44,511)	234,681		83,707	27,484		13,288	11,589	1,589,577	50,194			
Share of Profit of Equity Accounted																
Investments (Net of Tax)	15,537		5,348													
Gain on Change in Fair Value of Timber Stocks and Timber Contract of Rubber Trees	126,643															
Total	1,316,680		45,151	(44,511)	234,681		83,707	27,484		13,288	11,589	1,589,577	50,194			
Less : Administrative Expenses																
Finance Costs	(6,380)	(A,850)									(87,469)	(78,086)	(84,052)	(85,851)		
Total	1,295,940		(6,380)		45,151		(44,511)	234,681		83,707	27,484	(87,469)	(78,086)	(84,052)	(85,851)	
Profit/(Loss) before Taxation																
Less : Taxation																
Net Profit/(Loss) for the Period/Year																
T2.2 Company																
	Investments			Tire			Rubber			Hydro Power			Unlocated			Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Revenue																
Revenue Expenditure	1,194,500	(Un-audited)														
Gross Profit/(Loss)																
Add : Other income	1,194,500															
Total	1,194,500		(6,380)		(44,511)		234,681		83,707		27,484		(87,469)		(78,086)	
Less : Administrative Expenses																
Finance Costs	(6,380)	(A,850)									(84,428)	(78,375)	(78,375)	(78,375)		
Total	1,295,940		(6,380)		45,151		(44,511)		234,681		83,707		(84,428)		(78,375)	
Profit/(Loss) before Taxation																
Less : Taxation																
Net Profit/(Loss) for the Period/Year																

ANNEXURE A : PROCEDURE FOR APPLICATION

1. The Prospectus and Application Form

Applications must be made on Application Forms, which accompany and constitute a part of this Prospectus.

Applications are permitted on exact size photocopies of the Application Form issued with the Prospectus. Applicants using photocopies are requested to inspect the Prospectus, which is available for inspection and also issued free of charge by the parties listed under "Annexure B – Collection Points".

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

Upon the allotment of shares under this offer, THE ALLOTTED SHARES WOULD BE CREDITED TO THE APPLICANT'S CDS ACCOUNT and NO SHARE CERTIFICATES WILL BE ISSUED. In order to lodge the shares allotted directly to the Applicant's account maintained with the CDS, he / she should state the CDS account number correctly in the space provided in the Application Form. Application Forms stating third party CDS account numbers, instead of their own CDS account numbers, except in the case of Margin Trading Accounts, will be rejected.

APPLICATIONS WHICH DO NOT CARRY A CDS ACCOUNT NUMBER, WHICH (I.E. CDS ACCOUNT) IS NOT OPENED AT THE TIME OF THE CLOSURE OF THE SUBSCRIPTION LIST WILL BE REJECTED. You may open a CDS account through any one of the Members and Trading Members of the CSE as set out in Annexure B or through any one of the Custodian Banks as set out in Annexure C.

PLEASE NOTE THAT IF THE CDS ACCOUNT NUMBER IS NOT INDICATED IN THE APPLICATION FORM, OR THE NUMBER INDICATED IN THE FORM IS FOUND TO BE INACCURATE / INCORRECT, THE APPLICATION WILL BE REJECTED AND NO ALLOTMENTS WILL BE MADE.

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 the 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 confidentiality of the information and also safeguarding the account holder from an unauthorized sale by a broker.

At the option and request of the 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.

2. Number of Shares Applied

Applications should be made for a minimum of one thousand (1,000) shares or Rupees Five Thousand (Rs. 5,000/-) and applications exceeding the minimum should be in multiples of one thousand (1,000) shares. Applications for less than 1,000 shares or for a number, which is not in multiples of 1,000 will be rejected.

3. Eligible Applicants

Applications are invited from the following categories of applicants:

- Citizens of Sri Lanka who are resident in or outside Sri Lanka and are above 18 years of age.
- Companies, Corporations, Societies and other corporate bodies incorporated or established within Sri Lanka.
- Approved provident funds, Trust Funds and approved contributory pension schemes registered / incorporated / established in Sri Lanka.
- Corporate bodies incorporated or established outside Sri Lanka.
- Foreign citizens above 18 years of age (Irrespective of whether they are resident in Sri Lanka or overseas).
- Global, Regional and Country funds approved by the SEC.

Applications by,

- Companies, Corporations, Societies and other corporate bodies, approved Provident Funds, Trust Funds and approved contributory Pension Schemes registered / incorporated / established in Sri Lanka should be made under their common seal or in any other manner as provided by their Articles of Association or such other constitutional documents of such applicants or as per the statutes governing them.
- Approved Provident Funds, Trust Funds and approved Contributory Pension Schemes, the applications should be in the name of the Trustees / Board of Management in order to facilitate the opening of the CDS accounts.
- Growth or balanced unit trusts under the Unit Trust Investor Category (Refer Section 5.6) should conform to the criteria defined by the SEC directive dated 10th March 2011.
- Sole proprietorships, partnerships and non- incorporated bodies will be rejected.

4. Identification Information

All applicants must state the CDS Account number in the Application Form. In addition to this a Sri Lankan citizen must state his / her NIC number in the Application Form. In the case of corporate entities, the Company Registration Number must be given. A foreign citizen must state his / her Passport number in the space provided. A Sri Lankan citizen can state the Passport number only when the NIC number is not available. The NIC number or Passport number should be in line with the NIC or Passport numbers given in the CDS Account of the applicant.

Please note that upon allotment of shares under this offer, THE ALLOTTED SHARES WOULD BE CREDITED TO THE APPLICANT'S CDS ACCOUNT and NO SHARE CERTIFICATES WILL BE ISSUED. You may open a CDS account through anyone of the Members and Trading Members of the CSE as set out in Annexure B or through anyone of the Custodian banks as set out in Annexure C.

In the event the name, address or NIC number of the Applicant mentioned in the Application Form differ from the name, address or NIC number as per the CDS records, the name, address or the NIC number as per the CDS records shall prevail and be considered as the name, address and NIC number of such Applicant. Therefore Applicants are advised to ensure that the name, address and the NIC number mentioned in the Application Form tally with the name, address and the NIC number given in the CDS Account as mentioned in the Application Form.

An Application Form which does not state the NIC, Passport or Company Registration number as the case may be will be rejected.

5. Joint Applications and Multiple Applications

Joint Application Forms are permitted only for natural persons not exceeding three applicants. 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 either individually or jointly. Only one application will be accepted on behalf of a person.

Multiple Applications will be rejected. 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.

The Company reserves the right to reject all multiple applications or suspected multiple applications. Applications will also not be accepted from individuals under the age of 18 years, or in the names of sole proprietorships, partnerships and unincorporated or non-corporate bodies.

6. Applications made under Power of Attorney (POA)

The Application Forms may be signed by a person on behalf of the applicant(s) provided that such person holds the Power of Attorney (POA) of the Applicant(s). A copy of such POA, certified by a Notary Public should accompany the application and should be lodged with the Registrars to the Offering along with the Application Form. The original POA should not be attached.

7. Applicants under Margin Trading

Applicants who wish to apply through their Margin Trading Account should submit the application in the name of the "Margin Provider / Applicants Name" signed by the margin provider. The shares shall be uploaded to the CDS Margin Trading Account; the relevant CDS Account number relating to the Margin Trading Account should be indicated in the space provided in the Application Form.

Also the NIC, passport or company registration number of the applicant as the case may be, must be stated in the Application Form. A copy of the Margin Trading Agreement must be submitted along with the application.

Margin Providers can apply under its own name and such applications will not be construed as multiple applications.

9. Submission of Applications

The Application Form properly filled in accordance with the instructions thereof, together with the remittance (cheque, bank draft or guarantee) for the full amount payable on application should be enclosed in a sealed envelope marked on the top left hand corner in capital letters "Browns Investments Limited – Initial Public Offering" and be addressed and dispatched by post or delivered by hand to the "Registrars to the Offering" at the following address:

**Registrars to the Offering
SSP Corporate Services (Pvt) Ltd
No. 101, Inner Flower Road,
Colombo 03**

Applications could also be handed over to the Managers to the Offering, the branches of the Bankers to the Offering and CSE Member Firms as set out in "Annexure B – Collection Points". All applications handed over should reach the office of the Registrars to the Offering before 4.30pm on the date of closure of the Offering.

Applications received from Seylan Bank branches in Jaffna, Vavunya, Trincomalee, Batticaloa & Ampara should reach the office of the Registrars to the Offering before 12.00pm on the day after the closure of the offering.

Applications sent by post should reach the office of the Registrars to the Offering at least by 4.30 p.m. on the succeeding market day immediately upon the closure of the Subscription List. Any applications received after the said duration will be rejected even though they carry a postmark dated prior to the closing date.

MODE OF REMITTANCE

1. Payment should be made separately in respect of each application by way of a cheque, bank draft or bank guarantee for the full amount payable on application. Remittances on Applications will be deposited in a separate bank account in the name of "Browns Investments Limited – Initial Public Offering".
2. Cash will not be accepted. Anyone wishing to pay cash should obtain a bank draft from any Commercial Bank in Sri Lanka.
3. Resident Sri Lankan Applicants should subscribe to the issue in one of the following ways:
 - a) Cheques or Bank Drafts
 - Cheques or Bank Drafts should be drawn on any commercial bank in Sri Lanka and crossed "Account Payee Only" and made payable to "Browns Investments Limited – Initial Public Offering".
 - Payments for applications for values less than Sri Lankan Rupees One Hundred Million (Rs. 100,000,000/-) should be by way of a Cheque or Bank Draft. Cheques and bank drafts will not be accepted for values above and inclusive of Rupees One Hundred Million (Rs. 100,000,000/-).
 - The cheques received in respect of the IPO will be banked by the Company after the closure of the subscription list. In the event of which the cheques are not realized within two (2) market days from the closure date will be returned and no allotment of shares will be made to such 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 honored on first presentation for the application to be valid. Applications supported by cheques which are not honored on the first presentation will be rejected.
 - b) Bank Guarantees
 - Bank Guarantees should be valid for a period of one month from the date of issuance, and in a form acceptable to the Company and the Registrars to the issue and should be issued by a Licensed Commercial Bank in Sri Lanka payable on demand unconditionally to "Browns Investments Limited – Initial Public Offering". The Bank Guarantees will be presented to the respective Banks only after the shares have been allotted / allocated.
 - Payment for Applications for values less than Rupees One Hundred Million (Rs. 100,000,000/-) could be supported by a bank guarantee.
 - Payment for Applications for values above and inclusive of Rupees One Hundred Million (Rs. 100,000,000/-) should only be supported by a bank guarantee.
 - Applicants are advised to ensure that sufficient funds are available in order to honour the Bank Guarantees inclusive of charges, when called upon to do so. It is advisable that the applicants discuss with their respective bankers, all matters concerning the issuance of Bank Guarantees and all charges involved.
4. Each Application Form should be accompanied by not more than one Cheque, Bank Draft or Bank Guarantee for the aggregate amount payable. Applications with two or more cheques, Bank Drafts or Bank Guarantees will be rejected at the outset.
5. The amount payable should be calculated by multiplying the number of Shares applied for, by the share Offer Price. If there is discrepancy in the amount payable and the amount specified in the cheque, bank draft or bank guarantees, the application will be rejected, and the cheque or bank draft 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.

BANKING OF PAYMENTS

All cheques / bank drafts or bank guarantees received in respect of Applications will be banked immediately after the closure of the Subscription List, in terms of the CSE listing rules.

BASIS OF ALLOTMENT

The basis of allotment will be decided by the board of directors of the Company as soon as practicable so as to ensure compliance with the listing rules. These allotments will be made in a fair manner. Upon the allocation being decided an announcement will be made to the CSE. Apart from the basis of allocation set out in section 5.6 of the Prospectus, the Company does not intend to make any preferential allotments.

FOREIGN CURRENCY REMITTANCE

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

Applications in respect of such Applicants should be made in conformity with the requisite declarations accompanied by the documentation stipulated by the controller of Exchange of Sri Lanka.

1. The above mentioned non-resident applicants should make their payments in one of the following ways:

a) Securities Investment Account (SIA)

Foreign Investors and Non Resident Sri Lankans may invest through a Securities Investment Account (SIA) maintained with any Licensed Commercial Bank in Sri Lanka.

- A foreign investor may use the service of a custodian bank as an intermediary when investing in the Sri Lankan securities market.
- The intermediary may open a SIA on the investor's behalf and if the investor so requires the intermediary will also assist with the opening of a CDS account for the investor.
- Payment for shares should be made through bank drafts purchased out of funds in the SIA and made payable to "Browns Investments Limited – Initial Public Offering"
- 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.

b) Foreign Currency Banking Units (FCBU)

A foreign investor may also invest through inward remittances of foreign currency held in a Foreign Currency Banking Unit (FCBU) account of the applicant maintained with any Licensed Commercial Bank in Sri Lanka.

- The applicant should forward his / her Application Form supported by a bank guarantee [if the value is Sri Lankan Rupees One Hundred Million (Rs. 100,000,000) or above] drawn on the applicant's FCBU account in lieu of draft or cheque pending allotment of shares.
- Upon allotment of shares, payment for the shares allotted would be called on the Bank Guarantee. Foreign currency to the extent of the Sri Lankan Rupee equivalent value of the shares allotted should then be credited to a SIA opened in favour of the applicant via the aforementioned FCBU Account and payment for such shares should be made through the funds in the SIA.
- This procedure would protect a prospective investor from any losses accruing due to fluctuating exchange rates.

c) Resident Guest Foreign Currency Account (RGFCA)

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 against the funds in the RGFCA and made payable to "Browns Investments Limited – Initial Public Offering"

d) Rupee Accounts for Non – Resident Sri Lankan Investment (RANSI)

Non-resident Sri Lankans can remit money for investment purposes through Rupee Accounts for Non-Resident Sri Lankan Investment (RANSI) maintained with authorized dealers.

- 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.

- Remittances by non – resident Sri Lankan 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 the RANSI)
 - Where a RANSI holder is also a 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.
2. Cheques, bank drafts or bank guarantees should be endorsed by the issuing custodian bank, to the effect that, such payments has been made against funds available in the Applicant's SIA, FCBU or RGFCA account. The endorsement must be clearly indicated on the cheque, bank draft or the bank guarantee. Alternatively, a document detailing the endorsement could be submitted along with the payment and application.
 3. Bank drafts or bank guarantees drawn on a RGFCA or bank drafts drawn on a RANSI account should also be endorsed in line with the above.
 4. Applications supported by foreign currency remittances should be made in conformity with requisite declarations accompanied by the documentation stipulated by the Controller of Exchange.
 5. **Restrictions Applicable to Foreign Citizens Resident in Sri Lanka.**

Foreign citizens resident in Sri Lanka may make payments through Sri Lanka Rupee Accounts only if they possess dual citizenship with Sri Lanka. Foreign citizens having Sri Lankan citizenships 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 (as applicable) as detailed in the above section of Foreign Currency Remittance. Applications made by foreign citizens not in accordance to the foregoing shall be rejected.

REJECTION OF APPLICATIONS

1. Application Forms and the accompanying Cheques, Bank drafts or Bank Guarantees, which are illegible or incomplete in any way and/or are not in accordance with the terms and conditions of this Prospectus or the instructions on the reverse of the Application Form, will be rejected at the sole discretion of the Company, and the cheque, 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 first named applicant.
 2. Where the Application Form is accepted and the cheque, bank draft or bank guarantee is not honoured at the first presentation, the Application will be rejected and the cheque, 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.
- Applications with two or more Cheques, Bank Drafts or Bank Guarantees will be rejected. Application forms accompanied by cash will not be accepted.
3. Applications delivered by hand to the office of the Registrars to the issue or to the collection points listed in Annexure B after the Subscription List is closed will be rejected. Applications received by post after 4:30 p.m. on the succeeding market day immediately following the date of closure of the Offering, will also be rejected even if they carry a postmark dated prior to the closing date of the Offering.
 4. Applications for less than 1,000 Shares or for a number, which is not in multiples of 1,000 will be rejected.
 5. Only one application will be accepted on behalf of a person or corporate body. Any applicant of a joint application will not be eligible to submit a separate application either individually or jointly. Multiple applications or suspected multiple applications will be rejected.
 6. Application forms stating third party CDS account numbers, instead of their own CDS account number, except in the case of Margin Trading Accounts, will be rejected.

7. Applications which do not carry a CDS account number, which (i.e. CDS account) is not opened at the time of the closure of the subscription list will be rejected.
8. Any Application Form which does not provide the CDS Account, NIC, passport or company registration numbers as the case may be, will be strictly rejected. In the event that the CDS account number indicated in the application form is found to be inaccurate / incorrect, the applications will be rejected and no allotments will be made.
9. Applications that are from individuals under the age of 18 years, or in the names of sole proprietorships, partnerships and unincorporated trusts or non-corporate bodies will be rejected.
10. Notwithstanding any provision contained herein, the Directors of the Company hereby also reserve the right to refuse any application in total or to accept any application in part only, at their sole discretion.

CLOSURE OF THE OFFERING

The Offering will close at 4:30 p.m. on 23rd June 2011 being fourteen (14) market days from the date of opening the Offering. The Directors on providing one day's notice to the market have the discretion of closing the Subscription List on any market day within the said period of fourteen (14) market days, irrespective of the number of shares subscribed to under this invitation. However in the event of an over subscription, the list will close at 4:30 p.m. on the date on which it is fully subscribed, upon giving notice in writing to the CSE.

ACCEPTANCE AND REFUNDS

1.) Acceptance & CDS Lodgments

Successful applicants will be notified on their allotment of shares not later than (10) market days from the closure of the issue.

The shares allotted will be directly uploaded to the respective CDS account given in their applications before the expiry of eighteen (18) market days, from the date of closure of the Offering as required by the CSE Listing Rules. A written confirmation, upon the completion of crediting the respective CDS account will be sent to the successful applicant within two (2) market days of crediting the CDS account, by ordinary post to the address provided by each applicant in their respective application form.

The Securities & Exchange Commission of Sri Lanka has directed to mandate the lodging of share certificates pertaining to all listed securities at the Central Depository Systems. Please note that upon the allotment of shares under this offer, **THE ALLOTTED SHARES WOULD BE CREDITED TO THE APPLICANT'S CDS ACCOUNT and NO SHARE CERTIFICATES WILL BE ISSUED**. You may open a CDS account through any one of the Members and Trading Members of the CSE as set out in Annexure B or through any one of the Custodian Banks as set out in Annexure C.

Applicant's 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.

2.) Refunds

Where an application is accepted only in part, the balance of the application money will be refunded by a direct transfer via the Sri Lanka Inter Bank Payment System (SLIPS) or by a crossed cheque (as applicable). Where an Application is rejected in full, the application money will be refunded in total by a direct transfer via SLIPS or by a crossed cheque (as applicable) and sent by ordinary post at the risk of the applicant.

Refund payments due on Applications will be made on or before the expiry of ten (10) market days from the date of closure of the Offering (excluding date of closure of the Offering) as required by the CSE Listing Rules. Applicants will be entitled to receive interest, five percentage (5.00%) points above the last quoted Average Weighted Prime Lending Rate (AWPLR), published by the Central Bank of Sri Lanka, on any refunds not made before the expiry of the above mentioned period.

a) **Refunds via Sri Lanka Inter Bank Payment Systems (SLIPS)**

If the applicant has provided accurate and complete details of his / her bank account in the Application Form for a direct transfer via SLIPS, the refund payments will be made to the bank account specified, 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.

For accurate details on bank and branch codes, please follow the web link given herein,
http://www.lankaclear.com/products_and_services/sl_interbank_payment_system_guideline.php

Please note that refunds via SLIP transfers would accommodate only up to the maximum of Rupees Five million (Rs. 5,000,000/-). If the amount to be refunded exceeds Rupees Five million (Rs. 5,000,000/-), the full refunds will be made by crossed cheques drawn in favour of the applicant (the first named applicant in the case of joint applications) and sent by ordinary post to the given address in the Application Form. (Refer note below).

a) **Refunds via crossed Cheques**

If the applicant has not provided or has provided inaccurate / incomplete details of the bank account, or the refunding amount exceeds Rupees Five million (Rs.5,000,000/-), the refund payment will be made by a crossed cheque in favour of the applicant and sent by ordinary post at the risk of the applicant. In the case of joint applications, the cheques will be drawn in favour of the applicant's name appearing first in the Application Form. (Refer note below).

Refunds on shares, which have not been allotted, would be posted before the expiry of ten (10) market days from the date of closure of the Offering (excluding date of closure of the Offering).

Please note that in the event the name or address given in the Application Form differ from the name or address as per CDS records, the name or address as per CDS records shall prevail.

Cancellation of Crossing on the Refund Cheques

- i. In the event of which the applicant does not maintain a current account, a request for cancellation of crossing on the refund cheque should be forwarded to the Registrars to the Offering 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.
- ii. If the cheque is being delivered by hand by a third party to the Registrars to the Offering for cancellation of crossing, letter stating the NIC number of such third party authorized by the applicant should also be presented with the cheque.
- iii. Cheques on which the crossings have been cancelled by the Registrars to the Offering should preferably be collected in person or 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.) **Transferability of Shares**

Allotted shares shall not be transferable by the shareholders during the period between the date of allotment of the offering and up to the date of listing (excluding the date of listing) of the shares of the Company on the CSE.

4.) **Declaration to the Colombo Stock Exchange and Secondary Market Trading**

The Company shall submit to the CSE a 'Declaration' as set out in Appendix 2C of the Listing Rules of the CSE on the Market day immediately following the day on which the shares are credited to the investors' CDS accounts, and trading of the said shares will commence on or before the third market day upon receipt of the declaration by the CSE.

In terms of the CSE listing rules the shares may be listed upon the completion of the CDS direct uploads and receipt of the declaration mentioned above by the CSE.

ANNEXURE B : COLLECTION POINTS

❖ BUSINESS OFFICE OF THE COMPANY

Browns Investments Limited
No. 481, T.B. Jayah Mawalha,
Colombo 10

Tel : +94-11-2697111 Fax : +94-11-2698489
Website: www.brownsinvestments.com

❖ MANAGERS TO THE OFFERING

Taprobane Holdings Limited
No. 10, Gotham Road
Colombo 08

Tel: +94-115328195 / 6, +94-115328100

❖ REGISTRARS TO THE OFFERING

SSP Corporate Services (Pvt) Ltd
No. 101, Inner Flower Road
Colombo 03

Tel : +94-112573894 Fax : +94-11-2573609

❖ BANKERS TO THE OFFERING

Seylan Bank PLC
Millennium Branch
No. 90, Galle Road
Colombo 03

Tel : +94-112456135, +94-112452502

(Refer the list of branches on Page 131 & 132 of the Prospectus).

MEMBERS AND TRADING MEMBERS OF THE COLOMBO STOCK EXCHANGE

Cse Members – Debt & Equity

Acuty Stockbrokers (Pvt) Ltd.

Level 06, Acuity House
No. 53, Dharmapala Mawatha
Colombo 03
Tel: +94-112206206 Fax: +94-112206298/9
E-mail: sales@acuitystockbrokers.com

Asha Philip Securities Ltd.

Level 04, "Millennium House"
No. 46/58, Navam Mawatha
Colombo 02
Tel: +94-112429100, Fax: +94-112429199
E-mail: aspl@ashaphilip.net

Asia Securities (Pvt) Ltd.

Level 21, West Tower
World Trade Centre, Echelon Square
Colombo 01
Tel: +94-112423905, +94-115320000
Fax: +94-112336018
E-mail: enquiry@asiacapital.lk

Ascelline Securities (Pvt) Ltd.

No. 282, Kaduwela Road
Battaramulla
Tel: +94-114700111, +94-112307366
Fax: +94-114700112
E-mail: dpgsl@sltinet.lk
Web site: www.dpgsonline.com

Bartleet Mallory Stockbrokers (Pvt) Ltd.

Level "G", "Bartleet House"
No 85, Braybrooke Place
Colombo 02
Tel: +94-115220200 Fax: +94-112434985
E-mail: info@bartleetstock.com

Capital TRUST Securities (Pvt) Ltd.

No. 42, Sir Mohamed Macan Markar Mawatha
Colombo 03
Tel: +94-115335225 Fax: +94-115365725
E-mail: inquiries@capitaltrust.lk
Web site: www.capitaltrust.lk

Ceylinco Stockbrokers (Pvt) Ltd.

Ceylinco House, Level 09
No. 69, Janadhipathi Mawatha
Colombo 01
Tel: +94-114714300, +94-114714388
Fax: +94-112387228
E-mail: info@ecsbl.com
Web site: www.ecsbl.com

CT Smith Stockbrokers (Pvt) Ltd.

4-14, Majestic City
No. 10, Station Road
Colombo 04
Tel: +94-112552290 - 4 Fax: +94-112552289
E-mail: ctssales@sltinet.lk

D N H Financial (Pvt) Ltd.

Level 16, West Tower, World Trade Center
Colombo 01
Tel: +94-115732222 Fax: +94-115736264
E-mail: info@dnhfinancial.com

J B Securities (Pvt) Ltd.

No. 150, St. Joseph Street
Colombo 14
Tel: +94-112490900, +94-77-2490900
Fax: +94-112430070
E-mail: jbs@jblk.lk

John Keells Stockbrokers (Pvt) Ltd.

No. 130, Glennie Street
Colombo 2
Tel: +94-112326003, +94-112338066
Fax: +94-112342068
E-mail: jkslock@keells.com

Lank Securities (Pvt) Ltd.

No. 228/2, Galle Road
Colombo 04
Tel: +94-114706757, +94-112554942
Fax: +94-114706767
E-mail: lankasec@sltinet.lk
Web site: www.lsl.lk

N D B Stockbrokers (Pvt) Ltd.

5th Floor, NDB Building
No. 40, Navam Mawatha
Colombo 02
Tel: +94-112314170-8 Fax: +94-112314180
E-mail: mail@ndbs.lk

Somerville Stockbrokers (Pvt) Ltd.

No. 137, Vauxhall Street
Colombo 02
Tel: +94-112329201-5, +94-112332827
Fax: +94-112338291
E-mail: ssb@web.lk.com

TRADING MEMBERS – DEBT & EQUITY**Avanga Capital (Pvt) Ltd.**

No. 410 / 115, Bauddhaloka Mawatha, Colombo 7
Tel: +94-112689107, +94-777847720
Fax: +94-112689106
E-mail: rohan@ascot.lk

Claridge Stockbrokers (Pvt) Ltd.

No. 10, Gnanartha Pradeepa Mawatha, Colombo 08
Tel: +94-112697974
Fax: +94-112677576
E-mail: fonseka@mackwoods.com

Heraymla Securities Ltd.

Level 08, South Wing, "Millennium House"
No. 46/58, Navam Mawatha, Colombo 02
Tel: +94-112359100 Fax: +94-112305522
E-mail: info-hasl@heraymla.com

New World Securities (Pvt) Ltd

2nd Floor, No. 45/2, Braybrooke Street
Colombo 2
Tel: +94-112358700 / 20 Fax: +94-112358701
E-mail: info@ews.lk

S&M Lanka Holdings (Pvt) Ltd.

No. 377/3, Galle Road
Colombo 03
Tel: +94-112372413-4 Fax: +94-112372416
E-mail: info@skmlankaholdings.com

Taprobane Securities (Pvt) Ltd.

2nd Floor, No. 10, Gothami Road
Colombo 06
Tel: +94-115328200 Fax: +94-115328277
E-mail: info@taprobane.lk, dinal@taprobane.lk

S C Securities (Pvt) Ltd.

2nd Floor
No. 55, D.R. Wijewardena Mawatha
Colombo 10
Tel: +94-114711000 Fax: +94-112394405
E-mail: casres@sltnet.lk

Richard Prieur Securities (Pvt) Ltd.

No. 69, Hyde Park Corner
Colombo 02.
Tel: +94-777281281
E-mail: jayantha@rpsecurities.com

Capital Alliance Securities (Pvt) Ltd.

Level 05, "Millennium House"
No. 46/58, Navam Mawatha
Colombo 02
Tel: +94-112317777 Fax: +94-112317788

First Guardian Equities (Pvt) Ltd.

32nd Floor, East Tower, World Trade Centre
Colombo 01.
Tel: +94-115884400 Fax: +94-115884401
E-mail: info@firstguardianequities.com

IPL Securities Ceylon (Pvt) Ltd.

27th Floor, East Tower, World Trade Centre
Colombo 01
Tel: +94-112333000 Fax: +94-112333383
E-mail: priyani.ratnagopal@iifcap.com

Richard Prieur Securities (Pvt) Ltd

No. 69, Hyde Park Corner
Colombo 2
Tel: +94-7448900 Fax: +94-112675064
E-mail: communication@rpsecurities.com

SMB Securities (Pvt) Ltd.

No. 47, Dharmapala Mawatha
Colombo 03
Tel: +94-115539593 Fax: +94-112339292
E-mail: smbsecurities@gmail.com

TKB Securities (Pvt) Ltd.

No. 14, Reid Avenue
Colombo 07.
Tel: +94-112675200 Fax: +94-112682553
E-mail: ralph@lks.lk

SEYLAN BANK PLC BRANCHES

	Branch	Branch Address	Telephone
1.	Ambalangoda	No. 24 A, Galle Road, Ambalangoda.	091-2258010
2.	Ampera	Regal Cinema Complex, No. 129, Ampera.	063-2224887
3.	Anuradhapura	No. 250, Main Street, Anuradhapura.	025-2224649
4.	Bandarawela	No. 240, Badulla Road, Bandarawela.	057-2223144
5.	Batticaloa	No. 06, Lloyds Avenue, Batticaloa.	065-2224587
6.	Boralesgamuwa	No. 24, Kesbewa Road, Boralesgamuwa.	011-2517550
7.	Borella	No. 1119, Maradana Road, Borella, Colombo 08.	011-2681191
8.	Ceylinco House	No. 69, Janadhipathi Mawatha, Colombo 01.	011-2445840
9.	Cinnamon Gardens	No. 4, Baptist Chapel Road, Colombo 07.	011-2694966
10.	Colombo South	No. 30, Galle Road, Colombo 06.	011-2593405
11.	Dehiwela	No. 166 D, Galle Road, Dehiwela.	011-2738843
12.	First City Office	No. 33, Sir Baron Jayathilake Mawatha, Colombo 01.	011-2437902
13.	Galle	No. 34, 1st Cross Street, Talbot Town, Galle.	091-2232242
14.	Gampaha	No. 1 J, Bauddhaloka Mawatha, Gampaha.	033-2222618
15.	Ganemulla	No.187/A, Kirindiwita Road, Ganemulla.	033-2260230
16.	Grandpass	No. 401, Prince of Wales' Avenue, Colombo 14.	011-2331726
17.	Hambantota	No. 32 & 34, Wilmet Street, Hambantota.	047-2220507
18.	Havelock Town	No. 164, 166, Havelock Road, Colombo 05.	011-2596550
19.	Horana	No. 49, Panadura Road Horana.	034-2261176
20.	Ja-ela	No. 74, Negombo Road, Ja-ela.	011-2237421
21.	Jaffna	No. 560 & 562, Hospital Road, Jaffna.	021-2223047
22.	Kadawatha	No. 26B, Ganemulla Road, Kadawatha.	011-2925584
23.	Kakutara	No. 338, Main Street, Kakutara.	034-2225035
24.	Kandy	No. 65, Kings Street, Kandy.	081-2233833
25.	Kegalle	No. 143, Colombo Road, Kegalle.	035-2222007
26.	Kiribathgoda	No. 121, Makola Road, Kiribathgoda	011-2910581
27.	Kochchikade	No. 66, Chilaw Road, Kochchikade.	031-2277681
28.	Kollupitiya	No. 428, R. A. De Mel Mawatha, Colombo 03.	011-2576011
29.	Kottawa	No. 34, Nawasiri Building, Highlevel Road, Kottawa.	011-2842682
30.	Kurunegala	No. 54, Colombo Road, Kurunegala.	037-2223581
31.	Maharagama	No. 201, Highlevel Road, Maharagama.	011-2841997
32.	Malabe	No. 11, Athurugiriya Road, Malabe.	011-4404323
33.	Maradana	No. 250, Sri Sangaraja Mawatha, Colombo 10.	011-2473281
34.	Matale	No. 166, 168, Main Street, Matale.	066-2223241
35.	Matara	No. 45, Dharmapala Mawatha, Matara.	041-2221181
36.	Millennium	Ceylinco Seylan Towers, No. 90, Galle Road, Colombo 03.	011-2456103
37.	Moratuwa	No. 433, Galle Road, Rawathawatte, Moratuwa.	011-2655555
38.	Mount Lavinia	No. 198, Galle Road, Mount Lavinia.	011-2731266
39.	Nawala	No. 10/5, Narahenpita Road, Nawala.	011-2807329
40.	Negombo	No. 141, Rajapaksha Broadway, Negombo.	031-2224336

41.	Nugegoda	No. 211, High Level Road, Nugegoda.	011-2811180
42.	Nuwara Eliya	No. 48, Park Road, Nuwara Eliya.	052-2223026
43.	Panadura	No. 401, Galle Road, Panadura.	038-2233172
44.	Pelmadulla	No.17, Galwatta Road, Pelmadulla.	045-2275037
45.	Polonnaruwa	Lake View Building, Polonnaruwa.	027-2223168
46.	Talawakelle	No. 8 & 9 Kothmale Road, Talawakelle.	052-2258639
47.	Trincomalee	No. 289, Central Road, Trincomalee.	026-2227701
48.	Vavuniya	No. 45, 2nd Cross Street, Vavuniya.	024-2222633
49.	Wattala	No. 276, Negombo Road, Wattala.	011-2933589
50.	Wellimada	No. 107, Nuwara-Eliya Road, Wellimada.	057-2245617

ANNEXURE C : CUSTODIAN BANKS

Bank of Ceylon

Head Office
11th Floor, No. 04, Bank of Ceylon Mawatha
Colombo 01
Tel: +94-112448348, +94-112338742 / 55,
+94-112544333

Citi Bank

No. 65 C, Dharmapala Mawatha
P.O. Box : 888
Colombo 07
Tel: +94-112447316 / 8, +94-112447318,
+94-112449061, +94-112328526, +94-114794700

Deutsche Bank

P.O. Box: 314
No. 86, Galle Road
Colombo 03
Tel: +94-112447062, +94-112438057

The Hong Kong and Shanghai Banking Corporation Ltd.

No. 24, Sir Baron Jayathilake Mawatha
Colombo 01
Tel: +94-112325435, +94-112446591, +94-112446303, +94-112346422

People's Bank

Head Office, 5th Floor
Sir Chittampalam A. Gardiner Mawatha
Colombo 02
Tel: +94-112781481, +94-11237841 - 9,
+94-112446316 - 15, +94-112430561

Sampath Bank Ltd.

No. 110, Sir James Peiris Mawatha
Colombo 02
Tel: +94-115331441, +94-112472097

Seylan Bank Ltd.

Level 08, Ceylinco Seylan Towers,
No. 90, Galle Road
Colombo 03
Tel: +94-112456789, +94-114701812,
+94-114701819, +94-114701829

Nations Trust Bank Ltd.

No. 256, Sri Ramanathan Mawatha
Colombo 15
Tel: +94-114313131

Pan Asia Banking Corporation PLC

Head Office
No. 450, Galle Road
Colombo 03
Tel: +94-112565565

Banque Indosuez

C/O Hatton National Bank Limited
Cinnamon Garden Branch
No. 251, Dharmapala Mawatha
Colombo 07
Tel: +94-112688537, +94-112689176

Commercial Bank of Ceylon Ltd.

Commercial House
No. 21, Bristol Street
P.O. Box : 853
Colombo 01
Tel: +94-112446010 - 15, +94-11238193 - 5

Hatton National Bank Ltd.

HNB Towers
No. 479,
T.B. Jayah Mawatha
Tel: +94-112684664

Standard Chartered Bank

No. 37, York Street
P.O. Box: 112
Colombo 01
Tel: +94-114794400, +94-112480000

State Bank of India

No. 16, Sir Baron Jayathilake Mawatha
Colombo 01
Tel: +94-112326133 - 5, +94-112439405 - 6,
+94-112447166

Union Bank of Colombo Ltd.

No. 15 A, Alfred Place
Colombo 03
Tel: +94-112370870

National Savings Bank

No. 255, Galle Road
Colombo 03
Tel: +94-112573008 - 15

Public Bank Berhad

No. 340, R. A. De Mel Mawatha
Colombo 03
Tel: +94-112576289, +94-117290200 - 07

ANNEXURE D : EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF THE COMPANY SHARES

SHARES

3.
 - (1) Subject to Articles 3(2) and 3(3), of these Articles, the Board may issue such shares to such persons as it thinks fit in accordance with Section 51 of the Act. Where the shares confer rights other than those specified in subsection (2) of Section 49 of the Act, or impose any obligation on the holder, the Board must approve the terms of issue which set out the rights and obligations attached to the shares as required by subsection (2) of Section 51 of the Act.
 - (2) Before it issues shares, the Board must decide the consideration for which the shares will be issued. The consideration must be fair and reasonable to the Company and to all existing shareholders.
 - (3) Where the Company issues shares which rank equally with or prior to existing shares, those shares must unless the Company determines otherwise by Special Resolution be offered to the holders of the existing shares in a manner which would, if accepted, maintain the relative voting and distribution rights of those shareholders. The offer must remain open for acceptance for a reasonable time. The company may at a time of making said offer request the holders of existing shares who desire an allotment of shares in excess of their respective proportions to state how many of the excess shares he or she desires should any of the existing holders of shares expressly decline to accept the whole of their respective proportions. The shares so declined may be allotted in such numbers as the Directors decide or may be allotted and issued to such other persons as the Directors consider appropriate. Provided however that an issue of Redeemable Preference Shares carrying a fixed or variable coupon shall not require an offer to be made to the holders of existing shares.
 - (4) Subject to Article 3(1) the Board may issue any shares with any preferential rights or privileges or subject to any special terms or conditions with or without any special designation and from time to time to modify, commute, abrogate, or deal with any rights, privileges, terms conditions or designations for the time being attached to any class of shares in accordance with the provisions herewith.
 - (5) Nothing in these Presents contained shall preclude the Board from recognizing and acting on a renunciation of allotment of any share by the allottee thereof in favour of any other person.
 - (6) The rights attached to shares shall not, unless otherwise expressly provided by the terms of issue of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.
4. In the event of the Directors having issued any shares which are partly paid, the Directors may from time to time make calls upon the holders of such shares in respect of any money unpaid on their shares, subject to a period of not less than fourteen (14) days notice being given for payment.
5. The Company may give financial assistance directly or indirectly for or in connection with the acquisition of own shares and in accordance with Sections 70 and 71 of the Act.

6. (1) The Company may by Special Resolution reduce its stated capital to such amount as it thinks appropriate in accordance with Section 59 of the Act.
- (2) The Company shall in accordance with Article 9 (vi) issue a share certificate for the number of shares consequent to such reduction in lieu of the share certificates held by the shareholder.
- (3) The Company may agree to purchase or otherwise acquire its own shares with the approval of the Board.
- (4) Before the Company offers or agrees to purchase its own shares, the Board of the Company should resolve that
 - (i) the acquisition is in the interests of the company;
 - (ii) the terms of the offer or agreement and the consideration to be paid for the shares is in the opinion of the company's auditors a fair value; and
 - (iii) it is not aware of any information that has not been disclosed to shareholders which is material to an assessment of the value of the shares, and as a result of which the terms of an offer or the consideration offered for the shares are unfair to shareholders accepting the offer.
- (5) Before the Company -
 - (i) makes an offer to acquire shares other than in a manner which will if it is accepted in full, leave unaffected the relative voting and distribution rights of all shareholders; or
 - (ii) agrees to acquire shares other than in a manner which leaves unaffected the relative voting and distribution rights of all shareholders;

the Board shall resolve that the making of the offer or entry into the agreement, as the case may be, is fair to those shareholders to whom the offer is not made or with whom no agreement is entered into.
- (6) The share which may be so purchased shall be cancelled immediately upon purchase.

Redemption would be for a specified consideration by the Board at the time of issue or a consideration which is calculated on a formula or to be fixed by an independent financial advisor having such qualifications as the Board may think fit.

(2) The Company may exercise the option referred to in 7(1)(i) above, only after the Board has resolved that the redemption is in the interests of the Company.

(3) Where shares are redeemed in accordance with article 7(1)(ii) and the holder of the share gives proper notice to the Company requiring the Company to redeem the share,

(i) the Company should redeem the share on the date specified in the notice or if no date is specified, on the date of the receipt of the notice;

(ii) the share should be cancelled on the date of redemption; and

(iii) from the date of redemption the former shareholder will rank as an unsecured creditor of the Company for the sum payable on redemption.

(4) Where shares are redeemed in accordance with article 7 (1) (iii) :

(i) the Company should redeem the shares on that date;

(ii) the share is deemed to be cancelled on that date;

from the date specified in article 7 (1)(ii), the former shareholder ranks as an unsecured creditor of the Company for the sum payable on redemption.

8. (1) The Company may by Special Resolution and subject to the provisions of the Act,

(i) consolidate or split (i.e. sub divide) all or any of its shares in issue in such proportions as it may seem fit, in a manner which would leave the relative voting and distribution rights of all shareholders substantially unaffected;

(ii) capitalize any part of the amounts for the time being standing to the credit of any of the Company's reserve accounts in a manner which would leave the relative voting and distribution rights of all shareholders substantially unaffected;

(2) The consolidation, split or capitalization shall take effect on such day as may be determined in the said resolution or by the Board.

(3) The Company shall within one month issue a share certificate for the number of shares consequent to such consolidation and split in lieu of the share certificates held by the shareholder.

- (4) In the event of a shareholder becoming entitled to a fraction of a share, consequent to the consolidation, split or capitalization, the Directors shall have the power to sell such fractional entitlements and donate the proceeds there from to a charity of their choice.

SHARE REGISTER, SHARE CERTIFICATES AND TRANSFER AND TRANSMISSION OF SHARES

9. (i) The Company must maintain a share register, which complies with Section 123 of the Act. The share register must be kept at the registered office of the Company or any other place in Sri Lanka, notice of which has been given to the Registrar in accordance with subsection (4) of Section 124 of the Act.
- (ii) Where shares are to be transferred, a form of transfer signed by the holder or by his legal representative shall be delivered to the Company. The transfer must be signed by the transferee if the share imposes any liability on its holder.
- (iii) (a) The Board may resolve to refuse to register a transfer of a share within six weeks of receipt of the transfer, if any amount payable to the Company in respect of the share is due but unpaid. The Board shall decline to register any share in the name of more than three (03) persons as the joint holders (including the principal holder), except in the case of executors, administrators or heirs of a deceased shareholder. If the Board resolves to refuse to register a transfer for this reason, it must give notice of the refusal to the shareholder within one week of the date of the resolution.
- (b) The Directors may also decline to register a transfer of a share on which the company has a lien.
- (iv) Where a joint holder of a share dies, the remaining holders shall be treated by the Company as the holders of that share. Where the sole holder of a share dies, that shareholder's legal representative shall be the only person recognized by the Company as having any title to or interest in the share.
- (v) Any person who becomes entitled to a share as a consequence of the death, bankruptcy or insolvency or incapacity of a shareholder may be registered as the holder of that shareholder's shares upon making a request in writing to the Company to be so registered, accompanied by proof satisfactory to the Board of that entitlement. The Board may refuse to register a transfer under this article in the circumstances set out in article 9(iii).
- (vi) Where the Company issues shares or the transfer of any shares is entered on the share register, the Company must within one month (or such time period as specified by the Listing Rules of the Colombo Stock Exchange from time to time) complete and have ready for delivery a share certificate in respect of the shares.
- (vii) If a Share Certificate be defaced, lost or destroyed, it may be renewed on payment of such fee not exceeding Rs. 100/- and on such terms as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in investigating evidence as the Directors' think fit.
- (viii) Notwithstanding anything to the contrary in these Articles, as long as the shares of the Company are

quoted in the Colombo Stock Exchange or any other Licensed Stock Exchange,

- (a) such shares shall be freely transferable and 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.
- (b) The Board may register without assuming any liability therefore any transfer of shares which is in accordance with the rules and regulations in force for the time being and from time to time as laid down by such Licensed Stock Exchange and any agency whose primary object is to act as central depository for such exchange.

DIRECTORS AND SECRETARY

- (1) The number of directors shall not be less than two (2) nor more than twelve (12) in number.
- (2) The Directors shall have power at any time to appoint any person to be a director to fill a casual vacancy as an addition to the existing directors subject to the maximum number set out in Article 23(1). Any Director so appointed shall hold office until the next following Annual General Meeting and shall be eligible for re-election and not be counted for Article 23(6) below.
- (3) A director may be appointed or removed by ordinary resolution passed at a meeting called for the purpose. The shareholders may only vote on a resolution to appoint a director if –
 - (a) the resolution is for the appointment of one director, or
 - (b) the resolution is a single resolution for the appointment of two or more persons as directors, and a separate resolution that it be so voted on has first been passed without a vote being cast against it.
- (4) A director may resign by delivering a signed written notice of resignation to the registered office of the Company. Subject to section 208 of the Act, the notice is effective when it is received at the registered office or at any later time specified in the notice.
- (5) A director vacates office if he –
 - (a) resigns in accordance with Article 23 (4);
 - (b) is removed from office in accordance with the provisions of the Act or these Articles;
 - (c) becomes disqualified from being a director pursuant to section 202 of the Act ;
 - (d) dies; or

(e) vacates office pursuant to subsection (2) of section 210 of the Act , on the ground of his age.

(6) At each annual general meeting one third of the Directors for the time being subject to retirement by rotation shall retire from office. A Director retiring at a meeting shall retain office until the close of the meeting including any adjournment thereof.

(7) The directors to retire at each annual general meeting shall be those directors who, being subject to retirement by rotation, have been longest in office since their last election or appointment, but as between persons who became or were last re-elected directors on the same day the directors to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring director shall be eligible for re-election.

(8) The Company at the meeting at which a director retires in the manner aforesaid shall fill the vacated office by electing a person thereto, and in default the retiring director shall be deemed to have been re-elected unless:-

(i) at such meeting it is expressly resolved not to fill such vacated office, or a resolution for the re-election of such director is put to the meeting and lost; or

(ii) such director has given notice in writing to the Company that he is unwilling to be re-elected or is over the age of 70; or

(iii) the default is due to the contravention of the next following Article.

(9) The Board shall have the power to authorize the payment and the entering into of any contract referred to in Section 216(1) of the Act to remunerate, compensate or provide any benefit to a Director or Former Director as provided for in the said Section.

(1) Subject to Article 24(4) which relates to major transactions, the business and affairs of the Company shall be managed by or under the direction or supervision of the Board. The Board shall have all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company.

(2) The Board may delegate to a committee of directors or to a director or employee any of its powers which it is permitted to delegate under section 186 of the Act.

(3) The directors have the duties set out in the Act, and in particular –

(a) each director must act in good faith and in what he believes to be the best interest of the Company;

(b) no director shall act or agree to the Company acting, in a manner that contravenes any provisions of the Act or these articles;

(c) (i) shall not act in a manner which is reckless or grossly negligent;

(ii) shall exercise the degree of skill and care that may reasonably be expected of a person of his

knowledge and experience.

(4) The Company shall not enter into any major transaction unless such transaction is -

- (a) approved by Special Resolution ;
- (b) contingent on approval by Special Resolution ;
- (c) consented to in writing by all the shareholders of the Company; or
- (d) a transaction which the Company is expressly authorised to enter into by a provision in its articles, which was included in it at the time the Company was incorporated.

However, the above shall not apply to

- (i) a transaction under which the Company gives or agrees to give a floating charge over all or any part of the property of the Company;
- (ii) a transaction entered into by a receiver appointed pursuant to an instrument creating a floating charge over all or any part of the property of the Company;
- (iii) A transaction entered into by an administrator or liquidator of the Company.

A major transaction means -

- (a) the acquisition of or an agreement to acquire whether contingent or not, assets of a value which is greater than half the value of the assets of the Company before the acquisition;
- (b) the disposition of the agreement to dispose of, whether contingent or not, the whole or more than half by value of the assets of the Company;
- (c) a transaction which has or is likely to have the effect of the Company acquiring rights or interests or incurring obligations or liabilities of a value which is greater than half the value of the assets before acquisition; or
- (d) a transaction or a series of related transactions which have the purpose or effect of substantially altering the nature of the business carried on by the Company.

In this section the reference to "Assets" include property of any kind, whether corporeal or incorporeal.

- (1) A director who is interested in a transaction to which the Company is a party must disclose that interest in accordance with section 192 of the Act.
- (2) Subject to Article 25(3), a director of the Company is interested in a transaction to which the Company is

- a party, if, and only if, the director –
- (a) is a party to or will or may derive a material financial benefit from the transaction;
 - (b) has a material financial interest in another party to the transaction;
 - (c) is a director, officer or trustee of another party to, or person who will or may derive a material financial benefit from the transaction, not being a party or person that is –
 - (i) the Company's holding company, being a holding company of which the Company is a wholly-owned subsidiary;
 - (ii) a wholly-owned subsidiary of the Company; or
 - (iii) a wholly subsidiary of a holding company of which the Company is also a wholly-owned subsidiary;
 - (d) is the parent, child or spouse of another party to or person who will or may derive a material financial benefit from the transaction; or
 - (e) is otherwise directly or indirectly materially interested in the transaction.
- (3) A director of the Company is not interested in a transaction to which the Company is a party, if the transaction comprises only the giving by the Company of security to a third party which has no connection with the director, at the request of the third party, in respect of a debt or obligation of the Company for which the director or another person has personally assumed responsibility in whole or in part, under a guarantee, indemnity or by the deposit of a security.
- (4) Article 25(2) does not apply to any remuneration or other benefit given to a director in accordance with section 216 of the Act, or, to any insurance or indemnity provided in accordance with section 218 of the Act.
- (5) A director of the Company who is interested in a transaction entered into or to be entered into by the Company, may –
- (a) vote on a matter relating to the transaction;
 - (b) attend a meeting of directors at which a matter relating to the transaction arises and be included among the directors present at the meeting for the purpose of a quorum;
 - (c) sign a document relating to the transaction on behalf of the Company; and
 - (d) do any other thing in his capacity as a director in relation to the transaction, as if he were not interested in the transaction.
- (6) A director of the Company who has information in his capacity as a director or employee of the Company which would not otherwise be available to him, must not disclose that information to any person or make use

of or act on the information, except—

- (a) for the purposes of the Company;
- (b) as required by law; or
- (c) in accordance with Article 25(7).

(7) A director of the Company may disclose, make use of or act on information if—

- (a) the director is first authorized to do so by the Board under Article 25(8); and
- (b) particulars of the authorization are entered in the interests register.

(8) The Board may authorize a director to disclose, make use of or act on information, if it is satisfied that to do so will not be likely to prejudice the Company.

(9) A director must disclose all dealings in shares of the Company in which he has a relevant interest, in accordance with sections 198, 199 and 200 of the Act.

(10) The Board may approve;

- (a) the payment of any remuneration and/or the provision of other benefits by the Company to a Director for services as Director or for services rendered to the Company in any other capacity,
- (b) the payment by the Company to a Director or a former Director of compensation for loss of office,
- (c) the entering into of a contract to do any of the above,

If the Board is satisfied that to do so is fair to the Company.

(11) The Company may by ordinary resolution also vote extra remuneration and / or other benefits to the Directors or to any Director as may be recommended by the Board for the performance of extra services to the Company.

(12) The Directors shall also be entitled to be repaid all traveling, hotel or other expenses properly incurred by them in or with a view to the performance of their duties including attendance at Board Meetings.

(13) Nothing in these Articles shall prevent the payment to a Director of any further remuneration for services performed by him by virtue of any other office or position held by him in conjunction with his directorship.

DISTRIBUTION AND RESERVES

36. (1) The Company may make distributions to shareholders in accordance with section 56 of the Act. Subject to Article 36(2), every dividend must be approved by the Board and by an ordinary resolution of shareholders. The Board must be satisfied that the Company will immediately after the distribution, satisfy the solvency test. The directors who vote in favour of a dividend must sign a certificate of solvency to that effect.
- (2) The Board may from time to time approve the payment of an interim dividend or any fixed preferential dividend to shareholders, where that appears to be justified by the Company's profits, without the need for approval by an ordinary resolution of shareholders.
- (3) The Board must:
- (a) be satisfied that the Company will immediately after the dividend is paid under (1) or (2) above, satisfy the solvency test;
- (b) ensure the directors who vote in favour of the dividend must sign a certificate of solvency their opinion the Company will satisfy the solvency test immediately after the distribution is made; and
- (c) obtain a certificate of solvency from the Auditors.
- (4) The Company is deemed to have satisfied the solvency test if-
- (a) it is able to pay its debts as they fall due in the normal course of business; and
- (b) the value of its assets is greater than the sum of the value of its liabilities and its stated capital.
- (5) Before the Directors make any distributions, they may set aside, out of the profits of the Company, such sum as they think proper as a reserve fund or funds.
- (1) Subject to the provisions of Article 36(3), the Board may authorize a distribution by way of a dividend to be paid to the shareholders according to their rights and interests in the profits and may fix the time for payment.
- (2) Any dividend or interim dividend which may be authorized by the Directors, may be paid by means of cash or by the distribution of specific assets and, in particular, of paid-up shares, debentures or debenture stock of the Company or of any other company or in specie or in any one or more of such ways and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient and in particular may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any member upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees upon such trusts for the persons entitled to the dividend as may seem expedient to the Board.
- (3) No shareholder shall be entitled to receive payment of any dividend or any allotment and issue of

shares credited as fully paid up in respect of his shares whilst any moneys may be due or owing from him (whether alone or jointly with any other person) to the Company in respect of such share or shares or otherwise howsoever.

- (4) No dividend shall bear interest against the Company.
- (5) The Directors may deduct from the dividend payable to any shareholder all sums of money due from him (whether alone or jointly with any other person) to the Company and notwithstanding that such sums shall not be payable until after the date when such dividend is payable.
- (6) Unless otherwise directed any dividend may be paid by cheque or warrant sent by post to the registered address of the shareholder entitled thereto or, in the case of joint-holders, to the registered address of the joint-holder whose name stands first on the register in respect of the joint-holding; but the Company shall not be liable or responsible for the loss of any such cheque or dividend warrant sent through the post.
- (7) All dividends unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for six (6) years after having been declared shall be forfeited and shall revert to the Company.
- (8) Every dividend payable in respect of any share held by several persons jointly may be paid to and an effectual receipt given by, any one of such persons.

ANNEXURE E – DETAILS OF PRIVATE PLACEMENT INVESTORS

	Name of the Applicant/Company	No. of Shares	Percentage Holding
1	LOLC Investments Limited	240,000,000	28.92%
2	National Savings Bank	100,000,000	12.05%
3	Rurev Capital (Pvt) Ltd	84,900,000	10.23%
4	Shankar Varadananda Somasunderam	50,000,000	6.02%
5	Associated Electrical Corporation Ltd	20,000,000	2.41%
6	Ceylinco Insurance PLC	20,000,000	2.41%
7	Finco Holdings (Pvt) Ltd	20,000,000	2.41%
8	Ishara Chinthaka Nanayakkara	20,000,000	2.41%
9	Prime Lands (Pvt) Limited	20,000,000	2.41%
10	Lexington Holdings (Pvt) Ltd	19,000,000	2.29%
11	W D N H Perera	11,000,000	1.33%
12	Amumadura Samantha Rayynnor Silva	10,000,000	1.20%
13	Bhagwan Wassiamal Kundanmal	10,000,000	1.20%
14	Dunamis Capital PLC	10,000,000	1.20%
15	Merchant Bank of Sri Lanka Plc	10,000,000	1.20%
16	Swiss Lloyd Limited	10,000,000	1.20%
17	Y S H I K Silva	10,000,000	1.20%
18	Pubudi Saranga Wijekumari Rupasinghe	6,061,000	0.73%
19	Almar Trading Co. (Pte) Ltd	5,000,000	0.60%
20	Hiran Arjuna Suren Madanayake	5,000,000	0.60%
21	Sarath Kumara Wijekoon	5,000,000	0.60%
22	Nadarajah Murali Prakash	5,000,000	0.60%
23	Mrs. M M C Fernando	4,000,000	0.48%
24	Shemal Hamaka Jayasuriya	4,000,000	0.48%
25	Saman Ajantha Lakshman Kumbukage	4,000,000	0.48%
26	C K Sangakkara	3,200,000	0.39%
27	C.S Gooneratne	3,000,000	0.36%
28	Lintotage UdayaDamien Fernando	3,000,000	0.36%
29	Malivaganam Sritharan	3,000,000	0.36%
30	Rajanik Roshan Antony	3,000,000	0.36%
31	Standard Finance (Pvt) Ltd	2,330,000	0.28%
32	Navara Capital Private Limited	2,000,000	0.24%
33	A.T Cooray Pvt Ltd	2,000,000	0.24%
34	All Akbar Salehbhai	2,000,000	0.24%
35	Aliesger Salehbhai	2,000,000	0.24%
36	Charith Goonetilleke	2,000,000	0.24%
37	Ceylease Financial Services Ltd	2,000,000	0.24%
38	CL Synergy (pvt) Ltd	2,000,000	0.24%

39	D H B Ranawana	2,000,000	0.24%
40	Dushyantha Harshin Herath Wariyapola	2,000,000	0.24%
41	Fab Foods (Pvt) Ltd	2,000,000	0.24%
42	Harold A Herath	2,000,000	0.24%
43	Kurukulasuriya Rohan Bernard Fernando	2,000,000	0.24%
44	L K De Alwis	2,000,000	0.24%
45	Lintotawela Vivendra	2,000,000	0.24%
46	Lokuge Don Nimal Nayana	2,000,000	0.24%
47	Mohammed Riyasdeen Silmy	2,000,000	0.24%
48	M S Wijemanne	2,000,000	0.24%
49	Mustaq Mohamed Fuad	2,000,000	0.24%
50	Nanayakkarawasan Nimal Nagahawatte	2,000,000	0.24%
51	Ranasinghe Arachchige Nanayaanda Thilakaratne	2,000,000	0.24%
52	Reshan Niranjan Rodrigo Kurukulasuriya	2,000,000	0.24%
53	Rajinda Priyanjith Weerasooriya	2,000,000	0.24%
54	Ratnakumar Ratnasena	2,000,000	0.24%
55	Ruwan Prasanna Sugathadasa	2,000,000	0.24%
56	Sierra Construction (Pvt) Ltd	2,000,000	0.24%
57	South Asia Finance Excel Inv. Pvt Ltd	2,000,000	0.24%
58	Subramaniam Vasudevan	2,000,000	0.24%
59	Utmarampillai Pushparaj	2,000,000	0.24%
60	Aasiri Manmohan Iddamalgoda	2,000,000	0.24%
61	Rajapaska Mudiyanselage Indika Rajapaksa	1,800,000	0.19%
62	Danshan Ashantha Bandara Dassanayake	1,500,000	0.18%
63	Anuja Chamila Jayasinghe	1,400,000	0.17%
64	Rukshan Medard Peter Dias	1,400,000	0.17%
65	Wignarajah Sellamuttu	1,200,000	0.14%
66	Abblani Holdings (Pvt) Ltd	1,000,000	0.12%
67	Dinal Gitanjan Wijemanne	1,000,000	0.12%
68	A R Wickramanayake	1,000,000	0.12%
69	Confiti Beach Hotels (Pvt) Ltd	1,000,000	0.12%
70	Confiti Capital (Pvt) Ltd	1,000,000	0.12%
71	Confiti Management Services (Pvt) Ltd	1,000,000	0.12%
72	Dayani S.Sugathadasa	1,000,000	0.12%
73	Gardiya Lokuge Harris Premaratne	1,000,000	0.12%
74	Hemanga Karunasena	1,000,000	0.12%
75	Kosala Udayanga Dodampe Gamage	1,000,000	0.12%
76	M.W.E.M.T.D Ekanayake	1,000,000	0.12%
77	Nimal Ainsley Jayasuriya	1,000,000	0.12%
78	Nadesan Rajanathan	1,000,000	0.12%
79	Narendra Yayarthi Wijemanne	1,000,000	0.12%
80	Niranjan Wijeyananthan	1,000,000	0.12%
81	Perumal Gajendran	1,000,000	0.12%

82	Sarinda Wasanth Unamboowe	1,000,000	0.12%
83	Tropical International (pvt) Ltd	1,000,000	0.12%
84	Salukkalige Ananda Shanthilal De Silva	1,000,000	0.12%
85	Dinesh Nagendra Sellamuttu	900,000	0.11%
86	Upali Gotabaya Madanayake	800,000	0.10%
87	Anura Suranjith Udurawane	760,000	0.09%
88	Rohan Athula Sahabandu	615,000	0.07%
89	Dissanayake Mudiyanselage Lalith Ivan Dissanayake	600,000	0.07%
90	Kuruwalana Arachchige Jayantha Pradeep	600,000	0.07%
91	Priya Hinu Surtani	600,000	0.07%
92	Ruwanpura Rolitha De Silva	600,000	0.07%
93	Prawira Rimoo Saidin	554,000	0.07%
94	Asha Abeysekera	500,000	0.06%
95	Dr. Don Dinesh Nanditha Amarasekara	500,000	0.06%
96	Kamini Mahal Antoinette Peiris	500,000	0.06%
97	Neville Chrysoston Peiris	500,000	0.06%
98	Sunil Gobindram Mukhi	500,000	0.06%
99	Sornadasa Palihawadana	500,000	0.06%
100	Taprobane Investments (Pvt) Ltd	500,000	0.06%
101	Kalubovilage Antony Robison Perera	440,000	0.05%
102	Sorali Senaratne	420,000	0.05%
103	Medurawalage Don Bimal Chanaka Jayasundara	400,000	0.05%
104	Mohamed Faizan Ozman	400,000	0.05%
105	Nilesh Julian De Silva	400,000	0.05%
106	Perry Savindranayagam	400,000	0.05%
107	Thiyagarajah Dharmarajah	400,000	0.05%
108	Thanappuhettige Nihal Jayasari Gomes	400,000	0.05%
109	Therese Princy Dias Siriwardena	400,000	0.05%
110	Yamuna ShanthiJaysinghe Dahanayake	400,000	0.05%
111	Dominic Savio Anthony Roshan Motha	400,000	0.05%
112	G.J Thamarajchelvan	400,000	0.05%
113	Anthony Naveendra Perera Sooriyarachchi	350,000	0.04%
114	Gammeda Liyanage Francis Perera	300,000	0.04%
115	Mahendra Thilakasiri Galgamuwa	300,000	0.04%
116	Ramanathan Nadarajah	300,000	0.04%
117	Romani Saidin	300,000	0.04%
118	W A Asoka Rupasinghe	300,000	0.04%
119	Chaminda Darshanapriya Edirwickrama	300,000	0.04%
120	Tania Pietersz	250,000	0.03%
121	Aratchige Gunaratne Weerasinghe	200,000	0.02%
122	A.P Muthutantre	200,000	0.02%
123	Ajita Mahes Pasqual	200,000	0.02%
124	Eastman Narangoda	200,000	0.02%

125	Fernando Mihindukula Surya Titus Neville	200,000	0.02%
126	Dr. Hennedige Srinath Dilanjan Soysa	200,000	0.02%
127	Indika Kumari Galhena	200,000	0.02%
128	Jinath Dammika Vilhanage	200,000	0.02%
129	K A G Albhayaratne	200,000	0.02%
130	Kalyani Chandrasegaram	200,000	0.02%
131	Kapila Prasanna Arlyaratne	200,000	0.02%
132	Mahesh Jayasinghe & Ishani Kunuppu	200,000	0.02%
133	M P A Pathmasiri	200,000	0.02%
134	Muruga Pillai Kesawamoorthy	200,000	0.02%
135	Mr Taher Abbas Gulamhusein	200,000	0.02%
136	Nallathamby Pillai Sivagamyammal	200,000	0.02%
137	Nanda Kumara Dehanayaka	200,000	0.02%
138	Nilkamal Weerasooriya	200,000	0.02%
139	Periyasamy shanthi	200,000	0.02%
140	Sheranee Ranjini Lekha Sellamuttu	200,000	0.02%
141	Ramasami Sivasubramaniam	200,000	0.02%
142	Ruwanpura Gihan Manik De Silva	200,000	0.02%
143	Samitha Nilanthi Lokugamage	200,000	0.02%
144	Sithambaram Pillai Balasundaram	200,000	0.02%
145	Sithambaram Pillai Jayakumar	200,000	0.02%
146	Spice of life (pvt) Ltd	200,000	0.02%
147	Ajith Padmakumara Bopitiya	200,000	0.02%
148	Suresh Kingsley Tissaaratchy	200,000	0.02%
149	Manjula Hemesha Wijemanne	200,000	0.02%
150	Dinesh Samaratunga	200,000	0.02%
151	Royce Senaka Delpechitra	200,000	0.02%
152	Panduka Weerasinghe	200,000	0.02%
153	Vishva Nayana Lokugamage	200,000	0.02%
154	Mahamadatchi Badarasoma De Silva	200,000	0.02%
155	N.S Niles	180,000	0.02%
156	Padmasiri Niroshana Bandara Wijekoon	175,000	0.02%
157	C.N Rathakrishnan	120,000	0.01%
158	Vedamanikkam Jeremy Rajiah	100,000	0.01%
159	Amukkati Palabendige Gamani Piyadasa Abeysuriya	100,000	0.01%
160	Bimanee Sandamalee Meepagala	100,000	0.01%
161	Balage Piyarathna Dias Perera	100,000	0.01%
162	Don Amitha Athulathmudali	100,000	0.01%
163	Entrust Limited	100,000	0.01%
164	Kalhari Indunil Masakorala	100,000	0.01%
165	Ravindra Dhammika Tissera	100,000	0.01%
166	S Pathumanapan	100,000	0.01%
167	Abdul Hesson Mohammed Riyaz	50,000	0.01%

168	Balapuwaduge Niloshan Romeo Mendis	50,000	0.01%
169	Mandadige Anton Kusal Eshan Fernando	50,000	0.01%
170	Mandadige Eliani Ayesha Alecia Fernando	50,000	0.01%
171	Pathirage Nishantha Nandana Perera	50,000	0.01%
172	Rajitha Bandara Seneviratne	50,000	0.01%
173	Bothalage Ruwan Samaya Fernando	25,000	0.00%
174	S Gajeewan	20,000	0.00%
175	Balapuwaduge Swarna Irangani Fernando	20,000	0.00%
176	Deena Baduge Sudath Dilape and Dharmabandu de Silva	20,000	0.00%
177	Diroshi Biyanwila	20,000	0.00%
178	Dakshan Pradeep Gooneratne	20,000	0.00%
179	J T Ranasinghe	20,000	0.00%
	TOTAL	830,000,000	100.00%

ANNEXURE F - EXTRACTS FROM THE FEASIBILITY STUDIES

SAMUDRA BEACH RESORTS

EXECUTIVE SUMMARY

This report examines the financial feasibility of proposed project "Samudra Beach Resort" at Kosgoda. The primary objective of this project is to establish a hotel catering to foreign and local tourists. The estimated total cost of the project is;

Capital Item	Rs: Mn
Building	1,242.0
Hotel Backup	250.0
Preliminary Expenses	8.0
Total	1,500.0

The cost of the project is expected to be financed as follows;

Method	Rs: Mn
Equity Financing	1,500.0
Total	1,500.0

Summary of the financial highlights are given below;

Evaluation method	Result
Payback Period	5 Years
NPV	914Mn
ARR	26.7%

Conclusion

Based on above analysis it could be concluded that proposed project would be financially viable to the investor.

INTRODUCTION

This report examines in detail the financial viability of setting up a hotel at Kosgoda under 3 star category to cater to foreign tourists.

The report will present the financial feasibility of proposed project to prospective investors, bankers, and other stakeholders. The contents of the report will include industry analysis, economic forecast, investment and financial viability of proposed project.

Evaluation and Conclusion.

- * **Objective**

Objective of this chapter is to evaluate the proposed project using projected cash flow statement for the operational year 0 – 10, to ascertain the;

- a) Financial Feasibility
- b) Sensitivity of possible risk elements

- * **Evaluation Technique**

The evaluation is based on the following financial models.

- a) Pay – Back period.
- b) Accounting rate of return - ARR
- c) Net present value – NPV

- * **Projected Cash flows (Rs: Mn)**

Year	Cash generation from operation	Cash generation from Financing activities	Cash generation from Investing activities	Net cash generation
0	-	1,500.0	(1,499.0)	1.0
1	153.2	-	(1.0)	152.2
2	322.2	-	-	322.2
3	390.3	-	-	390.3
4	422.7	-	-	422.7
5	439.6	-	-	439.6
6	456.9	-	-	456.9
7	474.7	-	-	474.7
8	493.2	-	-	493.2
9	512.0	-	-	512.0
10	531.7	-	-	531.7

- * **Evaluation under Pay – Back Period method**

Pay – Back period is the time required for the cash inflows from a capital investment project to equal the cash out.

Year	Initial Investment	Projected Cash In Flows	Cumulative Cash Flows
0	(1,499.0)	-	(1,499.0)
1		153.2	(1,345.8)
2		322.2	(1,023.6)
3		390.3	(633.3)
4		422.7	(210.6)
5		439.6	229.0
6		456.9	685.9
7		474.7	1,160.7
8		493.2	1,653.8
9		512.0	2,165.9
10		531.7	2,697.6

Note:

Total Project Investment	Rs: 1,500Mn
Less: Preliminary Exp. Incurred in Year 2012	Rs: 1Mn
Initial Investment	Rs: 1,499Mn

The total investment of the project could be recovered with in a period of 5 years.

- * Evaluation under Accounting Rate of Return (ARR) method

The Accounting rate of return means, the ratio of the average annual net profit on average capital investment over the project duration.

Year	Profit Before Depreciation, Interest & Tax	Depreciation	Profit before Interest & Tax
0	-	-	-
1	292.7	(93.4)	199.3
2	374.9	(93.4)	281.5
3	455.2	(93.4)	361.9
4	474.1	(93.4)	380.7
5	493.6	(93.4)	400.2
6	513.7	(93.4)	420.3
7	534.4	(93.4)	441.1
8	555.8	(93.4)	462.5
9	577.9	(62.1)	515.8
10	600.6	(62.1)	538.5

Estimated Total Profit 4,001.8

Estimated Avg. Annual Profit after Depreciation before 400.2
Interest & Tax

Avg. Book Value of Capital employed 1,500.0

ARR 26.7%

An average Accounting Rate of Return of 26.7% is fairly high rate of return.

- Evaluation under Net Present Value (NPV) method

Discount rate for the NPV calculation is considered as 10%. This is arrived after assuming the cost of Equity.

Year	Projected Net Cash Flows	Discounting Rate @ 10%	Discounted Cash Flows
0	(1,499.0)	1	(1,499)
1	152.2	0.909	138
2	322.2	0.826	266
3	390.3	0.751	293
4	422.7	0.683	289
5	439.6	0.621	273
6	456.9	0.564	258
7	474.7	0.513	244
8	493.2	0.467	230
9	512.0	0.424	217
10	531.7	0.386	205
NPV			914

An NPV of Rs: 914Mn (approx) at a discounting rate of 10% reflects a strong financial viability of the project.

- Sensitivity Analysis

Sensitivity to decrease Avg. Occupancy Rate up to 60%.

Year	Discounted cash flow @ 10%
0	(1,499)
1	138
2	232
3	207
4	186
5	175
6	165
7	154
8	145
9	136
10	127
NPV	
167	

At this stage Project would earn Rs: 167Mn profit.

* **Conclusion**

Pay Back	=	5 Years
NPV	=	Rs: 914Mn
ARR	=	26.7%

Total cost of the project could be recovered within a period of the 5 years. This is a good indication of the strong financial viability of the project.

The NPV of approximately Rs: 914Mn is a good indication. Potential cash flows after year 10 are not considered for this evaluation. The fact that the estimated life time of the project would not be limited to 10 year period needs to be considered.

In this evaluation we have not considered the recovery of residual value of investment, (value of building & other fixed assets) as the project is not limited to period of 10 years. Recovery of residual value of investment would also be a relevant cash inflow which needs to be considered by potential investors.

Based on above analysis it could be concluded that proposed project would be financially viable from the point of an investor.

ANNEXURE G – FORECASTED FINANCIAL STATEMENTS OF SAMUDRA BEACH RESORTS (PVT) LTD

Samudra Beach Resort (Pvt) Ltd

Forecasted Income Statement

	Note	2010/2011	2011/2012	2012/2013	2013/2014
Revenue	1	-	-	285,660,000	697,367,475
Cost Of Sales				171,398,000	418,420,485
Gross Profit / (Loss)				114,264,000	278,946,990
Distribution Cost	2	-	-	12,420,000	37,280,000
Administrative Expenses	3	-	-	49,746,667	149,240,000
Other Expenses	4	7,000,000	1,000,000		
Finance Cost		-	-	-	-
Net Profit / (Loss) Before Tax		(7,000,000)	(1,000,000)	52,097,333	82,446,890

Forecasted Balance Sheet

	For the Year Ended	Note	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14
ASSETS						
<i>Non - current assets</i>						
Property,Plant & Equipment	5		-	1,480,883,333	1,387,533,333	1,387,533,333
<i>Current Assets</i>						
Work in Progress	6	15,000,000	944,000,000	-	289,010,990	289,010,990
Cash and Cash Equivalents		1,000,000	1,000,000	83,214,000	269,010,990	269,010,990
Total Assets		16,000,000	945,000,000	1,544,507,333	1,636,544,323	1,636,544,323
EQUITY AND LIABILITIES						
<i>Capital and Reserves</i>						
Stated Capital		23,000,000	953,000,000	1,500,000,000	1,500,000,000	1,500,000,000
Retained Earnings		(7,000,000)	(8,000,000)	44,597,333	136,544,323	136,544,323
Shareholder Funds		16,000,000	945,000,000	1,544,507,333	1,636,544,323	1,636,544,323
<i>Current Liabilities</i>						
Total Equity and Liabilities		16,000,000	945,000,000	1,544,507,333	1,636,544,323	1,636,544,323

Samudra Beach Resort (Pvt) Ltd
Forecasted Cash Flow Statement:

For the Year Ended 31st March	2010 / 2011	2011 / 2012	2012 / 2013	2013 / 2014	(Rs.)
<u>Cash Flows From / (Used In) Operating Activities:</u>					
Received From Customers	-	-	285,660,000	697,367,475	
Payments to Suppliers	-	-	(171,396,000)	(418,420,485)	
Payments to others	(7,000,000)	(1,000,000)	(31,050,000)	(33,150,000)	
Cash Flow From Operating Activities	(7,000,000)	(1,000,000)	83,214,000	185,796,990	
Interest Paid	-	-	-	-	
Net Cash Flow From Operating Activities	(7,000,000)	(1,000,000)	83,214,000	185,796,990	
<u>Cash Flows From / (Used In) Investing Activities:</u>					
Acquisition of Fixed Assets / WIP	(15,000,000)	(929,000,000)	(548,000,000)	-	
Net Cash Flows From / (Used In) Investing Activities	(15,000,000)	(929,000,000)	(548,000,000)	-	
<u>Cash Flows From / (Used In) Financing Activities:</u>					
Issue of Share Capital	23,000,000	930,000,000	547,000,000	-	
Net Cash Flows From / (Used In) Financing Activities	23,000,000	930,000,000	547,000,000	-	
(Decrease) / Increase in cash and cash equivalents	1,000,000	-	83,214,000	185,796,990	
Cash and Cash Equivalents at Beginning of Period	-	1,000,000	1,000,000	83,214,000	
Cash and Cash Equivalents at End of Period	1,000,000	1,000,000	83,214,000	269,010,990	

Samudra Beach Resort (Pvt) Ltd

Notes to the Forecasted Financial Statements

<i>For the Year Ended 31st March</i>	<i>2010 / 2011</i>	<i>2011 / 2012</i>	<i>2012 / 2013</i>	<i>2013 / 2014</i>	(Rs.)
1 Revenue					
<u>Season</u>					
Room Rate	-	-	150	158	
No of Room	-	-	150	150	
Total revenue per day	-	-	22,500	23,625	
Occupancy	-	-	80%	80%	
Revenue Per Day	-	-	18,000	18,900	
Rupee Conversion 1\$ =	-	-	115	115	
# of days per year	-	-	120	180	
Revenue	-	-	248,400,000	391,230,000	
Miscellaneous	-	-	15%	15%	
Total Revenue	-	-	285,660,000	449,914,500	
<u>Off Season</u>					
Room Rate	-	-	-	126	
No of Room	-	-	-	150	
Total revenue per day	-	-	-	18,900	
Occupancy	-	-	-	55%	
Revenue Per Day	-	-	-	10,395	
Rupee Conversion 1\$ =	-	-	-	115	
# of days per year	-	-	-	180	
Revenue	-	-	-	215,176,500	
Miscellaneous	-	-	-	15%	
Total Revenue	-	-	-	247,452,975	
Total Revenue for the Year	-	-	285,660,000	697,367,475	
2 Distribution Cost					
Revenue @ 100% Occupancy	-	-	310,500,000	931,500,000	
Distribution Cost at 4%	-	-	12,420,000	37,260,000	
3 Administration Expenses					
Overheads	-	-	18,630,000	55,890,000	
Depreciation	-	-	31,116,667	93,350,000	
	-	-	49,746,667	149,240,000	
4 Other Expenses					
Preliminary Expenses	7,000,000	1,000,000	-	-	
	7,000,000	1,000,000	-	-	

Samudra Beach Resort (Pvt) Ltd.

Notes Contd.

5 PROPERTY, PLANT AND EQUIPMENT

For the year ended 31st March	2013/2014			2012/2013			2011/2012			2010/2011			2009/2010		
	As at 31st April, 2014	Additions (Disposals)/ Adjustments 31st March 2014	As at 31st March 2013	As at 31st March 2012	Additions (Disposals)/ Adjustments 31st March 2012	As at 31st March 2011	As at 31st March 2010	Additions (Disposals)/ Adjustments 31st March 2010	As at 31st March 2009	Additions (Disposals)/ Adjustments 31st March 2009	As at 31st March 2008	Additions (Disposals)/ Adjustments 31st March 2008	As at 31st March 2007	Additions (Disposals)/ Adjustments 31st March 2007	
Cost	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	1,242,000,000	
Bank Up Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	205,675,000	
 Less Accumulated Impairment / Amortisation															
Buildings	-	-	-	-	-	-	-	-	20,700,000	-	20,700,000	62,100,000	-	62,100,000	
Bank Up Projects	-	-	-	-	-	-	-	-	19,414,657	-	19,414,657	31,270,000	-	41,850,657	
 Written down Value														474,426,077	
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-		
Bank Up Projects	-	-	-	-	-	-	-	-	-	-	-	-	-		

Samudra Beach Resort (Pvt) Ltd.

Notes Contd.

<i>For the Year Ended 31st March</i>	<i>2010 / 2011</i>	<i>2011 / 2012</i>	<i>2012 / 2013</i>	<i>2013 / 2014</i>
(Rs.)				
6 WORK IN PROGRESS				
Balance at the begining of the year	-	15,000,000	944,000,000	-
Design Cost	3,000,000	6,000,000	3,000,000	-
Consultancy Fee	12,000,000	29,000,000	7,000,000	-
Project Construction	-	842,000,000	340,000,000	-
Back up Facilities	-	52,000,000	198,000,000	-
Project Capitalisation	-	-	(1,492,000,000)	-
Balance at the end of Period	15,000,000	944,000,000	-	-

Assumptions & Disclosures

- 1 Avarage Occupancy (Season 80%/Offseason 55%)
 - 2 Room Charges full board US \$ 150 per day for Season & US\$ 120 per Off season and will Increase by 5% each year.
 - 3 Cost of Lodging,Food & Beverage will be 60% from the revenue
 - 4 Administration and Distribution Costs would be 6% and 4% respectively of revenue at 100% occupancy.
 - 5 US \$ Equal LKR 115.00
 - 6 Miscellaneous income would be 15% of the total revenue.
 - 7 Applicable Depreciation rates would be as follows:
- | <i>Description</i> | <i>Rate</i> |
|--------------------|-------------|
| Building | 5% |
| Back up Projects | 12.50% |
- 8 Total project cost of Rs. 1.5 billion is totally funded by Equity.
 - 9 Commencement of Construction of the Project - June 2011
Commencement of Commercial operations- December 2012

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