

Kreston MNS & Co

Our Ref: 1996 / A816 / SB / KA

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FINANCIAL STATEMENTS OF
WELWORTH LANKA HOLDING (PVT) LTD.
FOR THE YEAR ENDED
31ST MARCH 2012

AUDITORS' REPORT TO THE MEMBERS OF WELWORTH LANKA HOLDING (PVT) LTD.

We have audited the accompanying Financial Statements of **WELWORTH LANKA HOLDING (PVT) LTD**, which comprise the Balance Sheet as at 31st March 2012, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a Summary of Significant Accounting Policies and other explanatory Notes, as exhibited on pages 2 to 10.

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

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

Report on Other Legal and Regulatory Requirements

These Financial Statements also comply with the requirements of Section 151 (2) of the Companies Act No. 07 of 2007.


**CHARTERED ACCOUNTANTS
COLOMBO**

16-08-2012

SB/KA/bn

SB-WelworthLankaHolding-cd1c9



Partners:

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Ms Sivaselvi Balachandran, FCA, FCMA
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INCOME STATEMENT

FOR THE YEAR ENDED

		31.03.2012 Rs.	31.03.2011 Rs.
	Note		
Other Operating Income		-	-
Administrative Expenses		(500,372.00)	(134,786.36)
Profit / (Loss) from Operations	1	(500,372.00)	(134,786.36)
Taxation	2	-	-
Profit / (Loss) after Tax		(500,372.00)	(134,786.36)

The Accounting Policies and the Notes on pages 6 to 10 form an Integral part of these Financial Statements.



BALANCE SHEET AS AT

		31.03.2012 Rs.	31.03.2011 Rs.
ASSETS			
Non Current Assets			
Investments in Subsidiary	3	129,999,980.00	129,999,980.00
		<u>129,999,980.00</u>	<u>129,999,980.00</u>
Current Assets			
Amounts due from Related Company	4	43,736,142.75	24,322,125.75
Amount due from Directors		20.00	20.00
Advance given for Allotment of Shares		27,700,000.00	27,700,000.00
Cash at Bank	5	120,090.95	101,891.95
		<u>71,556,253.70</u>	<u>52,124,037.70</u>
Total Assets		<u>201,556,233.70</u>	<u>182,124,017.70</u>
EQUITY & LIABILITIES			
Capital & Reserves			
Stated Capital	6	182,030,000.00	130,000,000.00
Retained Profit / (Loss)		(2,034,709.50)	(1,534,337.50)
		<u>179,995,290.50</u>	<u>128,465,662.50</u>
Non Current Liabilities			
Advance Received for Allotment of Shares		-	52,030,000.00
		<u>-</u>	<u>52,030,000.00</u>
Current Liabilities			
Trade & Other Payables	7	132,518.20	119,930.20
Amount due to Related Company	8	21,428,425.00	1,508,425.00
		<u>21,560,943.20</u>	<u>1,628,355.20</u>
Total Equity & Liabilities		<u>201,556,233.70</u>	<u>182,124,017.70</u>

The Accounting Policies and the Notes on pages 6 to 10 form an Integral part of these Financial Statements.

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

.....
Finance Officer

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

Signed for and on behalf of the Board by

Directors

2.

Date : 16-08-2012



STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs.	Retained Profit / (Loss) Rs.	Total Rs.
Balance as at 31st March 2010	130,000,000.00	(1,399,551.14)	128,600,448.86
Profit / (Loss) for the year	-	(134,786.36)	(134,786.36)
Balance as at 31st March 2011	130,000,000.00	(1,534,337.50)	128,465,662.50
Issue Of Shares	52,030,000.00		52,030,000.00
Profit / (Loss) for the year	-	(500,372.00)	(500,372.00)
Balance as at 31st March 2012	182,030,000.00	(2,034,709.50)	179,995,290.50

The Accounting Policies and the Notes on pages 6 to 10 from an Integral part of these Financial Statements.



CASH FLOW STATEMENT

FOR THE YEAR ENDED

		31.03.2012 Rs.	31.03.2011 Rs.
	Note		
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) before Taxation		(500,372.00)	(134,786.36)
Adjustments:		-	-
Operating Profit / (Loss) before Changes in Working Capital		<u>(500,372.00)</u>	<u>(134,786.36)</u>
(Increase) / Decrease in			
Amount due from Related Company	4	(19,414,017.00)	(17,812,175.00)
Amount due to related Company	8	19,920,000.00	(6,196,950.75)
Increase / (Decrease) in			
Trade & Other Payables	7	<u>12,588.00</u>	<u>(26,892.80)</u>
Cash Generated from / (used in) Operations		<u>518,571.00</u>	<u>(24,036,018.55)</u>
Net Cash from / (used in) Operating Activities		<u>18,199.00</u>	<u>(24,170,804.91)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Advance Received for Allotment of Shares		-	24,230,000.00
Net Cash from / (used) in Financing Activities		<u>-</u>	<u>24,230,000.00</u>
Net Increase / (Decrease) in Cash & Cash Equivalents		<u>18,199.00</u>	<u>59,195.09</u>
Cash & Cash Equivalents at the beginning of the year		<u>101,891.95</u>	<u>42,696.86</u>
Cash & Cash Equivalents at the end of the year	5	<u>120,090.95</u>	<u>101,891.95</u>

The Accounting Policies and the Notes on pages 6 to 10 from an Integral part of these Financial Statements.



SIGNIFICANT ACCOUNTING POLICIES**1 General Policies****1.1 Basis of Preparation and Compliance**

The Financial Statements of the Company comply with the Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007.

These Financial Statements presented in Sri Lanka Rupees have been prepared on a historical cost basis.

1.2 Foreign Currency Transactions

Transactions in foreign currencies are translated into Sri Lanka 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 translation are recognised in the Income Statement.

1.3 Events Occurring after the Balance Sheet Date

All material post Balance Sheet events have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.

1.4 Taxation**Current Taxes**

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto.



SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**2. 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 realised in cash during the normal operating cycle or within one year from the Balance Sheet date, whichever is shorter. Non-Current assets are those which the Company intends to hold beyond a period of one year from the Balance Sheet date.

2.1 Cash & Cash Equivalents

Cash and cash equivalents comprise of cash at bank and in hand. Bank overdrafts that are repayable on demand and form an integral part of the Company cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

The Cash Flow Statement has been prepared using the indirect method.

3. LIABILITIES AND PROVISIONS**3.1** 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 later than one year from the Balance Sheet date.

All known liabilities have been accounted for in preparing the Financial Statements.

3.2 Provisions, Contingent Assets and Contingent Liabilities

Provision is recognised in the Balance Sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

All contingent liabilities are disclosed as a note to the Financial Statements unless the outflow of resources is remote.

All contingent assets are disclosed where inflow of economic benefits is probable.

3.3 Trade and Other Payables

Trade and other payables are stated at their cost.

3.4 Capital Commitments

Capital commitments of the Company are disclosed in the respective Notes to the Financial Statements.



SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**4. INCOME STATEMENT**

For the purpose of presentation of the Income Statement, the function of expense method is adopted, as it represents fairly the elements of Company's performance.

4.1 Turnover

Gross Turnover represents the invoiced value of goods and services to customers.

4.2 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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.

4.3 Expenditure

- 1) Expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income.
- 2) All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year.

3) Borrowing Costs

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



In the Notes all Amounts are shown in Sri Lanka Rupees

	31.03.2012 Rs.	31.03.2011 Rs.
NOTES TO FINANCIAL STATEMENTS		
NOTE 1 - PROFIT / (LOSS) FROM OPERATIONS		
is stated after charging all expenses including		
Audit Fees	68,544.00	62,832.00
NOTE 2 - TAXATION		
Income Tax		
The Company is liable to Income Tax @ 28% on Taxable Income. However income tax has not been provided in view of the assessable loss for the year.		
NOTE 3 - INVESTMENT IN SUBSIDIARY		
Welworth Project Lanka (Pvt) Ltd. (12,999,998 Shares) (Formerly Puravankara Projects Lanka (Pvt) Ltd)	129,999,980.00	129,999,980.00
	129,999,980.00	129,999,980.00
NOTE 4 - AMOUNT DUE FROM RELATED COMPANY		
Welworth Project Lanka (Pvt) Ltd. (Formerly Puravankara Projects Lanka (Pvt) Ltd)	43,736,142.75	24,322,125.75
	43,736,142.75	24,322,125.75
NOTE 5 - CASH AT BANK		
Cash at Bank	120,090.95	101,891.95
	120,090.95	101,891.95
NOTE 6 - STATED CAPITAL		
Number of Ordinary Shares issued & fully paid	18,203,000	13,000,000
Stated Capital on 1st April	130,000,000.00	130,000,000.00
Shares issued during the year	52,030,000.00	-
Stated Capital on 31st March	182,030,000.00	130,000,000.00
The total amount received by the company or due and payable to the company in respect of the issue of shares are referred to as Stated Capital.		
NOTE 7 - TRADE & OTHER PAYABLES		
Kreston MNS & Co. - Audit Fees & Tax Fees	93,676.60	85,679.80
- Accounting Fees	38,841.60	34,250.40
	132,518.20	119,930.20
NOTE 8 - AMOUNT DUE TO RELATED COMPANY		
Welworth Projects Ltd. - India	21,428,425.00	1,508,425.00
	21,428,425.00	1,508,425.00



In the Notes all Amounts are shown in Sri Lanka Rupees

NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 9 - POST BALANCE SHEET EVENTS

No Circumstances have arisen since the Balance Sheet date which require adjustments to or disclosure in the Financial Statements.

NOTE 10 - COMMITMENTS & CONTINGENCIES

There were no Significant Commitments and/or Contingencies as at Balance Sheet date.

NOTE 11 - RELATED PARTY TRANSACTIONS

There have been no Related Party Transactions during the year

NOTE 12 - CORPORATE INFORMATION

Name of the Company	: Welworth Lanka Holding (Pvt) Ltd. (Formerly Puravankara Projects Lanka (Pvt) Ltd)
Domicile & Legal Form	: A Limited Liability Company incorporated in Sri Lanka under the Companies Act No. 17 of 1982.
Date of Incorporation & Registration Number	: 01.12.2006, N(PVS) 48781
Date of re-registration under Companies Act No. 07 of 2007	: 29.08.2008
Re-registration Number	: PB 8705
Registered Office	: Level 8, East Tower, World Trade Centre, Echelon Square, Colombo 01.
Nature of Operations	: Investing
Parent Company	: Welworth Projects Ltd. - India
Number of Employees as at year end	: Nil



SCHEDULES

31.03.2012

31.03.2011

Rs.

Rs.

SCH 1 - ADMINISTRATIVE EXPENSES

Secretarial Charges	104,082.00	-
Debit Tax	-	14,334.36
Tax Fees	25,132.80	22,848.00
Audit Fees	68,544.00	62,832.00
Stamp Duty on Issue of Shares	260,150.00	-
Bank Charges	3,600.00	500.00
Accounting Charges	38,863.20	34,272.00
	<u>500,372.00</u>	<u>134,786.36</u>

SCH 2 - CASH AT BANK

HNB - A/C No. 003010381061

120,090.95101,891.95

YEAR OF ASSESSMENT 2011 / 2012

Rs.

Net Profit / (Loss) as per Accounts	(500,372)
Add : Disallowed Expenses - Stamp duty on issue of shares	260,150
Less : Allowable Deductions	
Adjusted Business Profit / (Loss)	(240,222)
Add : Other sources of Income	-
Total Statutory Income (Loss)	(240,222)
Less : Qualifying Payments	-
Taxable Income (Loss)	(240,222)
Income Tax Loss brought forward from 2010/2011	1,522,012
Income Tax Loss for the year 2011/2012	240,222
Income Tax loss carried forward to 2012/2013	1,762,234



ANNEXURES

ANNEX 1 - SHAREHOLDERS AS AT YEAR ENDED

Name	No. of Shares
Ravi Puravankara	01
Welworth Projects Limited - India	18,202,999
	<u>18,203,000</u>

