

Our Ref: 1996 / A816 / SB / KA

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FINANCIAL STATEMENTS OF
WELWORTH LANKA HOLDING (PVT) LTD.
FOR THE YEAR ENDED
31ST MARCH 2013

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 Statement of Financial Position as at 31st March 2013, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow for the year then ended, and a Summary of Significant Accounting Policies and other explanatory Notes, as exhibited on pages 2 to 11.

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 Standard applicable to Small and Medium – sized Entities (SLFRS for SMEs). 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 2013 and the financial statements give a true and fair view of the Company's Financial Position as at 31st March 2013 and its financial performance and Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standard applicable to Small and Medium – sized Entities.

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.

Kreston MNS & Co
**CHARTERED ACCOUNTANTS
COLOMBO**

2013/4/16
SB/KA/bn
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Partners:

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STATEMENT OF FINANCIAL POSITION AS AT

		31.03.2013 Rs.	31.03.2012 Rs.
	Note		
ASSETS			
Non Current Assets			
Investments in Subsidiary	4	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	5.1	50,956,142.75	43,736,142.75
Amount due from Directors		20.00	20.00
Advance given for Allotment of Shares	5.2	27,700,000.00	27,700,000.00
Cash and Cash Equivalents	6	14,287.55	120,090.95
		<u>78,670,450.30</u>	<u>71,556,253.70</u>
Total Assets		<u>208,670,430.30</u>	<u>201,556,233.70</u>
EQUITY & LIABILITIES			
Capital & Reserves			
Stated Capital	7	182,030,000.00	182,030,000.00
Retained Earnings		(2,281,981.30)	(2,034,709.50)
		<u>179,748,018.70</u>	<u>179,995,290.50</u>
Current Liabilities			
Trade & Other Payables	8	243,986.60	132,518.20
Amount due to Related Company	9	28,678,425.00	21,428,425.00
		<u>28,922,411.60</u>	<u>21,560,943.20</u>
Total Equity & Liabilities		<u>208,670,430.30</u>	<u>201,556,233.70</u>

The Accounting Policies and the Notes on pages 6 to 11 form an Integral part of these Financial Statements.

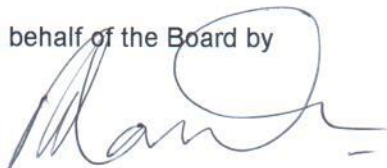
These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

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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

1.



Directors

2.



Date :

2013/04/16



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED

FOR THE YEAR ENDED

		31.03.2013 Rs.	31.03.2012 Rs.
	Note		
Other Operating Income			-
Administrative Expenses		(247,271.80)	(500,372.00)
Operating Profit / (Loss)	10	(247,271.80)	(500,372.00)
Taxation	11	-	-
Profit / (Loss) after Tax		(247,271.80)	(500,372.00)
Other comprehensive income		-	-
		-	-
Total comprehensive income for the year		(247,271.80)	(500,372.00)

The Accounting Policies and the Notes on pages 6 to 11 from an Integral part of these Financial Statements.



STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
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)
Other Comprehensive Income for the year	-	-	-
Balance as at 31st March 2012	182,030,000.00	(2,034,709.50)	179,995,290.50
Profit / (Loss) for the year	-	(247,271.80)	(247,271.80)
Other Comprehensive Income for the year	-	-	-
Balance as at 31st March 2013	182,030,000.00	(2,281,981.30)	179,748,018.70

The Accounting Policies and the Notes on pages 6 to 11 from an Integral part of these Financial Statements.



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

		31.03.2013 Rs.	31.03.2012 Rs.
	Note		
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) before Taxation		(247,271.80)	(500,372.00)
Adjustments:		-	-
Operating Profit / (Loss) before Changes in Working Capital		<u>(247,271.80)</u>	<u>(500,372.00)</u>
(Increase) / Decrease in			
Amount due from Related Company	5.1	(7,220,000.00)	(19,414,017.00)
Amount due to related Company	9	7,250,000.00	19,920,000.00
Increase / (Decrease) in			
Trade & Other Payables	8	111,468.40	12,588.00
Cash Generated from / (used in) Operations		<u>141,468.40</u>	<u>518,571.00</u>
Net Cash from / (used in) Operating Activities		<u>(105,803.40)</u>	<u>18,199.00</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Net Cash from / (used) in Financing Activities		<u>-</u>	<u>-</u>
Net Increase / (Decrease) in Cash & Cash Equivalents		<u>(105,803.40)</u>	<u>18,199.00</u>
Cash & Cash Equivalents at the beginning of the year		<u>120,090.95</u>	<u>101,891.95</u>
Cash & Cash Equivalents at the end of the year	6	<u>14,287.55</u>	<u>120,090.95</u>

The Accounting Policies and the Notes on pages 6 to 11 from an Integral part of these Financial Statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

NOTE 1 – CORPORATE INFORMATION

Welworth Lanka Holding (Pvt) Ltd (Formerly Puravankara Holding Lanka (Pvt) Ltd) is a Private Limited liability Company incorporated under the Companies Act No. 07 of 2007 (PB 8705) and domiciled in Sri Lanka. The address of its registered office and principal place of business is No. Level 8, East Tower, World Trade Centre, Echelon Square, Colombo 01. The Company was first registered on 01st December 2006.

The principal shareholder is Puravankara Projects Limited – India, which holds 99.99% of the shares of Welworth Lanka Holding (Pvt) Ltd.

The principal activity of Welworth Lanka Holding (Pvt) Ltd is holding Investments.

NOTE 2 - GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH SRI LANKA ACCOUNTING STANDARD FOR SMALL AND MEDIUM SIZED ENTITIES (SLFRS FOR SMES)

The Financial Statements of the Company for the year ended 31st March 2013 have been prepared in accordance with the Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SMEs) issued by the Institute of Chartered Accountants of Sri Lanka. They are presented in Sri Lankan Rupees (Rs), which is also the functional currency of the Company. These are the Company's first set of Financial Statements prepared in accordance with the SLFRS for SMEs (see Note 15 for an explanation of the transition).

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future, and they do not intend either to liquidate or cease operations.

NOTE 3 - SUMMARY OF ACCOUNTING POLICIES

NOTE 3.1 - OVERALL CONSIDERATIONS

The significant accounting policies that have been used in the preparation of these Financial Statements are summarised below. These accounting policies have been used throughout all periods presented in the financial statements, except where the Company has applied certain exemptions upon transition to SLFRS for SMEs (see Note 15.1 for details).

NOTE 3.2 - FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items that are measured at historical cost are not retranslated. Non-monetary items that are measured at fair value are translated at the exchange rates at the date fair value was determined.

NOTE 3.3 - EVENTS OCCURING AFTER REPORTING DATE

All material events occurred after the reporting date have been considered and where appropriate adjustments or disclosures have been made in the respective notes to the Financial Statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

NOTE 3.4 – REVENUE

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.

Dividend Income

Dividend income is recognised at the time the right to receive payment is established.

NOTE 3.5 - BORROWING COSTS

All borrowing costs are expensed in the period in which they are incurred.

NOTE 3.6 – EXPENDITURE

Expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income.

All expenditure incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the profit or loss for the year.

NOTE 3.7 - FINANCIAL INSTRUMENTS

Financial Assets

Other receivables and cash and cash equivalents

These financial assets are recognised initially at the transaction price.

Other Receivables

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

Financial Liabilities

The Company's financial liabilities include amounts due to related company and trade and other payables. Financial liabilities are recognised initially at transaction price. After initial recognition they are measured at amortised cost using the effective interest method. Trade payables are on normal credit terms and do not bear interest.

NOTE 3.8 - INCOME TAXES

Tax expense recognised in profit or loss comprises the current tax not recognised in other comprehensive income or directly in equity.

Current Taxes

The provision for income tax is based on the elements of the 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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

NOTE 3.9 - EQUITY, RESERVES AND DIVIDEND PAYMENTS

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".

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. All shares rank equally with regard to the Company's residual assets.

NOTE 3.10 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Provisions are made for all obligations existing as at the reporting date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

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.

NOTE 3.11 – CAPITAL COMMITMENTS

Capital commitments of the company are disclosed in the respective notes to the Financial Statements.



NOTES TO FINANCIAL STATEMENTS

NOTE 4 - INVESTMENT IN SUBSIDIARY

	31.03.2013 Rs.	31.03.2012 Rs.
Welworth Project Lanka (Pvt) Ltd. (12,999,998 Shares) (Formerly Puravankara Projects Lanka (Pvt) Ltd)	129,999,980.00	129,999,980.00
	<u>129,999,980.00</u>	<u>129,999,980.00</u>

NOTE 5 - FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial Assets

Financial Assets measured at amortised cost less impairment

	Note		
Amounts due from Related Company	5.1	50,956,142.75	43,736,142.75
Amount due from Directors		20.00	20.00
Advance given for Allotment of Shares	5.2	27,700,000.00	27,700,000.00
Cash and Cash Equivalents	6	14,287.55	120,090.95
Total		<u>78,670,450.30</u>	<u>71,556,253.70</u>

Financial liabilities

Financial Liabilities measured at amortised cost

Trade & Other Payables	8	243,986.60	132,518.20
Amount due to Related Company	9	28,678,425.00	21,428,425.00
Total		<u>28,922,411.60</u>	<u>21,560,943.20</u>

NOTE 5.1 - AMOUNT DUE FROM RELATED COMPANY

Welworth Project Lanka (Pvt) Ltd.	50,956,142.75	43,736,142.75
	<u>50,956,142.75</u>	<u>43,736,142.75</u>

NOTE 5.2 - ADVANCE GIVEN FOR ALLOTMENT OF SHARES

Advance Given for Allotment of Shares	27,700,000.00	27,700,000.00
	<u>27,700,000.00</u>	<u>27,700,000.00</u>

NOTE 6 - CASH AND CASH EQUIVALENTS

Cash at Bank	14,287.55	120,090.95
	<u>14,287.55</u>	<u>120,090.95</u>



NOTES TO FINANCIAL STATEMENTS

31.03.2013
Rs.

31.03.2012
Rs.

NOTE 7 - STATED CAPITAL

Number of Ordinary Shares issued & fully paid	18,203,000	18,203,000
Stated Capital on 1st April	182,030,000.00	130,000,000.00
Shares issued during the year	-	52,030,000.00
Stated Capital on 31st March	182,030,000.00	182,030,000.00

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 8 - TRADE & OTHER PAYABLES

Kreston MNS & Co. - Audit Fees	79,968.00	93,676.60
-Tax Return filling charges	28,560.00	-
- Accounting Fees	46,185.60	38,841.60
-Additional Accounting Fees	22,848.00	-
EmEnEs Assignments(Pvt)Ltd-Secretarial Charges	66,425.00	-
	243,986.60	132,518.20

NOTE 9 - AMOUNT DUE TO RELATED COMPANY

Puravankara Projects Limited - India	28,678,425.00	21,428,425.00
	28,678,425.00	21,428,425.00

NOTE 10 - PROFIT / (LOSS) FROM OPERATIONS

is stated after charging all expenses including

Audit Fees	79,968.00	68,544.00
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NOTE 11 - 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.



In the Notes all Amounts are shown in Sri Lanka Rupees

NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 12 - POST BALANCE SHEET EVENTS

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

NOTE 13 - COMMITMENTS & CONTINGENCIES

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

NOTE 14 - RELATED PARTY TRANSACTIONS

There have been no Related Party Transactions during the year

NOTE 15 - TRANSITION TO THE SLFRS FOR SMEs

These are the Company's first Financial Statements prepared in accordance with the SLFRS for SMEs. Previously they were prepared in accordance with full SLAS. The Company has prepared its opening statement of financial position at the date of transition to the SLFRS for SMEs, which is 01.04.2011.

The effects of the transition to SLFRS for SMEs on total equity, profit and cash flows are presented in this section.

NOTE 15.1 - EXEMPTIONS FROM FULL RETROSPECTIVE APPLICATION

The Company's accounting policies presented in note 3 have been applied in preparing the Financial Statements for the year ended 31st March 2013, the comparative information and the opening statement of financial position as at the date of transition. The resulting adjustments have been recognised in retained earnings at the date of transition. However, upon transition, the Company has applied all the mandatory exceptions from full retrospective application.

NOTE 15.2 - RECONCILIATION OF EQUITY

	31.03.2012 Rs.	01.04.2011 Rs.
Equity at the date of transition and 31st March 2012 can be reconciled to the amount reported previously under SLAS as follows:		
Total Equity under SLAS	179,995,290.50	128,465,662.50
Adjustments for:	179,995,290.50	128,465,662.50
	-	-
Total equity under SLFRS for SME	179,995,290.50	128,465,662.50

NOTE 15.3 - RECONCILIATION OF PROFIT OR LOSS

Profit or loss for the year ended 31st March 2012 can be reconciled to the amount reported previously under SLAS as follows:

	31.03.2012
Total loss under SLAS	(500,372.00)
Adjustments for:	(500,372.00)
	-
Total loss under SLFRS for SME	(500,372.00)



SCHEDULES

31.03.2013	31.03.2012
Rs.	Rs.

SCH 1 - ADMINISTRATIVE EXPENSES

Secretrial Charges	66,425.00	104,082.00
Tax Fees	28,560.00	25,132.80
Audit Fees	79,968.00	68,544.00
Stamp Duty on Issue of Shares	-	260,150.00
Bank Charges	1,000.00	3,600.00
Accounting Charges	46,185.80	38,863.20
Additional Accounting Charges(For change of Accounts format to comply with SLFRS for SME's)	22,848.00	-
PAYE Return filling charges	2,285.00	-
	<u>247,271.80</u>	<u>500,372.00</u>

SCH 2 - CASH AT BANK

HNB - A/C No. 003010381061	<u>14,287.55</u>	<u>120,090.95</u>
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YEAR OF ASSESSMENT 2011 / 2012

Rs.

Net Profit / (Loss) as per Accounts	(247,272)
Less : Allowable Deductions	-
Adjusted Business Profit / (Loss)	(247,272)
Add : Other sources of Income	-
Total Statutory Income (Loss)	(247,272)
Less : Qualifying Payments	-
Taxable Income (Loss)	(247,272)
Income Tax Loss brought forward from 2011/2012	1,762,234
Income Tax Loss for the year 2012/2013	247,272
Income Tax loss carried forward to 2013/2014	2,009,506



ANNEXURES

ANNEX 1 - SHAREHOLDERS AS AT YEAR ENDED

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

