



LANKA LEYLAND LIMITED

YEAR ENDED 31ST MARCH 2011

ANNUAL REPORT

Report of the directors

Your Directors have pleasure in presenting to the members their Report together with the Audited Accounts of the Company for the year ended 31st March 2011.

COMPANY ACTIVITIES

The principal activity of the Company at present is to supervise & guide the activities at Lanka Ashok Leyland PLC where it has a major investment.

REVIEW FOR THE YEARS

Year Ended 31st March

**2011
Rs.**

Income	26,685,720
Profit before Taxation	25,470,981
Taxation	(1,863,000)
Profit for the year after Taxation	23,607,981

DIRECTORATE

Mr. S.Liyaudeen

Mr. B.M Riyaj

Mr.S.Anandarasa

Mr.M.S.Anverdeen

Mr. K.M. Rizvi

DIRECTOR'S INTEREST IN CONTRACTS WITH THE COMPANY

Director's interest in contracts with the company is disclosed in the note 15 to the Financial Statements.

AUDITORS

The Accounts for the year have been audited by M/S Kreston MNS & Company, Chartered Accountants who offer themselves for re- appointment.

There being no other business, the meeting concluded with a vote of thanks to the chair.

By Order of the Board.

Sgd

Chairman.



Chartered Accountants
P.O. Box 210
50/2, Sir James Peiris Mawatha
Colombo 02, Sri Lanka
T +94 (0) 11 2323571
F +94 (0) 11 2433388
E audit@kreston.lk
www: webasia.com/kreston

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LANKA LEYLAND (PVT) LIMITED

1. Report on the Financial Statements

We have audited the accompanying Financial Statements of **LANKA LEYLAND (PVT) LIMITED** which comprise the Balance Sheet as at 31st March 2011 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 exhibited on pages 2 to 15.

2. 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.

3. 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.

Except for the matter discussed in paragraph 4 below, 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 qualified opinion.

4. Qualified Opinion

(a) Investment in Associate Company – Rs. 17,875,000.00

As explained in Note 1.3.2 & 6 to these Financial Statements the Company has invested 42% in Lanka Ashok Leyland Ltd. Hence, there is a significant influence in the said Company. The Investment in Lanka Ashok Leyland Ltd is shown at cost and dividends received recognised in the Income Statement. This accounting treatment is not in compliance with the provisions of the Sri Lanka Accounting Standard No. 27 Investments in Associates which requires the Company to account the investments in Associates using the equity method in its Financial Statements. As such, the Company has not recognised the Company's share of profit or loss of Lanka Ashok Leyland Ltd from the date of acquisition and the subsequent distribution received from Lanka Ashok Leyland Ltd has not been deducted from the carrying value of the investment in the Associate Company.

The carrying amount on the Equity method has not been computed as such the impact on the Income Statement for the year & the net assets position as at the year end has not been ascertained.

(b) **Interest Income – Rs. 6,206,971/-**

As referred to in Note 1.5.1 Interest Income has been recognised on cash basis. The accounting treatment is not in compliance with the provisions of the Sri Lanka Accounting Standard No. 29 "Revenue Recognition" which requires the Company to recognise interest income using accrual basis. As such the Company has not recognised the interest earned on Fixed Deposits & Treasury Bills not matured up to 31.03.2011.

The Interest earned on unmatured Fixed Deposits & Treasury Bills has not been computed as such the impact on the Income Statement for the year & the net asset position as at the year end has not been ascertained.

In our opinion, except for the effect on the Financial Statements of the matter referred to in para 4 above, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31st March 2011 and the Financial Statements give a true and fair view of the Company's state of affairs as at 31st March 2011 and its Profit and Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standards.

5. Emphasis of matter

Without qualifying our opinion we draw attention to Note 5 to these Financial Statements and as explained in the said note the Land is presently not in the possession of the Company.

6. Report on Other Legal and Regulatory Requirements

In our opinion, 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
15TH NOVEMBER 2011
SDS/ST/bn
SDS-LankaLeyland-cd2c9



LANKA LEYLAND (PVT) LIMITED

Page 2

INCOME STATEMENT

FOR THE YEAR ENDED

		31.03.2011 Rs.	31.03.2010 Rs.
	Note		
Revenue	2	26,625,720.80	18,626,576.60
Less : Expenses			
Administrative Expenses		(1,121,613.73)	(1,154,325.92)
Other Expenses		(33,125.46)	(17,695.44)
Profit before Tax	3	25,470,981.61	17,454,555.24
Taxation	4	(1,863,000.00)	(2,573,850.22)
Profit for the year		23,607,981.61	14,880,705.02

The Notes on pages 6 to 15 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.



BALANCE SHEET AS AT

		31.03.2011 Rs.	31.03.2010 Rs.
ASSETS	Note		
Non-Current Assets			
Property, Plant & Equipment	5	630,722.50	632,139.00
Investment in Associate Company	6	17,875,000.00	17,875,000.00
		<u>18,505,722.50</u>	<u>18,507,139.00</u>
Current Assets			
Financial Assets	7	51,257,475.41	51,203,776.28
Cash at Bank	8	2,693,491.78	73,585.08
		<u>53,950,967.19</u>	<u>51,277,361.36</u>
Total Assets		<u>72,456,689.69</u>	<u>69,784,500.36</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	9	8,958,600.00	8,958,600.00
General Reserve		9,800,924.00	9,800,924.00
Retained Profit		52,387,342.48	49,198,110.87
		<u>71,146,866.48</u>	<u>67,957,634.87</u>
Current Liabilities			
Trade & Other Payables	10	27,000.00	44,090.20
Income Tax Liability	11	1,282,823.21	1,782,775.29
		<u>1,309,823.21</u>	<u>1,826,865.49</u>
Total Equity and Liabilities		<u>72,456,689.69</u>	<u>69,784,500.36</u>

The Notes on pages 6 to 15 form an integral part of these Financial Statements.

I certify that the above Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.


Financial Controller

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

The Financial Statements were approved and signed for and on behalf of the Board of Directors.

1. 

Directors :

2. 

15th November 2011.



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2011

	Stated Capital Rs.	General Reserve Rs.	Retained Profit Rs.	Total Rs.
Balance on 31st March 2009	8,958,600.00	9,800,924.00	50,588,425.85	69,347,949.85
Profit for the year	-	-	14,880,705.02	14,880,705.02
Dividend Paid	-	-	(16,271,020.00)	(16,271,020.00)
Balance on 31st March 2010	8,958,600.00	9,800,924.00	49,198,110.87	67,957,634.87
Profit for the year	-	-	23,607,981.61	23,607,981.61
Dividend Paid	-	-	(20,418,750.00)	(20,418,750.00)
Balance on 31st March 2011	8,958,600.00	9,800,924.00	52,387,342.48	71,146,866.48

The Notes on pages 6 to 15 form an integral part of these Financial Statements.



CASH FLOW STATEMENT

FOR THE YEAR ENDED

		31.03.2011	31.03.2010
		Rs.	Rs.
CASH FLOW FROM OPERATING ACTIVITIES	Note		
Profit before Taxation		25,470,981.61	17,454,555.24
Adjustments:			
Depreciation	5	1,416.50	-
Interest Income	2	(6,206,970.80)	(8,417,201.60)
Dividend Income	2	(20,418,750.00)	(10,209,375.00)
Operating Profit / (Loss) before Changes in Working Capital		(1,153,322.69)	(1,172,021.36)
Increase/ (Decrease) in : Trade & Other Payables	10	(17,090.20)	14,090.20
Cash Generated from Operations		(1,170,412.89)	(1,157,931.16)
Income Tax Paid & WHT	11	(2,362,952.08)	(2,650,811.16)
Interest Received		6,206,970.80	8,417,201.60
Net Cash from Operating Activities		2,673,605.83	4,608,459.28
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in Financial assets net of withdrawal	7	(53,699.13)	(179,307.28)
Dividend Received		20,418,750.00	10,209,375.00
Net Cash from Investing Activities		20,365,050.87	10,030,067.72
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend Paid		(20,418,750.00)	(16,271,020.00)
Net Cash used in Financing Activities		(20,418,750.00)	(16,271,020.00)
Net Increase/(Decrease) in Cash & Cash Equivalents		2,619,906.70	(1,632,493.00)
Cash & Cash Equivalents at the beginning of the year	8	73,585.08	1,706,078.08
Cash & Cash Equivalents at the end of the year	8	2,693,491.78	73,585.08



NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 CORPORATE INFORMATION

Lanka Leyland (Pvt) Ltd is a Limited Liability Company incorporated under the Companies Ordinance No. 51 of 1938 and re-registered under the Companies Act No. 7 of 2007 and domiciled in Sri Lanka. The registered office and principal place of business of the Company is located at No. 80/12, Rubberwatta Road, Gangodawila, Nugegoda.

The principal activity of Lanka Leyland (Pvt) Ltd is investing in Treasury Bills & Fixed Deposits.

The Financial Statements for the year ended 31st March 2011 were authorised for issue by the Board of Directors on 17.11.2011

1.2. GENERAL

1.2.1 Statement of Compliance

The Financial Statements have been prepared in compliance with Sri Lanka Accounting Standards (SLAS) issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the requirements of the Companies Act No. 07 of 2007.

1.2.2 Basis of Preparation

The Financial Statements presented in Sri Lanka Rupees have been prepared on an accrual basis and under the historical cost basis, unless stated otherwise.

1.2.3 Responsibility for Financial Statements

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



NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)



1.2. GENERAL (CONTD.)

1.2.4 Use of Estimates and Judgements

The preparation of Financial Statements of the Company requires Management to make judgements, estimates and assumptions which may affect the amounts of income and expenses assets, liabilities, and the disclosures of contingent liabilities at the end of the reporting period.

The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgement about carrying amount of Assets and Liabilities that are not readily apparent from other sources. Actual results may differ from those estimates and judgemental decisions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by Management in application of SLAS have a significant effect on the Financial Statements.

1.2.5 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year.

1.2.6 Comparative Information

Previous year's figures and phrases have been re-arranged, where necessary to, conform to the current year's presentation

1.2.7 Events after the Balance Sheet Date

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

1.2.8 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.

1.2.9 TAX

Current Tax

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

Sales Taxes

Revenue, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of an asset or service is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable and receivable and payable that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from or payable to the taxation authority is included as part of receivables or payables in the Balance Sheet.

NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.3 VALUATION OF ASSETS AND THEIR BASES OF MEASUREMENT

1.3.1 Property, Plant & Equipment

Cost

Property, Plant & Equipment is stated at cost less accumulated depreciation and any accumulated impairment in values.

The carrying values of Property, Plant and Equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

When an asset is revalued, any increase in the carrying amount is credited directly to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Income Statement, in which case the increase is recognised in the Income Statement. Any revaluation deficit that offsets a previous surplus in the same asset is directly offset against the surplus in the revaluation reserve and any excess recognised as an expense. Upon disposal, any revaluation reserve relating to the asset sold is transferred to retained earnings.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Items of Property, Plant & Equipment are derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the Income Statement in the year the asset is derecognised.

Depreciation

Depreciation is calculated by using straight-line method on the cost of all Property, Plant & Equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets.

The estimated useful lives of assets are as follows :

Assets	Years
Office Equipment	4

Depreciation is provided on all Property, Plant & Equipment from the month the assets are available for use up to the month of disposal.

The useful life and residual value of assets are reviewed and adjusted if required, at the end of each financial year.

Upon major inspection the subsequent cost is recognised in the carrying amount of Property, Plant and Equipment if the recognition criteria is satisfied.



NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.3 VALUATION OF ASSETS AND THEIR BASES OF MEASUREMENT (CONTD.)

1.3.2 Investments

Investment in Associate

Investment in Associate has been accounted at cost net of any impairment losses which are charged to the Income Statement. Income from the investment is recognised only to the extent of dividend received.

1.3.3 Impairment of Assets

The Company 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 Company 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 recognised in the Income Statement.

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

1.3.4 Treasury Bills / Treasury Bonds

Treasury bills and other interest bearing securities held for resale in the near future to benefit from short term market movements are accounted for at cost plus the relevant proportion of the discount or premium.

1.3.5 Trade and Other Receivables

Trade and Other Receivables are stated at the amounts estimated to realise

1.3.6 Cash and Cash Equivalents

Cash & cash equivalents are defined as cash in hand, demand deposits in bank and short term liquid investments, readily convertible to identified amounts of cash and subject to insignificant risk of changes in value.

For the purpose of Cash Flow Statement, cash and cash equivalents consist of cash in hand and deposits at banks net of outstanding bank overdrafts.

Dividends paid is classified as financing cash flows while dividend received by the Company, is classified as investing cash flows.

Interest received is classified as Operating Cash Flows for the purpose of presentation of Cash Flow Statement, reported based on the indirect method.



NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

1.4 LIABILITIES AND PROVISIONS

1.4.1 Defined Contribution Plans - Employees' Provident Fund and Employees' Trust Fund

All employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions, in line with respective Statutes and regulations. The Company contributes 12% of gross emoluments of employees to an approved Employees' Provident Fund and 3% of gross emoluments of employees to the Employees' Trust Fund which are externally funded.

1.4.2 Provisions, Contingent Assets and Contingent Liabilities

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

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the entity. All contingent liabilities are disclosed as a note to the Financial Statements unless the outflow of resources is remote. Contingent assets are disclosed where inflow of economic benefits is probable.

1.4.3 Trade and Other Payables

Trade and other payables are stated at their cost.

1.4.4 Capital Commitments

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





NOTES TO FINANCIAL STATEMENTS (CONTD.)

1.5 INCOME STATEMENT

1.5.1 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 value added taxes. The following specific criteria are used for recognition of revenue.

Interest

Interest Income is recognised on cash basis.

Dividends

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

Imputation of Tax Credit on Interest Income from Treasury Bills and Bonds

Interest income from treasury bills and bonds is grossed by the addition of the tax credit imputed to 10% withholding tax on discount allowed at the time of issue. This imputation credit is 1/9th of net income.

Other Gains and Losses

Net gains and losses of a revenue nature arising from the disposal of Property, Plant and Equipment and other non current assets, including investments, are accounted for in the Income Statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

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

Other Income

Other income is recognised on an accrual basis.

1.5.2 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 Property, Plant and Equipment in a state of efficiency has been charged to the Income Statement.

For the purpose of presentation of the Income Statement, the "function of expense" method has been adopted on the basis that it represents fairly the elements of Company's performance.

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

The following standards have been adopted by the Institute of Chartered Accountants of Sri Lanka and are effective for the Company's accounting periods on the dates specified below.

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

The effective date of SLAS 44, 45 and 39 was changed during the year to be effective for financial periods beginning on or after 1st January 2012. These three standards have been amended and forms a part of the new set of financial reporting standards mentioned below.

Following the convergence of Sri Lanka Accounting Standards with the International Financial Reporting Standards, the Council of the Institute of Chartered Accountants of Sri Lanka has adopted a new set of financial reporting standards that would apply for financial periods beginning on or after 1st January 2012. The application of these financial reporting standards is substantially different to the prevailing standards.

NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 2 - REVENUE

	31.03.2011 Rs.	31.03.2010 Rs.
Dividend Income	20,418,750.00	10,209,375.00
Interest Income	6,206,970.80	8,417,201.60
	<u>26,625,720.80</u>	<u>18,626,576.60</u>

NOTE 3 - PROFIT BEFORE TAXATION

is stated after charging all expenses including the following :

Directors Allowance	431,000.00	417,000.00
Directors Fees	124,100.00	151,740.00
Auditors Remuneration - For Audit	27,000.00	44,090.20
Staff Cost	168,000.00	537,000.00
Defined Contribution Plan Cost	89,850.00	80,550.00
	<u>89,850.00</u>	<u>80,550.00</u>

NOTE 4 - TAXATION

4.1 As per the Inland Revenue Act No. 10 of 2006 the Company is liable to income tax @ 35% on the taxable income.

Social Responsibility Levy has been charged at the rate of 1.5% on the Income Tax liability, which is included in the current tax charge.

Income Tax on current year Profits	1,863,000.00	2,573,850.22
	<u>1,863,000.00</u>	<u>2,573,850.22</u>

4.2 Reconciliation between tax expense and the Accounting Profit

Accounting Profit liable to Income Tax	25,470,982	17,454,555
Tax effect on chargeable Profits	9,048,566	6,200,730
Tax effect on Excluded Income	(7,253,761)	(3,626,880)
Tax effect on non deductible Expenses	68,001	-
Income Tax Overprovision	194	-
Tax Expense recognised in the Income Statement	<u>1,863,000</u>	<u>2,573,850</u>



NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 5 - PROPERTY, PLANT & EQUIPMENT

Cost	As at 01.04.2010 Rs.	As at 31.03.2011 Rs.
Freehold Land	626,473.00	626,473.00
Office Equipment	5,666.00	5,666.00
	<u>632,139.00</u>	<u>632,139.00</u>
Depreciation	Charge for the year Rs.	As at 31.03.2011 Rs.
Freehold Land	-	-
Office Equipment	1,416.50	1,416.50
	<u>1,416.50</u>	<u>1,416.50</u>
Written down value	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
Freehold Land	626,473.00	626,473.00
Office Equipment	4,249.50	5,666.00
	<u>630,722.50</u>	<u>632,139.00</u>

The Land is presently not in the possession of the Company.

NOTE 6 - INVESTMENT IN ASSOCIATE COMPANY

	% Holding		31.03.2011			31.03.2010		
	2011	2010	No. of Shares	Cost Rs.	Directors Valuation Rs.	No. of Shares	Cost Rs.	Directors Valuation Rs.
At Cost								
<i>Unquoted</i>								
Lanka Ashok Leyland Limited	42%	42%	1,512,500	17,875,000.00	17,875,000.00	1,512,500	17,875,000.00	17,875,000.00
				<u>17,875,000.00</u>	<u>17,875,000.00</u>		<u>17,875,000.00</u>	<u>17,875,000.00</u>

Class of Shares refers to Ordinary Shares.



NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 7 - FINANCIAL ASSETS

	31.03.2011 Rs.	31.03.2010 Rs.
Fixed Deposits - Peoples Bank	27,500,000.00	27,500,000.00
- National Savings Bank	21,150,000.00	21,150,000.00
Treasury Bills - Bank of Ceylon	2,607,475.41	2,553,776.28
	<u>51,257,475.41</u>	<u>51,203,776.28</u>

NOTE 8 - CASH & CASH EQUIVALENTS

Cash at Bank	2,693,491.78	73,585.08
	<u>2,693,491.78</u>	<u>73,585.08</u>

NOTE 9 - STATED CAPITAL

Number of Ordinary Shares issued & fully paid	2,150,000	2,150,000
Stated Capital on 31st March	15,750,000.00	15,750,000.00
Less : Calls in Arrears	(6,791,400.00)	(6,791,400.00)
	<u>8,958,600.00</u>	<u>8,958,600.00</u>

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 10 - TRADE & OTHER PAYABLES

Accrued Expenses	27,000.00	44,090.20
	<u>27,000.00</u>	<u>44,090.20</u>

NOTE 11 - INCOME TAX LIABILITY

Balance on 1st April	1,782,775.29	1,859,736.23
Provision for the year	1,863,000.00	2,573,850.22
	<u>3,645,775.29</u>	<u>4,433,586.45</u>
Payments made during the year	(1,742,255.00)	(1,819,216.00)
Notional Tax Credit	(26,247.08)	(46,170.16)
WHT	(594,450.00)	(785,425.00)
Balance on 31st March	<u>1,282,823.21</u>	<u>1,782,775.29</u>



NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 12 - CONTINGENT LIABILITIES

There are no contingent liabilities which would require adjustments to or disclosure in the Financial Statements.

NOTE 13 - CAPITAL COMMITMENTS

There were no material capital commitments as at 31st March 2011.

NOTE 14 - EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

NOTE 15 - RELATED PARTY TRANSACTIONS

Transactions with Key Managerial Personnel

Key managerial personnel include members of the Board of Directors of the Company.

15.1 Compensation to Key Managerial Personnel

For the year ended

Short Term employee benefits

31.03.2011
Rs.

31.03.2010
Rs.

555,100.00

568,740.00

15.2 Transactions involving Key Managerial Personnel and their close family members

There were no transactions with Key Managerial Personnel and their close family members during the year.



DETAILED INCOME STATEMENT

FOR THE YEAR ENDED

		31.03.2011 Rs.	31.03.2010 Rs.
	Sch		
Revenue		26,625,720.80	18,626,576.60
Less : Expenses			
Administrative Expenses	1	(1,121,613.73)	(1,154,325.92)
Other Expenses	2	(33,125.46)	(17,695.44)
Profit before Tax		25,470,981.61	17,454,555.24

