LANKA LEYLAND LIMITED

YEAR ENDED 31^{ST} MARCH 2012

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 2012.

COMPANY ACTIVITIES

The principal function 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 YEAR

Year Ended 31st March	2012
	Rs.
Income	46,758,143
Profit before Taxation	45,091,305
Taxation	(1,185,747)
Profit for the year after Taxation	43,905,557

DIRECTORATE

Mr. S.Liyaudeen
Mr. B.M Riyaj
Mr.S.Anandarasa
Mr.M.S.Anverdeen
Mr. K.M. Rizvi

DIVIDENDS

Your directors have pleasure to inform you that they paid a dividend of Rs .39,031,370.01 during the year

DIRECTOR'S INTEREST IN CONTRACTS WITH THE COMPANY

Director's interest in contracts with the company is disclosed in the note 16 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.

By Order of the Board

sgd

Chairman.

23 November 2012

Kreston MNS & Co

Chartered Accountants
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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 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 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

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.

KRESTON MNS & CO.
COLOMBO
Chartered Accountants

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 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 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
1ST NOVEMBER 2012
SDS/ST/bn
SDS-LankaLeyland-cd2c9

KRESTON MNS & CO. ★ COLOMBO ★ Chartered Accountants

INCOME STATEMENT

FOR THE YEAR ENDED	Note	31.03.2012 Rs.	31.03.2011 Rs.
Revenue	2	46,758,143.20	26,625,720.80
Less : Expenses			
Administrative Expenses		(1,663,477.71)	(1,121,613.73)
Other Expenses		(3,360.00)	(33,125.46)
Profit before Tax	3	45,091,305.49	25,470,981.61
Taxation	4	(1,185,747.69)	(1,863,000.00)
Profit for the year		43,905,557.80	23,607,981.61

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

Figures in brackets indicate deductions.

KRESTON MNS & CO.
COLOMBO
Chartered Accountants

LANKA LEYLAND (PVT) LIMITED

BALANCE SHEET AS AT

	Note	31.03.2012 Rs.	31.03.2011 Rs.
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	5	629,306.00	630,722.50
Investment in Associate Company	6	17,875,000.00	17,875,000.00
		18,504,306.00	18,505,722.50
Current Assets			
Financial Assets	7	56,209,632.49	51,257,475.41
Trade & Other Receivables	8	725,321.64	-
Cash at Bank	9	1,341,866.54	2,693,491.78
		58,276,820.67	53,950,967.19
Total Assets		76,781,126.67	72,456,689.69
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	10	8,958,600.00	8,958,600.00
General Reserve		9,800,924.00	9,800,924.00
Retained Profit		57,261,530.27	52,387,342.48
		76,021,054.27	71,146,866.48
Current Liabilities			
Trade & Other Payables	11	27,000.00	27,000.00
Income Tax Liability	12	733,072.40	1,282,823.21
		760,072.40	1,309,823.21
Total Equity and Liabilities		76,781,126.67	72,456,689.69

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.

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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.

KRESTON MNS & CO. COLOMBO Chartered Accountants

1st November 2012

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH 2012

	Stated Capital Rs.	General Reserve Rs.	Retained Profit Rs.	Total Rs.
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
Profit for the year	-	-	43,905,557.80	43,905,557.80
Dividend Paid	-	-	(39,031,370.01)	(39,031,370.01)
Balance on 31st March 2012	8,958,600.00	9,800,924.00	57,261,530.27	76,021,054.27

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

KRESTON MNS & CO. COLOMBO Chartered Accountants

CASH FLOW STATEMENT

FOR THE YEAR ENDED	Note	31.03.2012 Rs.	31.03.2011 Rs.
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before Taxation		45,091,305.49	25,470,981.61
Adjustments:			
Depreciation	5	1,416.50	1,416.50
Interest Income	2	(5,920,643.20)	(6,206,970.80)
Dividend Income	2	(40,837,500.00)	(20,418,750.00)
Operating Profit / (Loss) before Changes in Working Capital		(1,665,421.21)	(1,153,322.69)
(Increase) / Decrease in :			
Trade & Other Receivables	8	(65,550.00)	-
Increase / (Decrease) in :			
Trade & Other Payables	11	-	(17,090.20)
Cash Generated from Operations		(1,730,971.21)	(1,170,412.89)
Income Tax Paid & WHT	12	(1,735,498.50)	(2,362,952.08)
Interest Received		5,260,871.56	6,206,970.80
Net Cash from Operating Activities		1,794,401.85	2,673,605.83
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in Financial assets net of withdrawal	7	(4,952,157.08)	(53,699.13)
Dividend Received		40,837,500.00	20,418,750.00
Net Cash from Investing Activities		35,885,342.92	20,365,050.87
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend Paid		(39,031,370.01)	(20,418,750.00)
Net Cash used in Financing Activities		(39,031,370.01)	(20,418,750.00)
Net Increase/(Decrease) in Cash & Cash Equivalents		(1,351,625.24)	2,619,906.70
Cash & Cash Equivalents at the beginning of the year	9	2,693,491.78	73,585.08
Cash & Cash Equivalents at the end of the year	9	1,341,866.54	2,693,491.78

KRESTON MNS & CO.
COLOMBO
Chartered Accountants

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 2012 were authorised for issue by the Board of Directors on 01.11.2012.

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.

KRESTON MNS & CO.
COLOMBO
Chartered Accountants

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.

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Chartered Accountants

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.

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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.

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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.

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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 accrual 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 NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT BALANCE SHEET DATE

The Institute of Chartered Accountants of Sri Lanka has issued a new volume of Sri Lanka Accounting Standards which are applicable for financial periods beginning on or after 1st January 2012. Accordingly, these Standards have not been applied in preparing these financial statements as they were not effective for the year ended 31st March 2012.

The new volume of Sri Lanka Accounting Standards comprise Accounting Standards prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS) is effective from 1st April 2012 Application of Sri Lanka Accounting Standards prefixed SLFRS and LKAS for the first time shall be deemed to be an adoption of SLFRS.

The Company has evaluated the potential effects of these Standards on its Financial Statements but the impact on the adoption of these Standards have still not been quantified as at Balance Sheet date.

NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 2 - REVENUE

	31.03.2012 Rs.	31.03.2011 Rs.
Dividend Income	40,837,500.00	20,418,750.00
Interest Income	5,920,643.20	6,206,970.80
	46,758,143.20	26,625,720.80

NOTE 3 - PROFIT BEFORE TAXATION

is stated after charging all expenses including the following :

	31.03.2012 Rs.	31.03.2011 Rs.
Directors Allowance	222,000.00	431,000.00
Directors Fees	321,040.00	124,100.00
Auditors Remuneration - For Audit	27,000.00	27,000.00
- under provision 2010/2011	3,845.00	-
Staff Cost	204,000.00	168,000.00
Defined Contribution Plan Cost	124,350.00	89,850.00

NOTE 4 - TAXATION

4.1 As per the Inland Revenue Act No. 10 of 2006 the Company is liable to income tax @ 28% on the taxable income.

	31.03.2012 Rs.	31.03.2011 Rs.
Income Tax on current year Profits	1,226,462.00	1,863,000.00
Income Tax over provision - prior year	(40,714.31)	-
	1,185,747.69	1,863,000.00

4.2 Reconciliation between tax expense and the Accounting Profit

	31.03.2012 Rs.	31.03.2011 Rs.
Accounting Profit liable to Income Tax	45,091,305	25,470,982
Tax effect on chargeable Profits	12,625,565	9,048,566
Tax effect on Excluded Income	(11,434,500)	(7,253,761)
Tax effect on non deductible Expenses	35,397	68,001
Income Tax Overprovision -	-	194
- Prior year	(40,714)	-
Tax Expense recognised in the Income Statement	1,185,748	1,863,000

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NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 5 - PROPERTY, PLANT & EQUIPMENT

Cost	As at 01.04.2011 Rs.	As at 31.03.2012 Rs.
Freehold Land	626,473.00	626,473.00
Office Equipment	5,666.00	5,666.00
	632,139.00	632,139.00

Depreciation	As at 01.04.2011 Rs.	Charge for the year Rs.	As at 31.03.2012 Rs.
Freehold Land	-	-	-
Office Equipment	1,416.50	1,416.50	2,833.00
	1,416.50	1,416.50	2,833.00

Written down value	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
Freehold Land	626,473.00	626,473.00
Office Equipment	2,833.00	4,249.50
	629,306.00	630,722.50

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

NOTE 6 - INVESTMENT IN ASSOCIATE COMPANY

	% Holding		31.03.2012			31.03.2011		
	2012	2011	No. of Shares	Cost Rs.	Market Value Rs.	No. of Shares	Cost Rs.	Market Value Rs.
At Cost Quoted								
Lanka Ashok Leyland PLC	42%	42%	1,512,500	17,875,000.00	3,130,421,250.00	1,512,500	17,875,000.00	2,798,427,500.00
				17,875,000.00	3,130,421,250.00		17,875,000.00	2,798,427,500.00

Class of Shares refers to Ordinary Shares.

KRESTON MNS & CO. COLOMBO Chartered Accountants

NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOTE 7 - FINANCIAL ASSETS

		31.03.2012 Rs.	31.03.2011 Rs.
Fixed Deposits	- Peoples Bank	32,500,000.00	27,500,000.00
	- National Savings Bank	21,150,000.00	21,150,000.00
Treasury Bills	- Bank of Ceylon	2,559,632.49	2,607,475.41
		56,209,632.49	51,257,475.41

NOTE 8 - TRADE & OTHER RECEIVABLES

NSB - Receivable	65,550.00	-
Interest Receivable	659,771.64	-
	725,321.64	-

NOTE 9 - CASH & CASH EQUIVALENTS

Cash at Bank	1,341,866.54	2,693,491.78
	1,341,866.54	2,693,491.78

NOTE 10 - 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)
	8,958,600.00	8,958,600.00

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".

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 11 - TRADE & OTHER PAYABLES

Accrued Expenses	27,000.00	27,000.00
	27,000.00	27,000.00

NOTE 12 - INCOME TAX LIABILITY

Balance on 1st April	1,282,823.21	1,782,775.29
Provision for the year -	1,226,462.00	1,863,000.00
- Over provision prior year	(40,714.31)	-
	2,468,570.90	3,645,775.29
Payments made during the year	(1,242,108.90)	(1,742,255.00)
Notional Tax Credit	(24,288.77)	(26,247.08)
WHT	(469,100.83)	(594,450.00)
Balance on 31st March	733,072.40	1,282,823.21

KRESTON MNS & CO. COLOMBO Chartered Accountants

NOTES TO FINANCIAL STATEMENTS (CONTD.)

NOT 13 - CONTINGENT LIABILITIES

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

NOTE 14 - CAPITAL COMMITMENTS

There were no material capital commitments as at 31st March 2012.

NOTE 15 - 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 16 - RELATED PARTY TRANSACTIONS

Transactions with Key Managerial Personnel

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

16.1 Compensation to Key Managerial Personnel

For the year ended	31.03.2012 Rs.	31.03.2011 Rs.
Short Term employee benefits	543,040.00	555,100.00

16.2 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.

KRESTON MNS & CO.
COLOMBO
Chartered Accountants