

A N N U A L R E P O R T
2012/2013



Lanka Logistics & Technologies Ltd.

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Vision and Mission

Vision

- To uphold national security through the exemplary facilitation of procurement and projects.

Mission

- Facilitate procurement of restricted and strategically important military equipment and services for the Sri Lanka armed forces, Police and other state owned institutions, directly from the foreign state owned organizations & manufacturers in an expeditious manner whilst maintaining external secrecy & internal transparency.
- Assist research & development and promote the indigenous defence industry.
- Initiate / undertake / manage projects with national security implications.

Corporate Profile

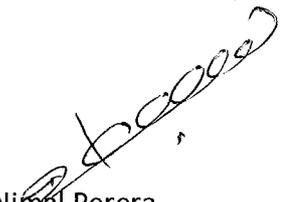
Name of the Company	: Lanka Logistics & Technologies Limited
Legal Status	: Public Limited Liability Company
Registered Office	: 4-205, BMICH, Bauddhaloka Mawatha, Colombo 07
Date of Incorporation	: 04 th September 2006 (Re-registered on 01 st September 2010)
Company Registration No	: N(PBS) 1331
Board of Directors	: Mr. N Perera - Chairman Mr. L R de Silva - Director Mr. W. Ekanayake - Director (resigned w.e.f 17/08/2012) Mr. S. M. Piyatissa - Director (appointed w.e.f. 17/08/2012) Ms. L N de Silva Chandrasena - Director/ Company Secretary Mr. S Senaratne - Director
Secretary	: Ms L N de Silva Chandrasena 383, Kotte Road, Rajagiriya Telephone: 011-2868793
Auditors	: B R De Silva and Company (Chartered Accountants) 22/4, Wijaya Kumaranathunga Mawatha, Colombo 05 Telephone : 011-4510368/011-4510268
Bankers	: Bank of Ceylon Independence Square Branch, Torrington Colombo 07 Telephone: 011-2678073

CHAIRMAN'S MESSAGE

It is with great pleasure that I present to you the Annual Report and Audited Financial Statement of Lanka Logistics & Technologies Ltd for the financial year ended 31st March 2013.

Our results for 2013 reflected sound execution of business plans, dedication by the team headed by CEO and disciplined cost and asset management. For the fiscal year ended 31st March 2013, LLTL reported Profit Before Tax of Rs 17.4 Mn, on Net Revenue of Rs. 133.1 Mn. Both figures exceeded previous highs. Profit was up by 128% on a 90% increase in Revenue. Earnings per share increased by 200% against the previous period. We were successful in collecting part of the long outstanding debts from Armed Forces and Police in 2013 but still this hinderance persists and adversely affect LLTL's future strategic investments. We identified our future opportunities and challenges and are prepared to address them positively.

On behalf of my colleagues on the Board of Directors, I would like to thank Mr. Jayantha Wickramasinghe, Chief Executive Officer and the members of staff for their dedication. We count on their continuing support in the pursuit of the companies objectives. I take this opportunity to thank my colleagues in the Board for providing their support to achieve the desired results.



Nimal Perera
Chairman
27th September 2013

Board of Directors

Mr. Nimal Perera- Chairman

Ms. Leisha N. de Silva Chandrasena- Director/Company Secretary

Mr. Lalith R. de Silva

Mr. W. Ekanayake (resigned w.e.f 17/08/2012)

Mr. S. M. Piyatissa (appointed w.e.f. 17/08/2012)

Mr. Sudarshan Senarathne

Senior Management

Mr. Jayantha Wickramasinghe

Mr. Nishantha de Silva

Mr. Srilal Mahindapala

Eng. Lalith Liyanage

Mr. Dammike Fernando

Eng. Upul Gunasekara

Mr. Dhamitha Jayasekara

Mr. Sarath Peiris

- Chief Executive Officer

- Head of Projects & Operations

- Head of Procurement Facilitation & Finance

- Head of Information Technology

- Head of Procurement Facilitation & Logistics

- Manager Projects

- Manager Human Recourses & Administration

- Internal Auditor

Financial Highlights

Description	2012/13 Rs. Mn	2011/12 Rs. Mn	Change %
Revenue	133.1	69.97	90
Gross Profit	102.16	69.46	47
Profit from Operating Activities	13.81	4.28	223
Profit before Tax	17.38	7.62	128
Tax	3.23	2.91	11
Profit After Tax	14.15	4.71	200
Non Current Assets	12.53	15.48	-19
Current Assets	159.09	194.46	-18
Total Assets	171.62	209.94	-18
Total Equity	119.39	106.97	12
Non Current Liabilities	4.08	19.30	-79
Current Liabilities	48.14	83.67	-42
Net Assets	119.39	106.97	12
Ratios			
Earning Per Share (No of Shares 205) Rs.	69,003	22,974	200
Net Assets Per Share Rs.	582,400	521,818	12
Return On Equity (%)	11.85	4.40	169
Return On Total Assets (%)	8.24	2.24	268
Gross Profit Ratio (%)	76.76	99.28	-23
Operating Profit Ratio (%)	10.38	6.12	70
Net Profit Ratio (%)	10.63	6.73	58
Current Ratio (Times)	3.30	2.32	42

Figures of Previous Year have been readjusted and reclassified, wherever required in compliance with SLFRS for SME standards .

Report of the Directors

The directors have pleasure in presenting the 6th Annual Report, together with the Audited Financial Statements for the year ended 31st March 2013 and independent Auditors Report thereon.

Review of the Year

The company has facilitated procurement to the value of Rs. 8.2 billion accruing administration income of Rs. 205.3 million during the year under review.

The company recognised Rs.75.4 million as administration income for the year per the votes allocated by the respective Armed Force.

There was no CRD project activity during this period.

With the highest Revenue and Net Profit of Rs. 133.1 million and Rs. 14.1 million respectively, the company has established a steady growth of its operations in the year ended 31st March 2013.

Earnings per Share was Rs. 69,003/= which is a 200% increase in 2012/2013 against the previous period.

The company has prepared the Financial Statements for the year ended 31st march 2013 in compliance with the standards, SLFRS for SME, for the first time. For all periods up to and including the year ended 31st March 2012, the company has prepared its financial statements in accordance with Sri Lanka Accounting Standards (SLASs) which were effective up to 31st March 2012. Accordingly on adoption of SLFRS company has calculated the Deferred Tax Assets and the Gratuity Provision based on formula method which reflected in the current financial statements.

Principal Activity

Procurement facilitation of military hardware with national security implications remained the principal activity of the company in the year 2012/2013 as well. However, there are many other projects with national interest in the pipe line to be executed in the coming years.

Corporate Governance

The Board of Directors of the Company is responsible for the governance of the Company, which includes setting out strategic aims, providing leadership & supervising the management.

Revenue

The revenue for the year ending 31st March 2013 was Rs. 133,102,466

Statement of Comprehensive Income

Financial Summaries	2012/13	2011/12
	Rs.	Rs.
Revenue	133,102,466	69,969,634
Cost of Sales	(30,939,078)	(504,915)
Gross Profit	102,163,388	69,466,196
Other Operating Income	314,816	1,477
Administration Expenses	(88,663,936)	(65,183,566)
Profit from Operating Activities	13,814,268	4,282,630
Finance Cost	(3,007,300)	(2,181,656)
Finance Income	6,573,199	5,521,403
Profit Before Tax	17,380,166	7,622,377
Taxation	(3,234,532)	(2,912,766)
Profit After Tax	14,145,635	4,709,611

Figures of Previous Year have been readjusted and reclassified, wherever required in compliance with SLFRS for SME standards.

Capital Expenditure

The total capital expenditure incurred on the acquisition of fixed assets during the year amounted to Rs. 4,367,817.92 as against Rs.13, 627,124.84 in the previous year.

Property, Plant & Equipment

The details of Property, Plant & Equipment of the Company are shown in Note-11 to the financial statements.

Reserves

The movements during the year of Capital & Revenue reserves are shown in the statement of changes in equity.

Dividend

The company has reported a Distributable Profit of Rs. 10.4 Mn

Events after the end of the Reporting Period

No circumstances have arisen since the end of the reporting period, which would require adjustment to or disclosure in the financial statements.

Board Committees

The following members of the Board serve in the Audit Committee.

1. Mr. S. M. Piyatissa (Chairman)
2. Mr. Lalith R de Silva
3. Mr. Sudarshana Senartne

Directors' Interest In Contracts

No directors' interest in contracts for the financial year of 2012/13

Directors Fees

Directors' fees for the year amounted to Rs. 1,370,000 /-

Directors' Share Holding

Directors did not hold shares of the Company during the financial year ended 31st March 2013.

Auditors

Messrs B R De Silva & Company (Chartered Accountants), retire & eligible to offer themselves for re-election. A Resolution to re-appoint them as Auditors & authorizing the Board to fix their remuneration will be proposed at the Annual General Meeting.

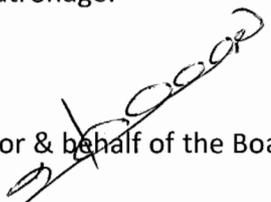
The remuneration of Auditors Messrs B R De Silva & Company for the year ended 31st March 2013 was Rs. 130,000/=.

As far as the Directors are aware, the Auditor does not have any relationship (other than that of an auditor) with the Company other than those disclosed above. The Auditor also does not have any interests in the Company.

Acknowledgements

Directors would like to express their sincere appreciation for the cooperation and assistance received from its bankers, Ministry of Defence and Urban Development, government institutions.

Directors also wish to place on record their deep sense of appreciation to the contribution made by the staff, clients, suppliers and other business associates for their continued trust, cooperation and support. Directors are thankful to the shareholders for their continued patronage.


For & behalf of the Board,

Nimal Perera
(Chairman)

Corporate Governance Statement

The Board is responsible for the governance of the company whilst the shareholders' role in governance is to appoint Directors and to ensure that an appropriate governance structure is in place.

The Board of Directors of Lanka Logistics & Technologies Ltd is committed to business integrity and professionalism in all its activities. As part of this commitment, the Board supports the highest standards of corporate governance and the development of best practices.

Board of Directors

The prime responsibilities of the Board of Directors are setting up the Company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to the Government Treasury (Department of Public Enterprises)

The Board of Directors is also responsible to create value for its shareholders and stakeholders through actions that are in compliance with laws and regulations, and, to promote a culture that rewards integrity, transparency, fair dealings and accountability.

During the period Mr. Wasantha Ekanayake has resigned from the Board of the Company. The Board places on record its gratitude for the services rendered by Mr. Ekanayake during his tenure as member of the Board. Mr. S. M. Piyatissa was inducted as a director with effect from 27th August, 2012 and holds the office of director.

Board Meetings

The Board meets monthly. Special Board meetings are also held whenever required. The Board of Directors comprise of non executive directors and is able to bring independent judgment to bear on the decision making process of the company.

There had been eleven Board meetings held during the year under review.

Audit Committee Report

The Audit Committee of the Company consists of Non-Executive Directors viz., Mr. Wasantha Ekanayake (Chairman) until his retirement in August 2012, Mr. Lalith R de Silva & Mr. Sudarshana Senaratne. Mr. S. M. Piyatissa (Chairman) was appointed since 17th August 2012. The main role and the responsibilities of the Audit Committee includes,

- a) Exercising oversight responsibilities relating to the quality and integrity of the Company's financial statements and financial reporting process including the preparation, presentation and adequacy of disclosures in the financial statements of Company in accordance with the Sri Lanka Accounting Standards;
- b) Exercising oversight responsibilities relating to the Company's compliance with financial reporting and information requirements of the Companies Act No. 07 of 2007 and other relevant financial reporting related regulations;
- c) Exercising responsibilities over processes to ensure that the Company's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards; and compliance by the Company with legal and statutory requirements;
- d) Assessing the independence and performance of the Company's external auditors;
- e) Making recommendations to the Board pertaining to appointment re-appointment and in appropriate circumstances removal of the external auditors;
- f) Considering (if appropriate) the degree of any work undertaken by the external auditor for the Company other than the statutory audit; and
- g) Approving the remuneration and terms of engagement of the external auditors.

The Audit Committee invited the Chief Executive Officer and the Head of Procurement Facilitation and Finance to attend all its meetings although it reserved the right to request any of the individuals to withdraw.

The Audit Committee inter alia engaged in the following activities during the financial year under review.

- Review of the un-audited monthly financial statements.
- Review of the audited financial statements for the year
- Review of the management letter issued by the external auditors and monitoring follow up action by the Management.
- Discussion with the external auditors of their independence from the Company and the Company's Management.
- Reviewing report on compliance with statutory reporting and payment requirements.
- The Committee reviewed the effectiveness of the external audit and to the Board the re-appointment of Messrs BR De Silva Chartered Accountants as the external auditors of the Company for the ensuing financial year, subject to the approval of the shareholders at the Annual General Meeting.

Directors' Responsibility for Financial Reporting

The responsibility of the Directors in relation to the financial statements is set out in the following statement. The responsibility of the auditors, in relation to the financial statements prepared in accordance with the provisions of the Companies Act No 7 of 2007, is set out in the Report of the Auditors.

Financial Statements that give a true and fair view of the financial position of the company comprise of:

- a. Statement of Financial Position, as at the end of the financial year, except for the matter of non-receipt of direct confirmation of the Administration Fee Debtors amounting to Rs. 19,977,022.68 as at 31st March 2013.
- b. Statement of Comprehensive Income for the year ended 31st march 2013.
- c. Statement of Changes in Equity for the year ended 31st march 2013.
- d. Statement of Cash Flow for the year ended 31st march 2013.

The above Financial Statements as at and for the year ended 31st March 2013, together with comparative period data as at and for the year ended 31st March 2012 have been prepared in accordance with SLFRS for SMEs for the first time by the company since the Sri Lanka Accounting Standards (SLAS) were effective up to 31st March 2012.

The directors are required to confirm that the financial statements have been prepared,

- a. Using appropriate accounting policies which have been selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained;
- b. Presented in accordance with the Sri Lanka Accounting Standards for SMEs;
- c. Reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected; and
- d. Provides the information required by the Companies Act.

The directors are also required to ensure that the company has adequate resources to continue in operation to justify applying the going concern basis in preparing these financial statements.

Further, the directors have a responsibility to ensure that the company maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the company.

The directors are also responsible for taking reasonable steps to safeguard the assets of the company and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The directors are required to prepare the financial statements and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections that may be considered being appropriate to enable them to give their audit opinion.

The directors are of the view that they have discharged their responsibilities as set out in this statement.

Compliance Report

The directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the company and all other known statutory dues as were due and payable by the company at the last date of the reporting period have been paid.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
LANKA LOGISTICS & TECHNOLOGIES LIMITED

1. Report on the Financial Statements

We have audited the accompanying Financial Statements of Lanka Logistics & Technologies Limited, which comprise the Statement of Financial Position as at 31st March, 2013 and the Statement of Comprehensive Income, Statement of Changes in equity and Cash Flows for the year then ended 31st March, 2013 and a Summary of Significant Accounting Policies and other explanatory Notes as set out on pages (01) to (18).

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 Standard for 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.

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. These 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 the 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, except for the matters stated in paragraph (4) below.

We, therefore, believe that our audit provides a reasonable basis for our opinion.



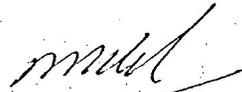
4. Supporting evidence in the form of Direct Confirmation was not available to verify the accuracy of the Administration Fee Debtors - Sri Lanka Air Force & Police amounting to Rs. 19,977,022.68 as at 31st March 2013.

5. Opinion

In our opinion, except for the matters stated in paragraph (4) above and any consequent adjustments that may arise therefrom, so far as it appears from our examination, the Company has maintained proper accounting records for the year ended 31st March, 2013 and the Financial Statements give a true and fair view of the Financial Position of the Company as at 31st March, 2013 and its Financial Performance and Cash Flows for the year then ended, in accordance with Sri Lanka Accounting Standard for Small and Medium-Sized Entities (SLFRS for SMEs).

6. Report on Other Legal and Regulatory Requirements

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



B. R. DE SILVA & CO.
Chartered Accountants

Colombo 05.

Date.. 20th/09/2013..

LW/dw/(201)/04



LANKA LOGISTICS & TECHNOLOGIES LIMITED**STATEMENT OF COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31ST MARCH,

	Note	2013		2012
		Rs.	Cts.	Rs.
Revenue	(3)	133,102,465.60		69,969,634
Cost of Sales			(30,939,078.00)	(504,915)
Gross Profit		102,163,387.60		69,464,719
Other Operating Income	(4)		314,816.00	1,477
		102,478,203.60		69,466,196
Administrative Expenses			(88,663,935.94)	(65,183,566)
Profit from Operating Activities	(5)	13,814,267.66		4,282,630
Finance Cost	(6)		(3,007,300.00)	(2,181,656)
Finance Income	(7)		6,573,198.84	5,521,403
Profit before Taxation		17,380,166.50		7,622,377
Income Tax Expenses	(8)		(3,234,532.00)	(2,912,766)
Profit for the year		14,145,634.50		4,709,611
Add: Other Comprehensive Income			-	-
Total Comprehensive Income		14,145,634.50		4,709,611
Earnings Per Share - Basic	(9)		69,003.10	22,974

The Notes to the Financial Statements in pages (05) to (18) form an integral part of these Financial Statements.



LANKA LOGISTICS & TECHNOLOGIES LIMITEDSTATEMENT OF FINANCIAL POSITIONAS AT 31ST MARCH,

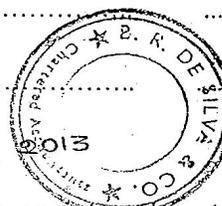
	Note	2013		2012	As at 01.04.2011
		Rs.	Cts.	Rs.	Rs.
<u>ASSETS</u>					
<u>Non-Current Assets</u>					
Property, Plant & Equipment	(11)	9,881,573.01		12,871,350	4,030,340
Work In Progress- ESB System				2,104,764	-
Intangible Assets	(12)	2,104,763.64		-	-
Deferred Tax Assets	(13)	541,627.00		503,274	1,435,480
		<u>12,527,963.65</u>		<u>15,479,388</u>	<u>5,465,820</u>
<u>Current Assets</u>					
Work In Progress - Para Gear - USA				28,823,455	-
Investments	(14)	79,742,681.92		40,952,353	72,883,768
Trade & Other Receivables	(15)	76,754,878.14		120,053,634	53,291,716
Income Tax Receivable	(16)	2,527,196.70		4,579,871	6,330,076
Cash & Cash Equivalents	(17)	65,910.00		55,188	110,909
		<u>159,090,666.76</u>		<u>194,464,501</u>	<u>132,616,469</u>
Total Assets		<u>171,618,630.41</u>		<u>209,943,889</u>	<u>138,082,289</u>
<u>EQUITY & LIABILITIES</u>					
<u>Capital & Reserves</u>					
Stated Capital	(18)	2,050.00		2,050	2,050
Seed Capital	(19)	100,000,000.00		100,000,000	100,000,000
Retained Earnings		19,389,877.85		6,970,606	2,058,426
Total Equity		<u>119,391,927.85</u>		<u>106,972,656</u>	<u>102,060,476</u>
<u>Non-Current Liabilities</u>					
Employee Benefit Obligations	(20)	4,082,916.00		3,503,408	2,192,650
Term Loan	(21)			15,800,000	-
		<u>4,082,916.00</u>		<u>19,303,408</u>	<u>2,192,650</u>
<u>Current Liabilities</u>					
Trade & Other Payables	(22)	40,341,414.76		46,089,690	22,657,327
Bank Overdrafts		7,802,371.80		37,578,135	11,171,836
		<u>48,143,786.56</u>		<u>83,667,826</u>	<u>33,829,163</u>
Total Equity & Liabilities		<u>171,618,630.41</u>		<u>209,943,889</u>	<u>138,082,289</u>

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

Masaru
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Signed for and on behalf of the Board by:

	NAME	SIGNATURE
DIRECTORS	1. Nimal Perera	<i>[Signature]</i>
	2. S. Senarathne	<i>[Signature]</i>
DATE OF APPROVAL BY THE BOARD	24 th September 2013	<i>[Signature]</i>

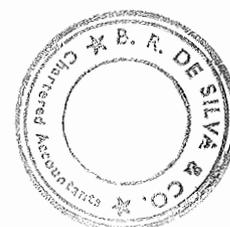


The Notes to the Financial Statements in pages (05) to (18) form an integral part of these Financial Statements.

LANKA LOGISTICS & TECHNOLOGIES LIMITED**STATEMENT OF CHANGES IN EQUITY**
FOR THE YEAR ENDED 31ST MARCH, 2013

	<i>Stated</i>		<i>Seed</i>		<i>Retained</i>		<i>Total</i>	
	<i>Capital</i>		<i>Capital</i>		<i>Earnings</i>			
	<i>Rs.</i>	<i>Cts.</i>	<i>Rs.</i>	<i>Cts.</i>	<i>Rs.</i>	<i>Cts.</i>	<i>Rs.</i>	<i>Cts.</i>
Balance as at 31st March 2011	2,050.00		100,000,000.00		945,171.42		100,947,221.42	
Impact on application of new accounting standards	-		-		1,113,255.00		1,113,255.00	
Balance as at 01st April 2011	2,050.00		100,000,000.00		2,058,426.42		102,060,476.42	
Previous year Adjustment	-		-		202,569.40		202,569.40	
Profit for the year	-		-		4,709,610.53		4,709,610.53	
Balance as at 31st March 2012	2,050.00		100,000,000.00		6,970,606.35		106,972,656.35	
Previous year Adjustment	-		-		(1,726,363.00)		(1,726,363.00)	
Profit for the year	-		-		14,145,634.50		14,145,634.50	
Balance as at 31st March 2013	2,050.00		100,000,000.00		19,389,877.85		119,391,927.85	

The Notes to the Financial Statements in pages (05) to (18) form an integral part of these Financial Statements.



LANKA LOGISTICS & TECHNOLOGIES LIMITED**STATEMENT OF CASH FLOW**
FOR THE YEAR ENDED 31ST MARCH,

	2013	2012
	Rs.	Rs.
<u>Cash Flows from/(Used in) Operating Activities</u>		
Net Profit before Income Tax Expenses	17,380,167	7,622,377
<u>Adjustments for</u>		
Previous year adjustment	(1,726,363)	287,251
Depreciation	5,252,831	4,786,115
Finance Costs	3,007,300	2,181,656
Provision for Defined Benefit Plans	579,508	1,310,758
Interest Received	(6,573,199)	(5,521,403)
Operating Profit/(Loss) before Working Capital Changes	<u>17,920,244</u>	<u>10,666,754</u>
(Increase)/Decrease in Trade and Other Receivables	72,122,212	(95,585,374)
Increase/(Decrease) in Trade and Other Payables	(5,748,275)	23,432,361
Cash Generated from Operations	<u>84,294,181</u>	<u>(61,486,260)</u>
Finance Costs Paid	(3,007,300)	(2,181,656)
Income Tax Refund	-	464,390
Income Tax Paid	-	(48,088)
ESC Paid	(561,578)	-
WHT Paid	(658,633)	(650,772)
Notional Tax	-	(80,565)
Net Cash From/(Used in) Operating Activities	<u>80,066,670</u>	<u>(63,982,952)</u>
<u>Cash Flows from/(Used in) Investing Activities</u>		
Acquisition of Property, Plant & Equipment	(2,263,055)	(15,731,888)
Interest Received	6,573,199	5,521,404
Acquisition of investment/Disposal of Investment	(38,790,329)	31,931,416
Net Cash Flows from/(Used in) Investing Activities	<u>(34,480,185)</u>	<u>21,720,932</u>
<u>Cash Flows from/(Used in) Finance Activities</u>		
Loan Received	-	15,800,000
Loan Re Payment	(15,800,000)	-
Net Cash Flows from/(Used in) Finance Activities	<u>(15,800,000)</u>	<u>15,800,000</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	29,786,485	(26,462,020)
Cash and Cash Equivalents at the beginning of the year	(37,522,947)	(11,060,927)
Cash and Cash Equivalents at the end of the year	<u>(7,736,462)</u>	<u>(37,522,947)</u>
<u>Analysis of Cash & Cash Equivalents</u>		
Cash at Bank - O/D	(7,802,372)	(37,578,135)
Cash at Bank-Savings A/C-5960160	11,740	938
Sampath Bank - Current A/C	24,170	24,250
Cash in Hand	30,000	30,000
	<u>(7,736,462)</u>	<u>(37,522,947)</u>



The Notes to the Financial Statements in pages (05) to (18) form an integral part of these Financial Statements.

LANKA LOGISTICS & TECHNOLOGIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST MARCH, 2013****1. CORPORATE INFORMATION****1.1 General**

The financial statements of the company for the year ended 31 March 2013 were authorized for issue in accordance with a resolution of the directors on 24th September 2013. Lanka Logistics & Technologies Limited ("Company") is a Limited Liability Company incorporated and domiciled in Sri Lanka. The registered office of the Company and principal place of business is situated at No.4-205, BMICH, Baudhaloka Mawatha, Colombo 07.

1.2 Principal Activities & Nature of Operations

During the year, the principal activities of the Company were providing procurement facilities for equipment and services for the Army, Navy, Air Force and Police and supplying of Goods and Services to the Ministry of Defense for research and development purposes.

1.3 The Notes to the Financial Statements in pages (05) to (18) form an integral part of the Financial Statements.

1.4 The number of employees at the end of the year was 48.

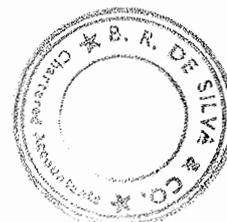
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 General Policies****2.1.1 Basis of Preparation**

The Statement of Financial Position, Statements of Comprehensive Income, Changes in Equity and Cash Flow, together with accounting policies and notes ("Financial Statements") of the company as at 31st March 2013 for the year then ended, comply with all material aspects with the applicable Sri Lanka Financial Reporting Standards for SMEs. For all periods up to and including the year ended 31 March 2012, the company has prepared its financial statements in accordance with Sri Lanka Accounting Standards (SLASs) which were effective up to 31 March 2012. These financial statements for the year ended 31 March 2013 are the first the Company has prepared in accordance with SLFRS for SMEs. Refer to Note No. (10) for information on how the Company adopted SLFRS for SMEs.

These financial statements presented in Sri Lanka Rupees have been prepared on a historical cost basis except financial instruments.

The Directors have made an assessment on the Company's ability to continue as a going concern and they do not intend to either liquidate or to cease trading.

Contd...(06)



LANKA LOGISTICS & TECHNOLOGIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST MARCH, 2013****2.1.2 Comparative Information**

The accounting policies have been consistently applied by the Company and they are consistent with those used in the previous year.

2.1.3 Foreign Currency Conversion

All foreign exchange transactions are converted in to Sri Lanka Rupees, which is the reporting currency at the rates of exchange prevailing at the time, the transactions were effected. Monetary assets and liabilities denominated in foreign currencies are converted to Sri Lanka Rupee equivalents using year-end spot foreign exchange rates. Non-monetary assets and liabilities are converted using exchange rates that existed when the values were determined. The resulting gains and losses are accounted for in the other comprehensive income.

2.1.4 Taxation**(a) 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.

Current income tax relating to items recognized in other comprehensive income is recognized in other comprehensive income. Current income tax relating to items recognized directly in equity is recognized directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred Taxation

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered. The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Contd...(07)



LANKA LOGISTICS & TECHNOLOGIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST MARCH, 2013****2.1.5 Borrowing Costs**

Borrowing Costs are recognized as an expense in the period in which they are incurred.

2.1.6 Deferred Expenditure

Expenditure which is deemed to have a benefit or relationship to more than one financial year is classified as deferred expenditure. Such expenditure is written off over the period, to which it relates, on a straight-line basis.

2.2 Valuation of Assets and their Measurement Basis**2.2.1 Property, Plant & Equipment****(a) Cost**

Property, Plant & Equipment are recorded at cost less accumulated depreciation and any impairment in value. The cost of Property, Plant & Equipment is the cost of acquisition or construction cost together with any incidental expenses incurred, in bringing the assets to its working condition for its intended use.

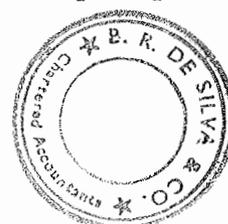
(b) Restoration Costs

Expenditure incurred on repairs or maintenance of Property, Plant and Equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance is recognized as an expense when incurred.

(c) Depreciation

The provision for depreciation is calculated by using a straight line basis on the cost or valuation of all Property, Plant and Equipment. The principal annual rates used are;

Furniture & Fittings	20%
Office Equipment	20%
Motor Vehicle	25%
IT Equipment & Accessories	25%
Interior Decorations	50%



Property, Plant & Equipment acquired were depreciated from the month the assets were available for use over their estimated useful lives.

The assets residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate at each financial year end.

LANKA LOGISTICS & TECHNOLOGIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST MARCH, 2013****2.2.2 Impairment of Assets**

At each reporting date, property, plant and equipment, intangible assets and fixed deposits are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.2.3 Intangible Assets

An intangible asset acquired separately is measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally generated intangible assets, excluding capitalized costs, are not capitalized and expenditure is reflected in the profit/loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

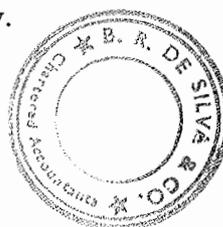
Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the profit/loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the profit/loss when the asset is derecognized.

Amortization

The company provides amortization from the date the assets are available for use up to the date of disposal, at the following rate on a straight line basis over the periods appropriate to the estimated useful lives based on the pattern in which the asset's future economic benefits are expected to be consumed by the company of the different types of assets, except for which are disclosed separately.

Computer Software 3 years



Contd...(09)

LANKA LOGISTICS & TECHNOLOGIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH, 2013**2.2.4 Financial Instruments****Trade and other receivables and cash and cash equivalents**

These financial assets are recognized initially at the transaction price. Subsequently they are measured at amortized cost using the effective interest method, less provision for impairment. Sales are made on normal credit terms and trade receivables do not bear interest.

Where there is objective evidence that the carrying amounts of receivables are not recoverable, an impairment loss is recognized in profit or loss.

Short-term financial assets

Other short-term financial assets comprise fixed deposits. They are recognized initially at transaction price. After initial recognition, Fixed Deposits are measured at cost less any impairment.

Financial liabilities

The Company's financial liabilities include borrowings and trade and other payables. Financial liabilities are recognized initially at transaction price. After initial recognition they are measured at amortized cost using the effective interest method. Trade payables are on normal credit terms and do not bear interest.

2.2.5 Retirement Benefit Obligations**(a) Defined Benefit Plan - Gratuity**

The company has adopted LKAS 19 - "Employee Benefits" which requires the use of actuarial techniques to make reliable estimate of the amount of retirement benefit that employees have earned in return for their service in the current and prior periods and discount that benefit using the projected Unit Credit Method in order to determine the present value of the retirement benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic and financial variables that will influence the cost of the benefit. The following key assumptions were made in arriving at the above figure using the gratuity formula as per LKAS 19-"Employee Benefits".

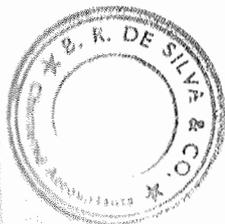
- | | |
|---------------------------|--------|
| (a) Rate of Interest | 12.40% |
| (b) Salary Increment rate | 9.00% |
| (c) <u>Retirement Age</u> | |

Retirement age for the Staff is sixty (60) years. However, the Retiring Benefits for the staff who would be granted extension of services by the Board of Directors beyond 60 years to be calculated up to a maximum of sixty five (65) years.

- | | |
|--------------------------|--------|
| (d) Staff Turnover Ratio | 30.00% |
|--------------------------|--------|

The liability is not externally funded nor actuarially valued. This item is grouped under provision and other liabilities in the Balance Sheet

Contd...(10)



LANKA LOGISTICS & TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2013

Retirement Benefit Obligations (Contd...)

(b) Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in accordance with the respective Statutes and Regulations.

2.2.6 Grants and Subsidies

An entity shall measure grants at the fair value of the asset received or receivable.

Grants and subsidies related to assets, including non-monetary grants at fair value are deducted in arriving at the carrying value of the asset.

2.2.7 Contingent Liabilities

There are no Contingent Liabilities.

2.2.8 Events after the end of the reporting period

There are no events subsequent to the end of the reporting period.

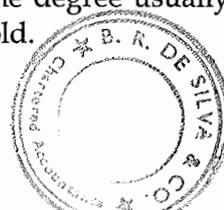
2.3 Statement of Comprehensive Income

2.3.1 Revenue Recognition

Revenue is recognized 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 sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

(a) Sale of Goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer; with the Company retaining neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.



Contd...(11)

LANKA LOGISTICS & TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2013

(b) Rendering of Services

Revenue from rendering of services is recognized in the accounting period in which the services are rendered or performed.

(c) Interest

Interest Income is recognized on an accrual basis.

(d) Rental Income

Rental income is recognized on an accrual basis.

(e) Others

Other Income is Recognized on an Accrual Basis

Net gains and losses of a revenue nature on the disposal of Property, Plant & Equipment and other non current assets including investments have been accounted for in the Income Statement, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. [On disposal of revalued property, plant and equipment, amount remaining in the Revaluation Reserve relating to that asset is transferred directly to Accumulated Profit.]

2.3.2 Expenditure Recognition

- (a) Expenses are recognized in the Statement of Comprehensive Income 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 & Equipment in a state of efficiency has been charged to income in arriving at the profit for the year.
- (b) For the purpose of presentation of the Statement of Comprehensive Income the Directors are of the opinion that the function of expenses method, presents fairly the elements of the Company's performance, and hence such presentation method is adopted.



LANKA LOGISTICS & TECHNOLOGIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 31ST MARCH,

	Note	2013		2012
		Rs.	Cts.	Rs.
(3) <u>REVENUE</u>				
CRD Project Service fee			-	404,217
Parachutes Sale		44,871,757.83		-
Administration Fee		75,367,059.49		65,563,114
Registration Fee - Suppliers		886,081.63		1,234,086
DHQC Project Management Fee		8,151,036.04		1,783,217
DHQC Registration Fee		-		985,000
Preparation of Corporate Plan - UDA		3,826,530.61		-
		<u>133,102,465.60</u>		<u>69,969,634</u>
(4) <u>OTHER OPERATING INCOME</u>				
Sundry Income		314,816.00		1,477
		<u>314,816.00</u>		<u>1,477</u>
(5) <u>OPERATING PROFIT IS STATED AFTER CHARGING ALL EXPENSES INCLUDING THE FOLLOWING:</u>				
Salaries		39,681,409.60		26,023,793
EPF		4,170,332.00		3,115,535
ETF		1,042,583.00		770,884
Gratuity		579,508.00		1,310,758
Auditor's Remuneration		130,000.00		115,000
(6) <u>FINANCE COST</u>				
Bank Charges		9,604.00		18,500
Overdraft Interest		2,997,696.00		2,163,156
		<u>3,007,300.00</u>		<u>2,181,656</u>
(7) <u>FINANCE INCOME</u>				
Interest Income - Fixed Deposits		6,464,159.46		5,516,971
Interest Income - Savings A/C		109,039.38		4,432
		<u>6,573,198.84</u>		<u>5,521,403</u>
(8) <u>INCOME TAX EXPENSES</u>				
Provision for the year		3,272,885.00		1,980,560
Deferred Tax Provision/ (Reversal) for the year		(38,353.00)		932,206
		<u>3,234,532.00</u>		<u>2,912,766</u>
(9) <u>EARNINGS PER SHARE</u>				

Basic Earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of Ordinary Shares outstanding during the year.

	2013	2012
Net Profit attributable to Ordinary Shares (Rs.)	14,145,634.50	4,709,611
Weighted Average number of Shares outstanding during the year	205	205
Earnings per Share (Rs.)	<u>69,003.10</u>	<u>22,974</u>



LANKA LOGISTICS & TECHNOLOGIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013****(10) FIRST-TIME ADOPTION OF SLFRS FOR SME'S**

These financial statements, for the year ended 31 March 2013, are the first the Company has prepared in accordance with SLFRS for SMEs. For periods up to and including the year ended 31 March 2012, the Company has prepared its financial statements in accordance with Sri Lanka Accounting Standards (SLAS).

Accordingly, the company has prepared financial statements which comply with SLFRS for SMEs applicable for periods beginning on or after 01 April 2012, together with the comparative period data as at and for the year ended 31 March 2012, as described in the accounting policies. In preparing these financial statements, the Company's opening statement of financial position was prepared as at 01 April 2011, the Company's date of transition to SLFRS for SMEs. This note explains the principal adjustments made by the company in restating its statement of financial position (SLAS) as at 01 April 2011 and the financial statements as at and for the year ended 31 March 2012.

(10.1) Reconciliation of equity as at 1 April 2011 (date of transition to SLFRS for SME's)

	Note	SLAS Rs.	Reclassification Rs.	Remeasurements Rs.	SLFRS for SMEs as at 1-Apr-11 Rs.
ASSETS					
Non-Current Assets					
Property, Plant & Equipment		4,030,340	-	-	4,030,340
Work In Progress- ESB System		-	-	-	-
Deferred Tax Assets	(10.1.1)	-	-	1,435,480	1,435,480
		4,030,340	-	1,435,480	5,465,820
Current Assets					
Investments		72,883,768	-	-	72,883,768
Trade & Other Receivables		53,291,716	-	-	53,291,716
Income Tax Receivable		6,330,076	-	-	6,330,076
Cash & Cash Equivalents		110,909	-	-	110,909
		132,616,469	-	-	132,616,469
Total Assets		136,646,809	-	1,435,480	138,082,289
EQUITY & LIABILITIES					
Capital & Reserves					
Stated Capital		2,050	-	-	2,050
Seed Capital		100,000,000	-	-	100,000,000
Retained Earnings		945,171	-	1,113,255	2,058,426
Total Equity		100,947,221	-	1,113,255	102,060,476
Non-Current Liabilities					
Employee Benefit Obligations	(10.1.2)	1,870,425	-	322,225	2,192,650
		1,870,425	-	322,225	2,192,650
Current Liabilities					
Trade & Other Payables		22,657,327	-	-	22,657,327
Bank Overdrafts		11,171,836	-	-	11,171,836
		33,829,163	-	-	33,829,163
		136,646,809	-	1,435,480	138,082,289

(10.1.1) On adoption of SLFRS, Company has calculated the Deferred Tax Asset.

(10.1.2) Under SLASs Company has calculated the gratuity provision by multiplying basic salary by the number of completed years of service. Under the first time adoption of LKASs / SLFRSs gratuity provision has been calculated using formula method.

LANKA LOGISTICS & TECHNOLOGIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013****(10) FIRST-TIME ADOPTION OF SLFRS FOR SME'S (Contd....)****(10.2) Reconciliation of equity as at 31 March 2012**

	Note	SLAS Rs.	Reclassification Rs.	Remeasurements Rs.	SLFRS for SMEs as at 31-Mar-12 Rs.
ASSETS					
Non-Current Assets					
Property, Plant & Equipment		12,871,350	-	-	12,871,350
Work In Progress- ESB System		2,104,764	-	-	2,104,764
Deferred Tax Assets	(10.2.1)	-	-	503,274	503,274
		14,976,114	-	503,274	15,479,388
Current Assets					
Work In Progress - Para Gear - USA		28,823,455	-	-	28,823,455
Investments		40,952,353	-	-	40,952,353
Trade & Other Receivables		120,053,634	-	-	120,053,634
Income Tax Receivable		4,579,871	-	-	4,579,871
Cash & Cash Equivalents		55,188	-	-	55,188
		194,464,501	-	-	194,464,501
Total Assets		209,440,615	-	503,274	209,943,889
EQUITY & LIABILITIES					
Capital & Reserves					
Stated Capital		2,050	-	-	2,050
Seed Capital		100,000,000	-	-	100,000,000
Retained Earnings		7,326,905	-	(356,296)	6,970,609
Total Equity		107,328,955	-	(356,296)	106,972,659
Non-Current Liabilities					
Employee Benefit Obligations	(10.2.2)	2,643,838	-	859,570	3,503,408
Term Loans		15,800,000	-	-	15,800,000
		18,443,838	-	859,570	19,303,408
Current Liabilities					
Trade & Other Payables		46,089,687	-	-	46,089,687
Bank Overdrafts		37,578,135	-	-	37,578,135
		83,667,822	-	-	83,667,822
		209,440,615	-	503,274	209,943,889

(10.2.1) On adoption of SLFRS, Company has calculated the Deferred Tax Asset.

(10.2.2) Under SLASs Company has calculated the gratuity provision by multiplying basic salary by the number of completed years of service. Under the first time adoption of LKASs / SLFRSs gratuity provision has been calculated using formula method.

LANKA LOGISTICS & TECHNOLOGIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013****(10) FIRST-TIME ADOPTION OF SLFRS FOR SME'S (Contd....)****(10.3) Reconciliation of total comprehensive income for the year ended 31 March 2012**

	Note	SLFRS for SMEs for the			
		SLAS Rs.	Reclassification Rs.	Remeasurements Rs.	Period 31-Mar-2012 Rs.
Revenue		69,969,634	-	-	69,969,634
Cost of Sales		(3,412,128)	2,907,213	-	(504,915)
Gross Profit		66,557,506	2,907,213	-	69,464,719
Other Operating Income		5,522,880	(5,521,403)	-	1,477
		72,080,386	(2,614,190)	-	69,466,196
Administrative Expenses	(10.3.1)	(61,739,006)	(2,907,213)	(537,347)	(65,183,566)
Profit from Operating Activities		10,341,380	(5,521,403)	(537,347)	4,282,630
Finance Cost		(2,181,656)	-	-	(2,181,656)
Finance Income		-	5,521,403	-	5,521,403
Profit before Taxation		8,159,724	-	(537,347)	7,622,377
Income Tax Expenses	(10.3.2)	(1,980,560)	-	(932,206)	(2,912,766)
Profit for the year		6,179,164	-	(1,469,553)	4,709,611
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		6,179,164	-	(1,469,553)	4,709,611

(10.3.1) Under SLASs Company has calculated the gratuity provision by multiplying basic salary by the number of completed years of service. Under the first time adoption of LKASs / SLFRSs gratuity provision has been calculated using formula method.

(10.3.2) On adoption of SLFRS, Company has calculated the Deferred Tax Asset.



LANKA LOGISTICS & TECHNOLOGIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****AS AT 31ST MARCH, 2013****(11) PROPERTY, PLANT & EQUIPMENT**

(11.1) Gross Carrying Amounts	Balance as at 01.04.2012		Additions/ Transfers		Disposals/ Transfers		Balance as at 31.03.2013	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Motor Vehicle	15,323,061.46		-		-		15,323,061.46	
Interior Décor	7,306,340.19		280,465.12		-		7,586,805.31	
Computers & Accessories	5,730,478.25		1,225,421.21		-		6,955,899.46	
Furniture & Fittings	3,795,852.12		513,435.95		-		4,309,288.07	
Office Equipment	1,967,768.99		243,732.00		-		2,211,500.99	
	<u>34,123,501.01</u>		<u>2,263,054.28</u>		<u>-</u>		<u>36,386,555.29</u>	

(11.2) Depreciation	Acc. Dep. as at 01.04.2012		Dep. for the year		Disposals/ Transfers/		Acc. Dep. as at 31.03.2013	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Motor Vehicle	8,738,659.62		2,134,788.00		-		10,873,447.62	
Interior Décor	5,214,966.91		1,575,473.71		-		6,790,440.62	
Computers & Accessories	3,490,358.60		868,848.30		-		4,359,206.90	
Furniture & Fittings	2,246,939.61		291,398.69		-		2,538,338.30	
Office Equipment	1,561,225.84		382,323.00		-		1,943,548.84	
	<u>21,252,150.58</u>		<u>5,252,831.70</u>		<u>-</u>		<u>26,504,982.28</u>	
Net Book Values	<u>12,871,350.43</u>						<u>9,881,573.01</u>	

(12) INTANGIBLE ASSETS

Cost	Balance as at 01.04.2012		Additions/ Transfers		Disposals/ Transfers		Balance as at 31.03.2013	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
ESB System	-		2,104,763.64		-		2,104,763.64	
	<u>-</u>		<u>2,104,763.64</u>		<u>-</u>		<u>2,104,763.64</u>	

Amortization	Balance as at 01.04.2012		Charge for the year		Disposals/ Transfers/		Balance as at 31.03.2013	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
ESB System	-		-		-		-	
	<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>	
Net Book Value	<u>-</u>						<u>2,104,763.64</u>	



LANKA LOGISTICS & TECHNOLOGIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****AS AT 31ST MARCH,**

	2013		2012	As at 01.04.2011
	Rs.	Cts.	Rs.	Rs.
(13) DEFERRED TAX ASSET				
Balance as at the beginning of the year	503,274.00		1,435,480	-
Provision/(Reversal) for the year	38,353.00		(932,206)	1,435,480
Balance as at the end of the year	<u>541,627.00</u>		<u>503,274</u>	<u>1,435,480</u>
<i>The Closing Deferred Tax Liability Relates to the following:</i>				
Accelerated Depreciation for tax purposes	133,335.00		152,933	668,052
Employment Benefit Liability	408,292.00		350,341	767,428
	<u>541,627.00</u>		<u>503,274</u>	<u>1,435,480</u>
(14) INVESTMENTS				
Investment in Treasury Bills	-		-	25,000,000
Investment in Fixed Deposits	79,742,681.92		40,952,353	47,883,768
	<u>79,742,681.92</u>		<u>40,952,353</u>	<u>72,883,768</u>
BOC Fixed Deposit Certificate No.7013173 amounting to Rs. 44,648,162.59 has been pledged as a security to obtain overdraft facility.				
(15) TRADE & OTHER RECEIVABLES				
Trade Receivables	50,808,279.00		91,089,580	18,559,632
Other Receivables and Project Current Accounts	25,738,550.48		22,900,688	31,627,526
Advances, Deposits and Pre - Payments	208,048.66		6,063,366	3,104,558
	<u>76,754,878.14</u>		<u>120,053,634</u>	<u>53,291,716</u>
(16) INCOME TAX RECEIVABLES				
Balance at the beginning of the year	4,579,871.17		6,330,076	5,214,784
Provision for the year	(3,272,885.00)		(1,980,560)	(3,176,219)
	1,306,986.17		4,349,516	2,038,565
Tax Refund Received	-		(464,390)	-
Add : Tax Payments	-		48,088	40,963
NTC	-		80,565	283,530
ESC	561,578.00		-	1,065,764
Specified Fees	2,000.00		-	2,306,219
Deemed Dividend Tax	-		-	6,947
WHT	656,632.53		650,772	588,088
Prior year under provision	-		(84,680)	-
Balance at the end of the year	<u>2,527,196.70</u>		<u>4,579,871</u>	<u>6,330,076</u>



LANKA LOGISTICS & TECHNOLOGIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS****AS AT 31ST MARCH,**

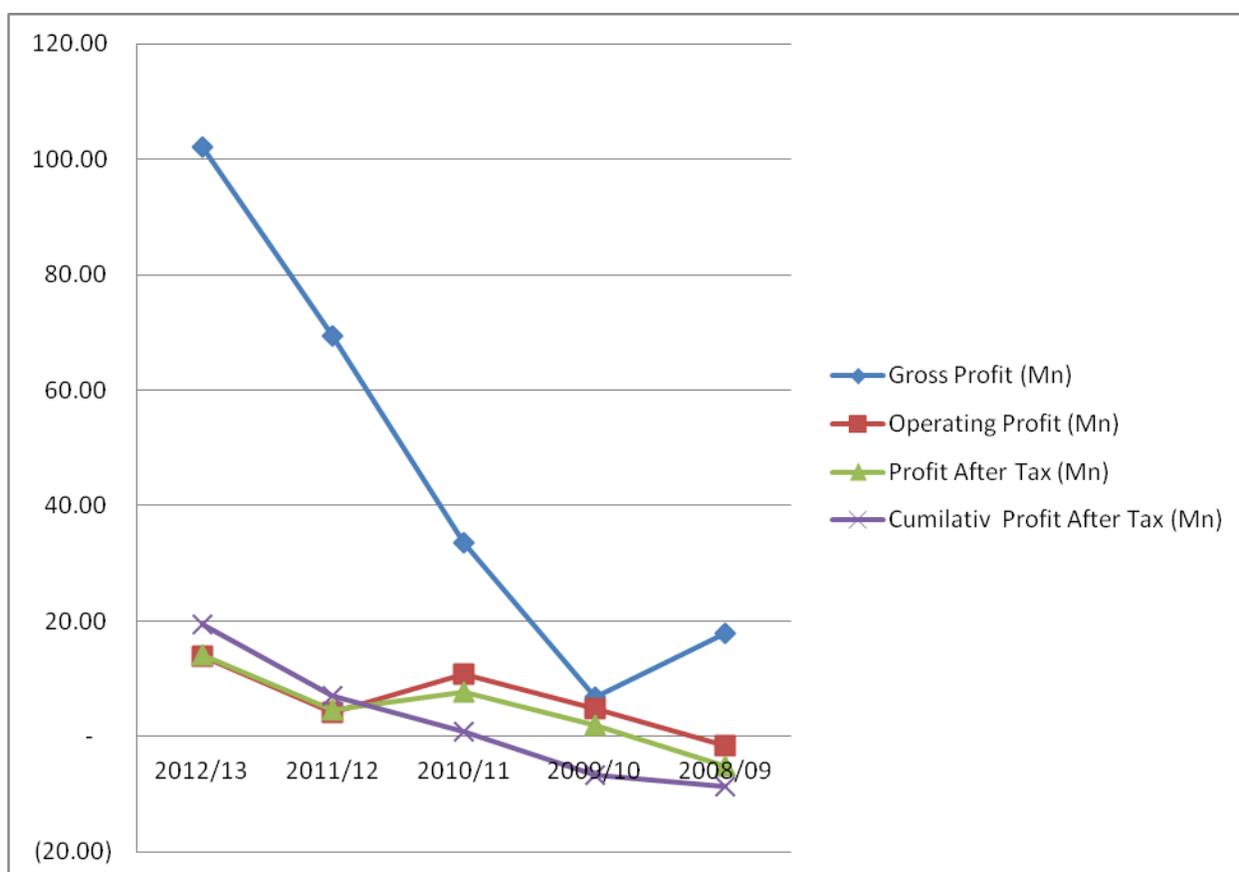
	2013		2012	As at 01.04.2011
	Rs.	Cts.	Rs.	Rs.
(17) CASH & CASH EQUIVALENTS				
Bank of Ceylon-Savings A/C	11,740.00		938	66,659
Sampath Bank PLC-Current A/C	24,170.00		24,250	24,250
Cash in Hand	30,000.00		30,000	20,000
	<u>65,910.00</u>		<u>55,188</u>	<u>110,909</u>
(18) STATED CAPITAL				
Stated Capital	2,050.00		2,050	2,050
	<u>2,050.00</u>		<u>2,050</u>	<u>2,050</u>
(19) SEED CAPITAL				
Seed Capital	100,000,000.00		100,000,000	100,000,000
	<u>100,000,000.00</u>		<u>100,000,000</u>	<u>100,000,000</u>
Seed Capital was contributed by Sri Lanka Army, Sri Lanka Navy and Sri Lanka Air Force.				
(20) EMPLOYEE BENEFIT OBLIGATIONS				
Balance at the beginning of the year	3,503,408.00		2,192,650	1,331,562
Provision/(Reversal) for the year	579,508.00		1,310,758	861,088
Paid during the year	-		-	-
Balance at the end of the year	<u>4,082,916.00</u>		<u>3,503,408</u>	<u>2,192,650</u>
(21) TERM LOANS				
Balance at the beginning of the year	15,800,000.00		-	-
Obtained during the year	-		15,800,000	-
Paid during the year	(15,800,000.00)		-	-
Balance at the end of the year	<u>-</u>		<u>15,800,000</u>	<u>-</u>
(22) TRADE & OTHER PAYABLES				
Trade Creditors	14,136,062.04		31,033,439	14871780
Accrued Expenses and Others	26,205,352.72		15,056,251	7785547
	<u>40,341,414.76</u>		<u>46,089,690</u>	<u>22,657,327</u>



Profit of the Company on Realizable Revenue

The profitability based on realized revenue for the last five (05) financial years ended 2012/13 as per the Audited Financial Statements are:

Financial Summaries	2012/13 Mn (Rs.)	2011/12 Mn (Rs.)	2010/11 Mn (Rs.)	2009/10 Mn (Rs.)	2008/09 Mn (Rs.)
Gross Profit	102.16	69.46	33.67	6.72	17.94
Operating Profit	13.81	4.28	10.82	4.92	(1.60)
Profit After Tax	14.14	4.71	7.65	2.03	(5.17)
Cumulative Profit after Tax	19.39	6.94	0.94	(6.70)	(8.74)



Profit of the Company Including Unrealized Revenue

The company has facilitated procurement to the value of Rs. 8.2 billion to the armed forces, accruing revenue of Rs.205.3 million as administration fees during the year under review (2012/13). The company has accounted for Rs.75.4 million for the year 2012/13 which is as per the votes allocated by the respective armed forces.

The company's profitability will be as follows if the unrealized revenue is taken into account for the last five (05) financial years ended 2012/13.

Financial Summaries	2012/13 Mn (Rs.)	2011/12 Mn (Rs.)	2010/11 Mn (Rs.)	2009/10 Mn (Rs.)	2008/09 Mn (Rs.)
Gross Profit	307.46	399.94	164.80	6.86	682.34
Operating Profit	219.11	343.73	142.13	4.90	662.78
Profit After Tax	156.21	246.21	92.19	2.12	423.19
Cumulative Profit after Tax	1,268.32	1,112.10	872.06	779.87	777.75

