

PROSPECTUS

EXPOLANKA HOLDINGS LTD

Initial Public Offering

To be listed on the
Main Board of
the Colombo
Stock Exchange



Expolanka Holdings Limited
(Company Registration No. PB 744)

Prospectus

Initial Public Offer of 172,000,000 ordinary voting shares
at Rs 14/= per share

(For further inquiries, please contact the Managers to the Issue)

**TO BE LISTED ON THE MAIN BOARD OF
THE COLOMBO STOCK EXCHANGE**

ISSUE OPENS ON 12TH MAY 2011



**Lead Managers and
Financial Advisors to the Issue**

John Keells Capital
A division of John Keells Holdings PLC
130 Glennie Street
Colombo 02



**Joint Managers and
Financial Advisors to the Issue**

CT Capital (Pvt) Ltd
#4-03 Majestic City
10 Station Road
Colombo 04



This Prospectus is dated 12th Day of April 2011.

Responsibility for the Content of the Prospectus

This Prospectus has been prepared on behalf of and on the instructions of Expolanka Holdings Limited from information provided by Expolanka Holdings Limited. The Directors of the Company, collectively and individually, having made all reasonable enquiries confirm to the Managers to the Issue, that to the best of their knowledge and belief, that this Prospectus contains all information with respect to the Company which is material in the context of the Issue; that the information contained herein is true and correct in all material respects and is not misleading; that there are no other material facts, the omission of which would, make any Statement contained herein misleading; that the opinions and intensions expressed herein are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions.

The Managers have relied in good faith on the Company for the accuracy, reliability and completeness of all information and the information has not been independently verified. Some content in this Prospectus may be based on assumptions and the Managers do not guarantee, represent, warrant, express or imply that the information is accurate, reliable or complete. Estimates of future operations of the Company are based on future plans of the Company as represented to the Managers by Expolanka Holdings Limited and have been used in good faith by the Managers to estimate the value of the Company Shares. This information should not be used to forecast projections for future business operations. Nothing contained in this information should be considered a recommendation by the Managers.

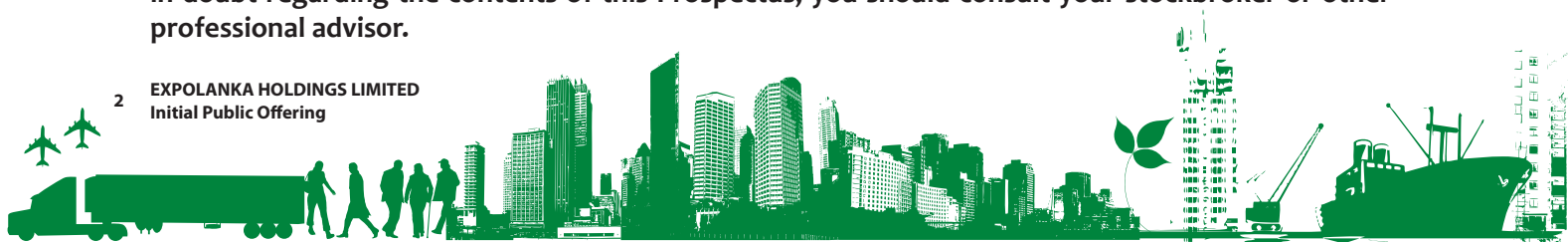
The information contained herein has been provided on the condition that the Managers shall not be liable for any loss or damage howsoever arising as a result of any person acting or refraining from acting in reliance of any information, forecasts and opinion contained in this document.

Expolanka Holdings Limited accepts responsibility for the information contained in this Prospectus. All information and opinions contained in this Prospectus are subject to change without notice. The information has been compiled at the request of Expolanka Holdings Limited for information purposes only and does not purpose to be a complete description of the subject matter contained in this Prospectus. While Expolanka Holdings Limited has taken reasonable care to ensure full and fair disclosure of information, it does not assume any responsibility for any investment decisions made by investors based on information contained herein. In making an investment decision, prospective investors must rely on their own examination and assessments of the Company including the risks involved. Use of this Prospectus by prospective investors is based on the condition that they satisfy themselves as to the correctness and sufficiency of the information regarding the Company by independent inquiry as they or their legal or financial advisors see fit.

The Colombo Stock Exchange (CSE) Has Taken Reasonable Care To Ensure Full And Fair Disclosure Of Information In This Prospectus. However, The CSE Assumes No Responsibility For The Accuracy Of The Statements Made, Opinions Expressed Or Reports Included In This Prospectus. Moreover, The CSE Does Not Regulate The Pricing Of The Shares, Which Is Decided Solely By The Issuer.

The Delivery of this Prospectus shall not under any circumstance constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Company since the date of this Prospectus.

You are advised to carefully read this Prospectus prior to making any investment decision. If you are in doubt regarding the contents of this Prospectus, you should consult your stockbroker or other professional advisor.



ISSUE SUMMARY

- Number of Shares to be issued** : 172,000,000 shares
- Issue Price** : Rs. 14/= (Rupees Fourteen) per share
- Amount to be raised** : Rs. 2,408,000,000 /- (Rupees Two Billion Four Hundred and Eight Million)
- Opening of the Subscription List (Opening date)** : 12th May 2011
(However applications may be made forthwith)
- Closure of the Subscription List (Closing date)** : On the day the issue is oversubscribed or 02nd June 2011 whichever date is earlier
- Minimum Subscription** : 1,000 shares (i.e. Rs. 14,000/=)
Applications in excess of 1,000 shares should be in multiples of 1,000 Shares. The minimum subscription of 1,000 shares will be allotted to all successful applicants of the Company's Initial Public Offering.

Allotment Structure :

| Application Category | Number of shares Issued | Percentage of IPO shares issued |
|----------------------------|-------------------------|---------------------------------|
| Employees | 25,800,000 | 15% |
| Retail Individual Investor | 68,800,000 | 40% |
| Unit Trusts Investor | 17,200,000 | 10% |
| Non-Retail Investor | 60,200,000 | 35% |

Employees will not receive any financial assistance from the company to purchase shares allotted at the Initial Public Offering.

Basis of Allotment :

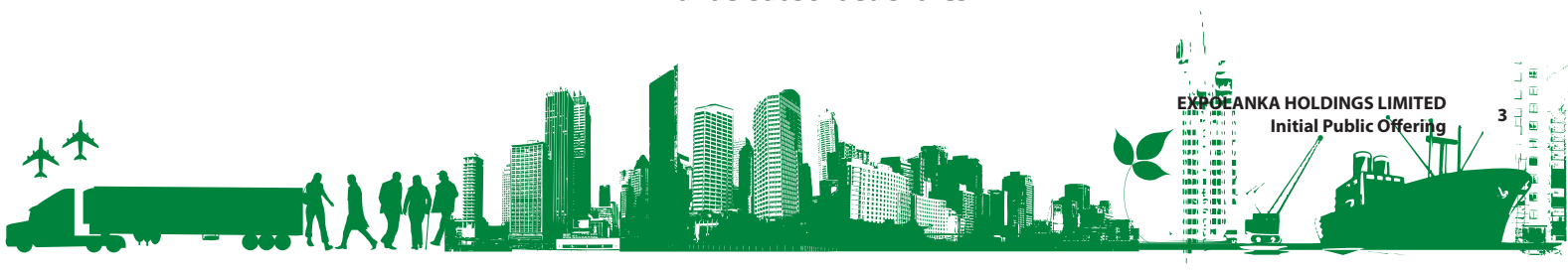
In the event of an oversubscription, the shares will be allotted according to the aforesaid "Allotment Structure", at the discretion of the Board in a fair manner.

In the event of an undersubscription in the Unit Trust Investor Category, the Retail Investor Category shall be given first priority in allotment of the undersubscribed shares.

In the event of an undersubscription in the Retail Individual Investor Category, the Unit Trust Investor Category shall be given first priority in the allotment of the undersubscribed shares.

In the event of an undersubscription of the Employees Category, the Non-Retail Investor Category shall be given first priority in the allotment of the undersubscribed shares.

In the event of an undersubscription of the Non-Retail Investor Category, both the Retail and Unit Trust Investor Categories shall be given first priority in the allotment of the undersubscribed shares.



IMPORTANT:

All resident Applicants should indicate in the Application for Shares, their NIC number or Company Registration number. The Passport number may be indicated only if the Applicants do not have a NIC number.

As per the Directive of the SEC made under Circular No.08/2010 dated November 22, 2010 and Circular No.13/2010 issued by the CDS dated November 30, 2010, all Shares allotted shall be directly uploaded to the CDS. All Applicants should indicate in the Application, the Applicants' CDS Account Number. **APPLICATIONS WHICH DO NOT CARRY THE CDS ACCOUNT NUMBER, OR WHICH INDICATE AN INCORRECT/INACCURATE CDS ACCOUNT NUMBER SHALL BE REJECTED AND NO ALLOTMENTS WILL BE MADE.**

THE ALLOTTED SHARES SHALL BE CREDITED TO THE APPLICANT'S CDS ACCOUNT as indicated in the Application Form. PLEASE NOTE THAT SHARE CERTIFICATES SHALL NOT BE ISSUED.

If you wish to open a CDS Account, you may do so prior to making the Application, through any Member/Trading Member of the CSE as set out in Annex B or through any Custodian Bank as set out in Annex C of this Prospectus.



CORPORATE INFORMATION

- Company Name** : Expolanka Holdings Limited
- Legal Form** : Incorporated in Sri Lanka on 05th March 2003 as a private limited liability Company under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007 as a Public Limited Liability Company on 11th November 2008
- Company Registration Number** : P B 744
- Registered Office** : 10, Milepost Avenue, Colombo 03
Sri Lanka
- Board of Directors** : Osman Kassim - Chairman
Hanif Yusoof - Chief Executive Officer
Sattar Kassim
Shafik Kassim
Farook Kassim
Sivakumar Selliah
Harsha Amarasekera
Sanjay Kulatunga
- Company Secretaries** : SSP Corporate Services (Private) Limited
P V 931
101, Inner Flower Road
Colombo 03,
Sri Lanka
Tel: 011 2573894, 011 2576871,
Fax: 011 2573609
- Bankers to the Company** : National Development Bank PLC
- Company Auditors** : Ernst and Young
Chartered Accountants
201, De Seram Place
P. O. Box 101
Colombo 10
Sri Lanka



RELEVANT PARTIES TO THE ISSUE

- Lead Managers and Financial Advisors to the Issue** : John Keells Capital
A division of John Keells Holdings PLC
130 Glennie Street, Colombo 02
Tel: 011 2306000 Fax: 011 2306160
- Joint Managers and Financial Advisors to the Issue** : CT Capital (Private) Limited
#4-03 Majestic City
10 Station Road, Colombo 04
Tel: 011 2584843 Fax: 011 2580181
- Bankers to the Issue** : National Development Bank PLC
PO Box 1825
40, Nawam Mawatha, Colombo 02
Tel: 011 2448448 Fax: 011 2305031
- Registrars to the Issue** : SSP Corporate Services (Private) Limited
P V 931
101, Inner Flower Road
Colombo 03, Sri Lanka
Tel: 011 2573894, 011 2576871,
Fax: 011 2573609
- Legal Advisor/Lawyer to the Issue** : Mrs. Priyanthi Pieris
Attorney-at-Law and Notary Public
Solicitor (England and Wales)
No. 3/14D, Kynsey Road
Colombo 08
- Auditors to the Issue** : Ernst and Young
Chartered Accountants
201, De Seram Place
P. O. Box 101
Colombo 10
Sri Lanka



ABBREVIATIONS USED IN THE PROSPECTUS

| | |
|---------------|---|
| ASPI | All Share Price Index |
| AWPLR | Average Weighted Prime Lending Rate |
| BOI | Board of Investment of Sri Lanka |
| CAGR | Compounded Annual Growth Rate |
| CBSL | Central Bank of Sri Lanka |
| CCPI | Colombo Consumers Price Index |
| CDS | Central Depository Systems (Private) Limited |
| CSE | Colombo Stock Exchange |
| ESC | Economic Service Charge |
| FCBU | Foreign Currency Banking Unit |
| FY | Financial Year |
| GDP | Gross Domestic Product |
| GOSL | Government of Sri Lanka |
| IPO | Initial Public Offer |
| IRD | Inland Revenue Department of Sri Lanka |
| MPI | Milanka Price Index |
| NRFC | Non Resident Foreign Currency |
| RFC | Resident Foreign Currency |
| Rs | Sri Lankan Rupees |
| NIC | National Identity Card |
| POA | Power of Attorney |
| RANSI | Rupee Account for Non-Resident Sri Lankan Investment |
| SEC | Securities and Exchange Commission of Sri Lanka |
| SIA | Securities Investment Account (formerly referred to as SIERA) |
| SHARES | Ordinary Voting Shares |
| SLIPS | Sri Lanka Interbank Payment System |
| SIERA | Share Investment External Rupee Account |
| SLCPI | Sri Lanka Consumer Price Index |



GLOSSARY OF TERMS RELATED TO THE ISSUE

| | |
|------------------------------------|---|
| Employees | : Any person employed permanently or on fixed term contract and in the payroll of the Expolanka Group |
| New Shares / Offered Shares | : One hundred and seventy two million (172,000,000) new Ordinary Shares, each to be issued by the Company, to the general public at the Share Offer Price |
| Non-Retail Investor | : An application for more than 3,000 shares of the Company or Rs. 100,000 whichever is higher in value, that does not fall under the Employee or Unit Trust Investor categories |
| Offer for Subscription | : An invitation to the public by the Company to subscribe for One hundred and seventy two million (172,000,000) new Ordinary Shares of the Company in terms of this Prospectus under “Details of the Issue” |
| Issue | : The Offer for Subscription under the provisions of this Prospectus |
| Prospectus | : This Prospectus dated 12th April 2011 issued by Expolanka Holdings Limited |
| Retail Individual Investor | : An application by an individual investor for a maximum of 3,000 shares of the Company or a value not more than Rs. 100,000 whichever is higher |
| Public Holding | : Shares of a Listed Entity held by any person other than those directly or indirectly held by, its parent, subsidiary or associate companies or any subsidiaries or associates of its parent company; its directors who are holding office as directors of the Entity, their spouses and children under 18 years of age; its Chief Executive Officer, his/her spouse and children under 18 years of age; and any single shareholder who holds 10% or more of the issued shares of the Entity |
| Share Offer Price | : The price determined by the Board of Directors of Expolanka Holdings Limited as outlined under Issue Summary (Rs. 14/= per share) |



- The Board or Board of Directors** : The Board of Directors of Expolanka Holdings Limited
- The Company** : Expolanka Holdings Limited
- The Group/ Expolanka Group** : Expolanka Holdings Limited and its Subsidiaries and Joint Ventures
- Unit Trust** : Growth or balanced unit trusts operated by Managing Companies licensed by the SEC, where such unit trust comprises not less than 500 unit holders resident in Sri Lanka who together hold at least 50% of that trust
- Joint Venture** : The Group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venture has an interest.



FORWARD LOOKING STATEMENTS

All statements mentioned in this prospectus that are not of historical fact constitute “Forward looking statement”. Such statements could be recognised by phrases such as “expect”, “anticipate”, “estimate”, “intend”, “may”, “plan to”, “believe”, “could”, “would”, “will” or similar terms. However, these words are not exclusive means of identifying forward looking statements. All statements pertaining to expected financial position, business strategy, plans and prospects of the Company are classified as forward looking statements.

Forward looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance and achievements to materially differ from any future results, performance or achievements expressed or implied by forward looking statements herein.

Such risks and uncertainties include but are not limited to;

- Changes in political, social and economic conditions, and laws and regulations and the interpretation thereof in the jurisdictions where the Company conducts its business or expects to conduct business
- Changes in customer preferences and needs
- Changes in competitive landscape
- Changes in prices and availability of raw materials
- Changes in structure of customs duties, other import levies and corporate taxation
- Changes in Future capital needs and availability of financing and capital to Fund these needs
- Additional factors described under “**Investment Considerations and Associated Risk**” of this prospectus

In making an investment decision, prospective investors must rely on their own examination and assessment of the Company including the above risks, which may not be within the Company’s scope of control.



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I THE ISSUE

1.1 INVITATION TO SUBSCRIBE

Applications are invited from the Public to subscribe for One Hundred and Seventy Two Million (172,000,000) new Ordinary Voting Shares of the Company at a price of Rupees Fourteen (Rs. 14/-) per share under the terms and conditions set out in this Prospectus.

1.2 NATURE OF THE OFFERED SHARES, PRICE AND TRANSFERABILITY

The shares, upon allotment will rank pari passu with the existing issued Ordinary Shares of the Company with full voting rights and the right to participate in any dividend declared to Ordinary Shareholders by the Company after the allotment of the offered shares and the right to an equal share in the distribution of the surplus assets of the Company on liquidation.

The Board of Directors have, after careful consideration, resolved that the Issue price of Rupees Fourteen (Rs. 14/-) per share is fair and reasonable to the Company and to all existing Shareholders of the Company.

The shares of the Company are freely transferable.

The new shares shall not be transferable by the shareholders during the period commencing from the date of allotment of the shares and up to the date of commencement of trading on the CSE.

1.3 OBJECTIVES OF THE ISSUE

The Company intends to raise a sum of Rs. 2,408 Mn from the issue to fund Group investments, reduce outstanding debt and increase working capital within the Group as specified in descending priority below:

- 1) The Company will utilise Rs. 908 Mn from the total proceeds raised to reduce long-term debt outstanding. Details of the particular facilities and the rates currently incurred are given in section 3.8, Details of Loan Capital, Material Indebtedness and Mortgages. The Company expects to commence utilising the proceeds from August 2011.
- 2) The Company will enhance working capital by Rs. 1,000 Mn to specific Group entities with a view to increase operating capacity, measured by the volume of activity at its main business segments. The proceeds will be managed by the Corporate Treasury Department of Expolanka Holdings Limited and will be supplied on demand to Group entities under a suitable return. Details on the future strategies of the Company are given in section 3.3, Future Strategies of the Company. The Company expects to commence utilising the proceeds from June 2011.
- 3) The Company will utilise Rs. 500 Mn to expand the existing warehouse capacity to supplement the Group's expansion into the local Transport and Logistics Sector, specified in section 3.3.1 of this prospectus. The Company expects to commence utilising the proceeds from September 2011.



The Issue will also facilitate the listing of the Company's ordinary shares on the Main Board of the Colombo Stock Exchange with a view to:

- Strengthen the Company's brand identity in the local and global capital markets
- Broaden the ownership of the Company
- Enhance the marketability of the Company's shares
- Permit the Company greater access to the domestic capital market

The Issue is not underwritten. In view of the Company's ability to generate positive operating cash flows and the availability of un-drawn bank facilities, the Company is confident that it can meet any shortfall in the event of an under subscription of the issue, through internally generated funds and borrowings.

1.4 REGISTRATION OF THE PROSPECTUS

This Prospectus is dated 12th April 2011.

A duly signed copy of the Prospectus has been delivered to the Registrar General of Companies for registration in accordance with the provisions of the Companies Act No. 7 of 2007. The following documents are attached to the copy of the Prospectus delivered to the Registrar General of Companies:

- a) The written consent by the Auditors and Reporting Accountants and the Managers / Registrars to the Offering for the issue of the Prospectus with the inclusion of their statements in the form and content in which they are included.

They have not before the delivery of a copy of the Prospectus for registration with the Registrar General of Companies, withdrawn such consent.

- b) The written consent by the Auditors and Reporting Accountants, Lawyer and Bankers to the Issue for the inclusion of their respective names in the Prospectus.

They have not before the delivery of a copy of the Prospectus for registration with the Registrar General of Companies, withdrawn such consent.

- c) A declaration by each of the Directors of the Company confirming that each of them have read the provisions of the Companies Act No.7 of 2007 relating to the issue of the Prospectus and that those provisions have been complied with.

This Prospectus has not been registered with any authority outside Sri Lanka.

1.5 LISTING

An Application has been made to the CSE for permission to deal in and for a listing of 1,954,915,000 Ordinary Voting Shares being the entirety of the shares represented in the Stated Capital of the Company subsequent to the Issue.

Upon the successful completion of the Issue, and satisfying the requirements of the CSE Listing Rules, the Company will be listed on the Main Board of the CSE.



1.6 SUBSCRIPTION LIST – OPENING AND CLOSURE DATE

The subscription list for the offered shares will open at 9.00 a.m. on 12th May 2011 and shall remain open for fourteen (14) Market Days until closure at 4.30 p.m. on 2nd June 2011.

APPLICATIONS MAY HOWEVER BE MADE FORTHWITH

In the event of an over subscription of the offered shares prior to the date scheduled as the closing date of the period for the subscription, the Company shall inform the CSE in writing immediately of such fact and, with notification to the CSE, the subscription list will be closed at 4.30 p.m. on the same day on which it is fully subscribed.

1.7 PROCEDURE FOR APPLICATION

Annex A sets out the detailed Procedure for Application.

1.8 COLLECTION POINTS FOR PROSPECTUS AND APPLICATION FORMS

Copies of this Prospectus and Application Forms may be obtained free of charge from the parties named in Annex B – Collection Points.

1.9 BANKING OF PAYMENTS, BASIS OF ALLOTMENT, CDS LODGEMENTS, NON ISSUE OF CERTIFICATES, REJECTS AND REFUNDS

Annex A sets out further information concerning the Issue pertaining to the above.

1.10 DECLARATION TO THE COLOMBO STOCK EXCHANGE AND SECONDARY MARKET TRADING

The Company will submit to the CSE a Declaration on the Market Day immediately following the day on which Investors' CDS accounts are credited with securities. Trading of Ordinary Shares of the Company on the secondary market will commence on or before the third Market Day from the receipt of the Declaration by the CSE.

(Accordingly, the Commencement day for Trading shall not exceed the 22nd Market day from the day of closing of the Subscription List).



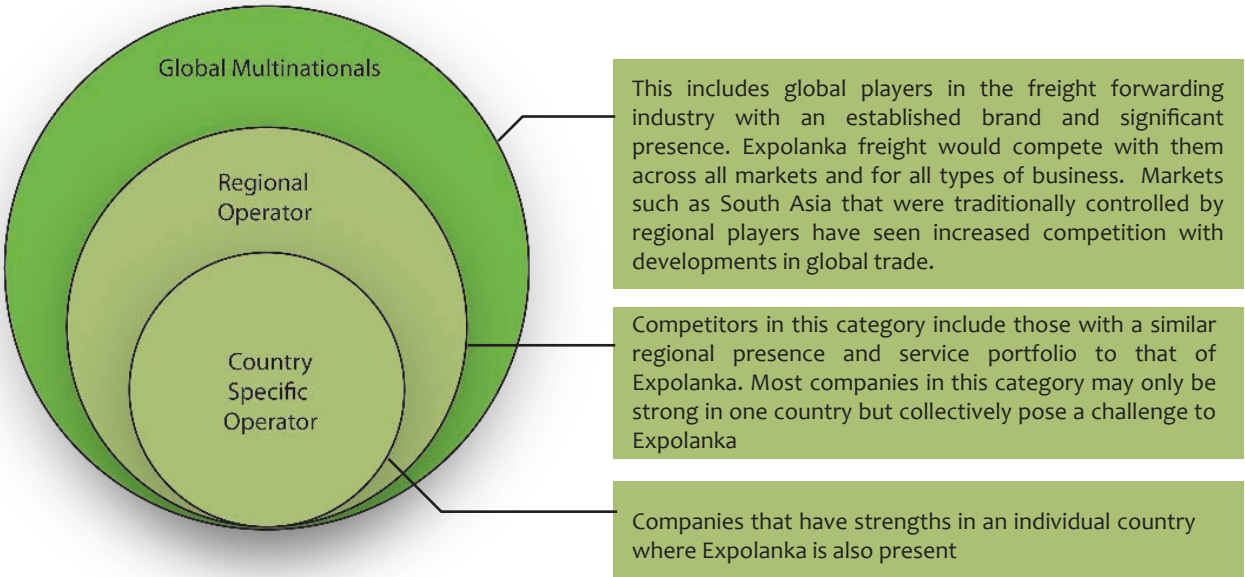
II. INDUSTRY ANALYSIS

2.1 TRANSPORTATION AND LOGISTICS SECTOR

The Group’s Transportation and Logistics Sector consists of the business operations in freight forwarding, logistics management, airline representation, travel and tours and the hospitality industry.

Expolanka Groups’ freight forwarding companies are leading players in South Asia with a sizable presence in Sri Lanka, India and Bangladesh. Expolanka Freight has a vast global network spanning many countries across various continents. The Freight Sector’s customer portfolio includes many of the world’s top brands in fashion logistics, agricultural exports, electronics and telecommunication industries. The company’s global network allows the Group to identify changes in market dynamics and proactively offer novel solutions to its customer base.

The competitive landscape for Expolanka Freight, can be largely divided into the following categories



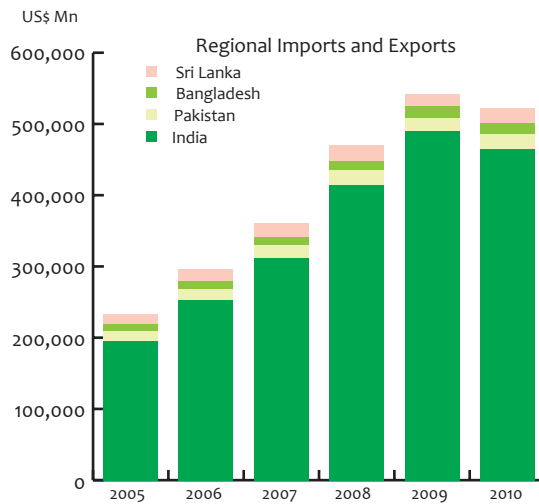
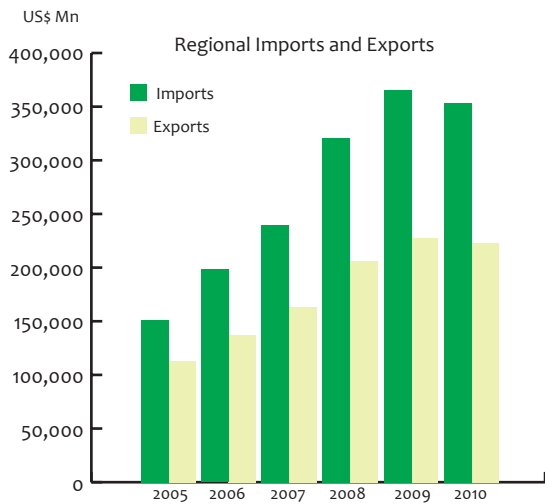
2.2 TRANSPORTATION

The Transportation Sector’s performance is driven by the level of trade volume that is prevalent both locally and internationally. Therefore external trade, an indicator of global trade volumes, is an important component and a contributor towards the Transportation Sector.

External trade in the South Asian region has witnessed a remarkable growth over the past decade. Since 2005, total external trade in the Indian subcontinent has increased at a CAGR of 13.9% despite a slowdown in 2008 to 2010 on account of the global recession.

Trade volumes in the region doubled to US\$ 521 Bn from 2005 to 2008, but registered a meagre growth of 9% in the ensuing three years. India continues to be the dominant market in the region consistently accounting for 85% to 90% of external trade in the region during the same period.

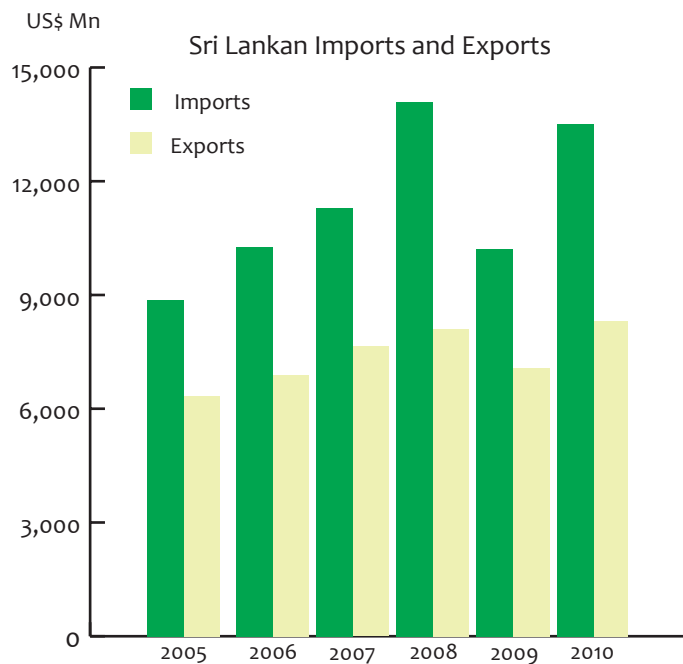




Source (s) - CBSL, Reserve Bank of India, State Bank of Pakistan, Central Bank of Bangladesh

On average, Sri Lanka, Pakistan and Bangladesh have accounted for 13% of the market share for total trade from 2005-2010. India is expected to grow in the immediate future spurred by an increase in economic activity and increased domestic consumption.

Total trade Volumes for Sri Lanka stood at USD 22 Bn (YoY increase of 26%) for 2010 even though the South Asian region as a whole experienced a 2.7% reduction during the same period. The end to the Country's internal conflict spanning three decades has given rise to improved external trade, which is evidenced from the diagram below.



Source : Central Bank Annual Report

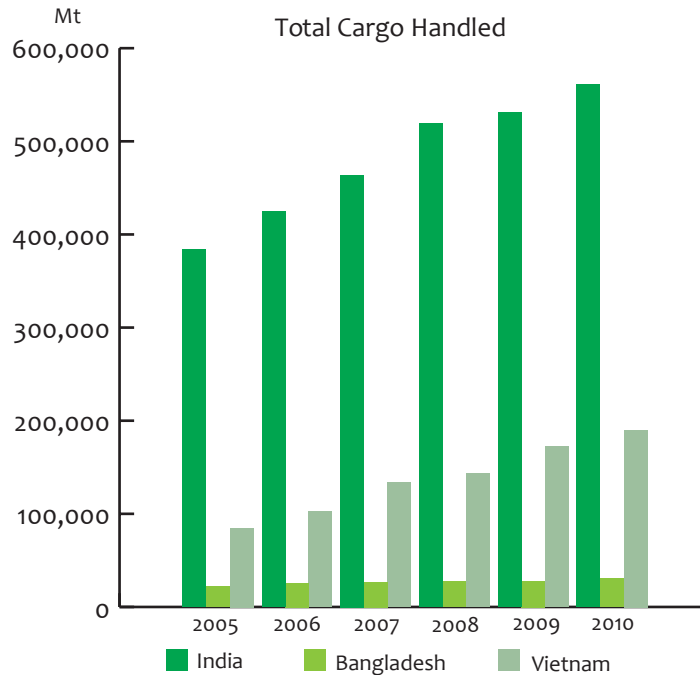
Services such as freight transport and logistics should grow in line with regional growth as these services are essential to facilitate international trade.



2.3 PORT CONTAINER TRAFFIC

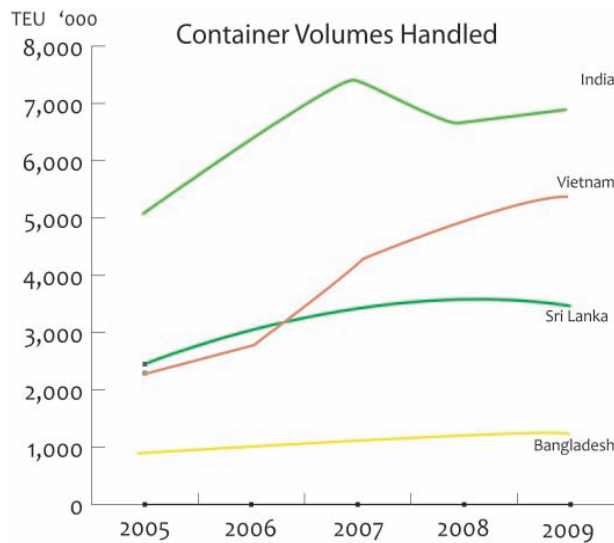
Overall Cargo volumes have seen a steady increase during 2004-2009 in the South Asian region with India dominating total volumes. The principal markets Expolanka operates in are India, Bangladesh and Vietnam, with 764 Mn tons (YoY increase of 8.7%) of cargo handled.

In terms of total volume, cargo volumes handled in these markets have grown steadily between 2004-2009 at a CAGR of 11.1%. India dominated the region in terms of cargo handled, accounting for 73% of the market share in 2009. The constant increase in cargo volumes handled during 2005-2009 despite the global recession demonstrates the strategic importance of the region as a whole in terms of cargo handling.



Vietnam Figures for 2010 are Management Estimates based on available data
Source(s) - Indian Ports Association, Chittagong Port Authority and Vietnam Sea Ports Association.

2.4 PORT CONTAINER VOLUMES HANDLED (Twenty Foot Equivalents – TEUs)



Source(s) - Sri Lanka Ports Authority, Ministry of Shipping (IND)
Chittagong Port Authority, Vietnam Sea Ports Authority



Total container volumes handled in the South Asian/South East Asian markets where Expolanka operates comprising of Sri Lanka, India, Vietnam and Bangladesh stood at 16.9 Mn TEUs in 2009 (YoY increase of 3.2%). Overall, TEU volumes increased by a CAGR of 10% during the years 2005-2009. India accounted for 40% of total TEUs in 2009 reaffirming its position as the most dominant player in the South Asian region.

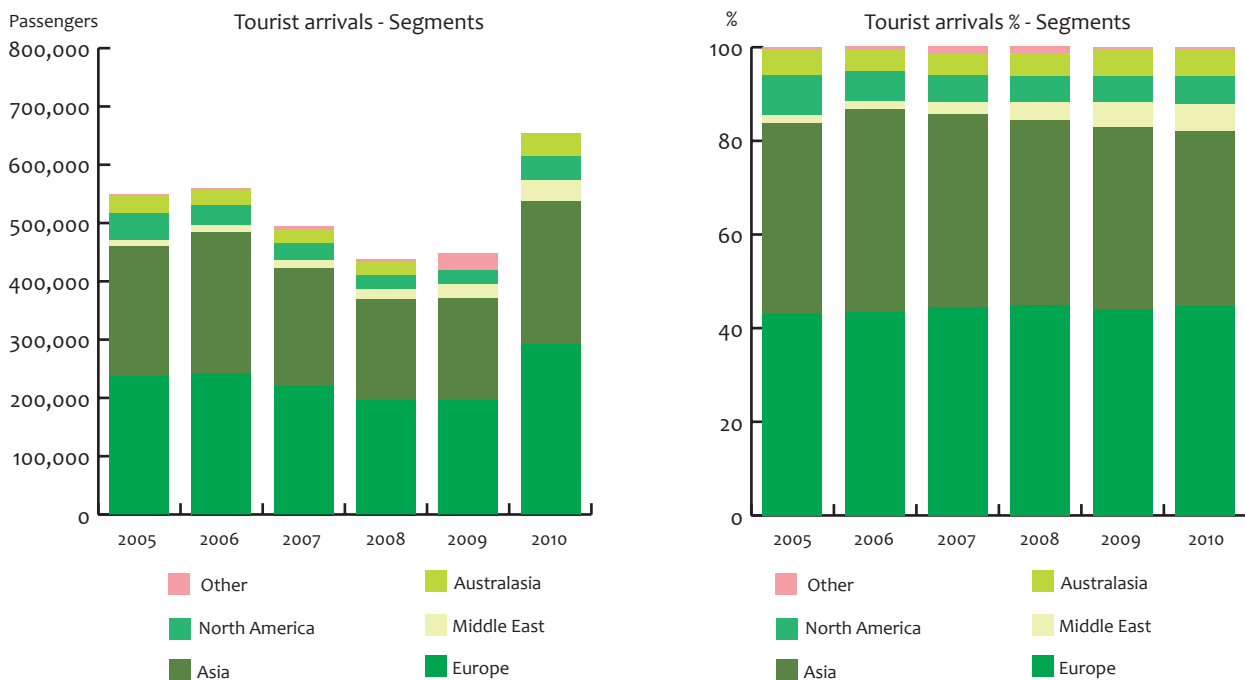
Vietnam experienced the highest growth in TEUs handled in the region in 2009 with the TEU figure at 5.4 Mn (YoY increase of 9%). A 9% growth in Vietnam in comparison to the South Asian industry growth of 3.2% reflects the growing trade volumes in the country and the economic development that is taking place.

The total TEUs handled in Sri Lanka declined by 6.2% to 3.4 Mn in 2009 primarily due to the negative sentiment that prevailed amongst the shipping community as a result of the Country's internal conflict. Ships avoided the Colombo port due to security reasons resulting in a decline in total volumes. However, due to the developments on the economic front post war, total TEUs surpassed 4 Mn in 2010.

2.5 TRAVEL TOURISM AND AIRLINE REPRESENTATION AGENCIES

Total passenger traffic at the BIA increased by a CAGR 7% over the past ten years. Tourists arrivals and departures accounted for approximately 30% of total passenger traffic whilst arrivals and departures of Sri Lankan Nationals account for over 50% of passenger volumes (Source: Sri Lanka Tourism Development Authority).

Departures of Sri Lankan Nationals travelling overseas have increased by a CAGR of 7% over the past 10 years to 1,107,204 passengers. Rising disposable incomes in a post war era bundled with an increased business travel and greater commercial integration with regional economies: the growth rates for the segment are expected to enhance significantly.



Source : Sri Lanka Tourism Development



Total passenger arrivals in 2010 amounted to 1.7 Mn, of which 38% were tourists. Tourist arrivals have seen a resurgence post war and have grown by 46.1% YoY to 654,476 passengers in 2010. Tourists from Europe accounted for 45% whereas tourists from Asia accounted for 37% of the total tourist arrivals. The European segment brought in 292,378 visitors for 2010 (YoY increase of 49%) making it the largest contributor to total tourist arrivals. From a cumulative perspective, the two regions, namely Europe and Asia, accounted for 82% of total tourist arrivals in 2010.

Indian arrivals accounted for 52% of total Asian arrivals and 19% of the total tourist arrivals in 2010. The arrivals from the Indian segment have increased by 52% in 2010 making it amongst the fastest growing tourism markets for the country. The United Kingdom and Germany are the second and third largest growth segments for Sri Lanka, showing strong growth post-recovery.

The removal of Sri Lanka's name from the list of 'high risk' destinations has had a positive impact on the country from a global perspective not only in the form of an increase in arrivals but also in the form of an increase in the number of airline carriers visiting the country. Airline carriers have increased the frequency of their flights to the nation and two additional carriers have been added to the list of carriers touching down in Sri Lanka, bringing the total number of airline carriers to 22 as at May 2010.

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 (May) |
|-------------------------|------|------|------|------|------|------------|
| Airline Carriers | 24 | 23 | 21 | 20 | 20 | 22 |

2.6 INTERNATIONAL TRADING SECTOR

The Group is a leading player in the export of fresh and desiccated coconuts, black tea, fruits and vegetables and is a leading importer of sugar and lentils. The Group has further diversified its product portfolio by moving into dehydrated products, ethnic products and ready to eat products and juices.

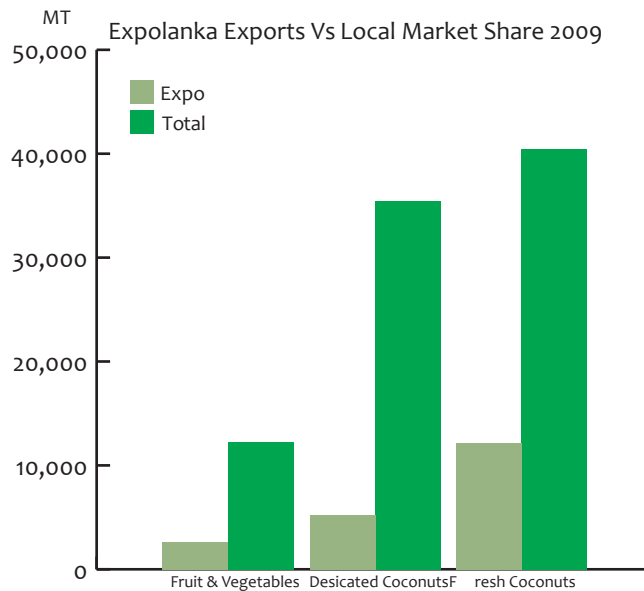
2.7 AGRICULTURE EXPORTS

Global agriculture exports in 2009 amounted to USD 1,169 Bn with Asia contributing USD 226 Bn (6.3% of total exports). China is the leader in terms of global vegetable produce. The value of global agricultural trade was USD 1,802 Bn in 2009 of which India represented 1.55% at USD 28 Bn.

Sri Lankan agricultural exports in 2009 amounted to USD 2.57 Bn (12% of GDP). The contribution to total GDP by the agriculture sector has constantly remained at 12% during 2005-2009. The end to the Country's internal conflict resulted in 1/3rd of the land base in the country freeing up and the GOSL hopes to utilise a portion of this previously unutilised land to develop the agriculture industry.

The desiccated coconuts and fresh nuts exported in 2009 amounted to 292 Mn and 59 Mn nuts respectively.





Source : Management Information

2.8 TEAS

The growth of Expolanka Teas is in line with the growth in the overall tea industry.

2.9 LOCAL TEA INDUSTRY AND THE EXPORT MARKET

Total tea production increased in 2010 to 338 Mn Kg (YoY increase of 19%) due to favourable weather conditions that increased the overall tea yield. Of the additional 55 Mn Kg increase, low grown tea production contributed 64% accounting for 35 Mn Kg (YoY increase of 21%) of the incremental total output.

However in 2009, tea production decreased by 10% to 283 Mn Kg compared to the previous year. Dry weather conditions in all tea planting districts were the cause of the decline. Labor conflicts rule during the latter part of 2009 also slowed the growth momentum of the tea industry of Sri Lanka.

The decline in tea production in 2009 was a global occurrence which resulted in a drop in world tea production by 2.2% compared to the production figures in 2008.

The average NSA for tea was Rs. 389/kg in 2010 (YoY increase of 4%) whereas the Average NSA was Rs. 374/Kg in 2009 (YoY increase of 74%). The sudden increase in 2009 was due to a significant decline in global tea production as a result of unfavourable weather conditions in major tea producing countries.

Sri Lanka is the second largest tea exporter in the world with the majority of its total production being exported. Its export market is valued at approximately USD 1.5 Bn and its global share in exports is approximately 21%.

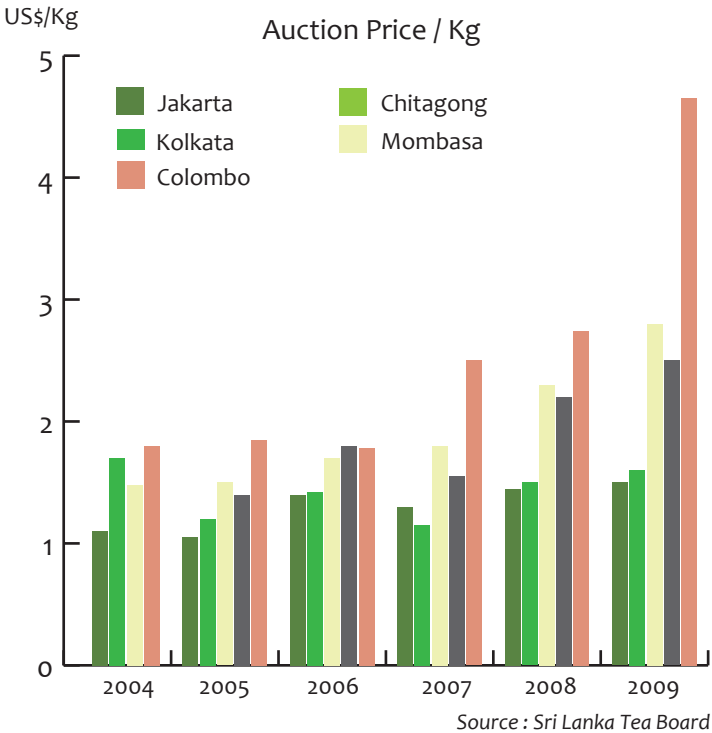
| Country | 2006 (MT) | 2007 (MT) | 2008 (MT) | 2009 (MT) |
|-----------|-----------|-----------|-----------|-----------|
| Kenya | 312,156 | 343,703 | 383,444 | 342,482 |
| Sri Lanka | 314,915 | 294,254 | 298,821 | 279,839 |
| China | 286,594 | 289,431 | 296,935 | 302,949 |
| India | 215,672 | 175,454 | 200,070 | 189,000 |
| Vietnam | 105,116 | 110,929 | 104,000 | 95,000 |

* Includes teas exported and re-exported: includes Green Tea but excludes Instant Tea
Source: International Tea Committee – Annual Bulletin of Statistics 2010



Kenya recently overtook Sri Lanka as the largest tea exporter in the world. Due to its ability to produce high quality tea Sri Lanka has been able to fetch much higher prices at auctions. In 2009, the average export price of tea reached USD 4.65 per kg which was considered a record price.

Furthermore, the average price registered at auction level has seen an increase of 17% compared to a less than 10% increase in other regions.



At present Sri Lanka, exports its tea to more than 135 countries of which the main export destinations are Russia and the Middle East, accounting for 36% of overall tea exports

2.10 STRATEGIC INVESTMENTS

Expolanka has a 51% stake in HelloCorp, which is the first BOI approved Business Process Outsourcing (BPO) company in Sri Lanka. The Group has also forayed into the education sector via its strategic acquisition of a 44% stake in APIIT Lanka (Private) Limited.

The BPO Industry in Sri Lanka is at an early stage where the potential for growth is significant. As an emerging market it has only a very few active players in the Industry. Many international and local corporates are evaluating options to minimize costs and streamline its operations to move towards outsourcing their services, particularly back office functions such as accounting, payroll processing, HR and other support services. The emergence of such trends will further propel the BPO industry forward.

The GOSL has identified the BPO and Information Communication Technology (ICT) industries as growth areas and plans to make Sri Lanka a knowledge based economy. The company has been awarded a contract in 2010 by SriLankan Airlines to handle its Global Contact Centre operations.

Additionally, the market for international academic qualifications has grown over the last few years with many Sri Lankan students aspiring to pursue their higher education with foreign affiliated universities. In addition the GOSL is also promoting academic education providers by attracting foreign universities to the country with the objective of positioning Sri Lanka as an educational hub in the region.



III. THE COMPANY

3.1 HISTORY AND DESCRIPTION

Expolanka Holdings Limited is a public limited liability Company which was incorporated in Colombo on 5th March 2003 as a private limited liability Company under the Companies Act No. 17 of 1982 as “EXPOLANKA CORPORATE (PRIVATE) LIMITED”. The Company was converted to a public Company on 05th April 2005 under the Companies Act No. 17 of 1982 under the name “EXPOLANKA HOLDINGS LIMITED” and re-registered under the Companies Act No. 07 of 2007 as a Public Limited Liability Company on 11th November 2008 bearing Company registration number PB 744.

Incorporated in 2003, Expolanka Holdings Limited is the Holding Company of the Expolanka Group, which commenced operations in 1978. The Group has diversified interests in Transportation, International Trading, Manufacturing and Strategic Investments.

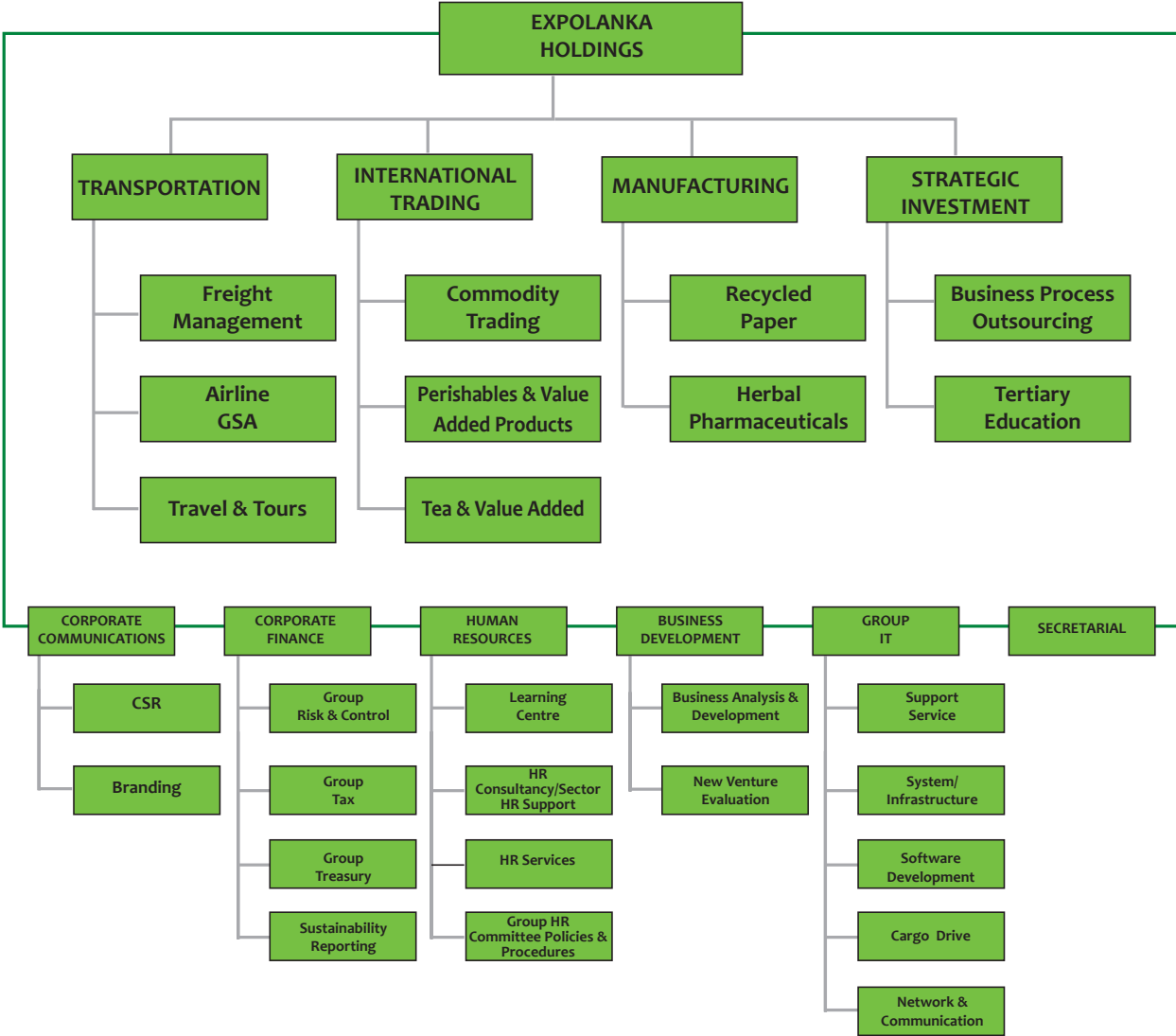
The Company’s main income sources include profits earned at its primary business sector subsidiaries and joint ventures which include group companies in the Transportation, International Trading, Manufacturing and Strategic Investment Sectors.

With a consolidated turnover of over Rs. 25.82 Bn, for the 9 month period ending 31 December 2010, and subsidiaries and associate companies in over 11 countries and 38 cities, the Group has expanded its breadth and size within a relatively short space of operations since its inception.

In the Transportation Sector, several Companies in the Group are the leading players in Sri Lanka and the Indian sub-continent. The Group has also established an extensive network of offices across the Asian, Middle Eastern and Sub-Saharan regions. In addition Expolanka also has a strong presence in the airline representation business with many partnered airlines and is also a leading player in the travels and tours business. The Group has also established a destination management company to cater to the growing demands of inbound tourism. In the International Trading sector, Expolanka has been a leading exporter of fresh produce for a number of years and has successfully grown in other areas such as tea trading and agro processing. In the Manufacturing Sector, it is one of the largest processors and manufacturers of Black Seed based products in the world, and also owns Neptune Papers (Private) Limited, which has a 19% market share in waste paper export for recycling in Sri Lanka. The Group’s strategic investment arm invests in new high growth areas, in keeping with its policy of innovation, and currently holds investments in tertiary education and Business Process Outsourcing (BPO).



3.1.1 The Expolanka Group Operating Structure



3.1.2 Timeline of the Group

HISTORY OF EXPOLANKA

Growth, Diversity, Versatility & Stability

Defining Factors of Expolanka Group Key Milestones

2500 employees,
24 nationalities

2010

Divestment of Expo Aviation and Denshun.
Sell down by major shareholders to broad base ownership.
Establishes Expo Freight Vietnam and PT Unipara.

2009

Expolanka ventures into the local tea market with the launch of 't-sips' Sri Lanka's first dedicated Perishable Logistics company, Peri Logistics, is incorporated.
Air Astana Cargo/Passenger GSA in Sri Lanka.
Establishes Luke Asia, Expolanka's Destination Management company, in Colombo.
Formation of Expolanka Executive Council.
Establishment of Ecologi Foundation to carry out various CSR & environment-related activities.
Expolanka signs a joint venture agreement with Airline Cargo Resources & represents Virgin Cargo in Bangladesh.
Expolanka represents Virgin Passenger operations in Bangladesh after entering a joint venture agreement with Airline Services Limited.
Expolanka enters a joint venture agreement with Cross Freight and represents Swiss Air Cargo in Bangladesh.
Expolanka signs a joint venture agreement with Freight Care and represents Air France & KLM in Bangladesh.
Expolanka receives Microsoft Dynamic Rating on IT's Core Infrastructure.

2007

Re-launch of Expolanka with a new brand and identity.
Implementation of Oracle as Group ERP System.
Schenker Global Agency in Sri Lanka was awarded to S.G. Logistics.

2004

Expolanka Invests in Bangladesh.
Expolanka Invests in Pakistan.
Expolanka becomes the Cargo GSA for Saudi Air in Bangalore, Trivandrum and Cochin India by investing in International Sky Services (Pvt) Ltd.

2005

Expolanka Plantations is incorporated.
Expolanka Freight (Pty) Ltd. (South Africa) is incorporated.
Expolanka Freight Limited (Kenya) is incorporated.
Investment into Expolanka Freight Madagascar.
Investment into Expolanka Freight Limited Mauritius.

2006

Expolanka becomes the Cargo GSA for Air France Cargo in Sri Lanka.
Investment into Expolanka Freight FZCO Dubai, which represents American Airlines Cargo.
Expolanka Invests in Air Line, Cargo Resources FZCO Dubai which represents Virgin Cargo Operations.

2007

Expolanka ventures into the Travel Agency business with the incorporation of Classic Travels.
Expolanka commences operation of airlines with Expo Aviation L.
Expolanka is awarded the GSA of Saudi Air Cargo & incorporates globe Air Limited.

2003

Expolanka commences operations with the incorporation of Expolanka (Pvt) Limited to export fresh produce.

2004

Expolanka invests in India.
Virgin Atlantic appoints Expolanka as their Cargo GSA in Dubai.

2005

Virgin Atlantic KLM & Czech Airlines grant Cargo GSAs in Sri Lanka to Expolanka.
Incorporation of BAX Global (Pvt) Limited.
Expolanka moves into the Education Sector forming APBIT Lanka.
Sri Lanka's first-ever call centre, Hello Corporation (Pvt) Ltd., is incorporated.
Expolanka Pharmaceuticals is incorporated.

2006

Expolanka receives the GSA for Royal Jordanian Airlines.

2007

Expolanka diversifies into the Tea Export business with Expolanka Teas (Pvt) Ltd.

2008

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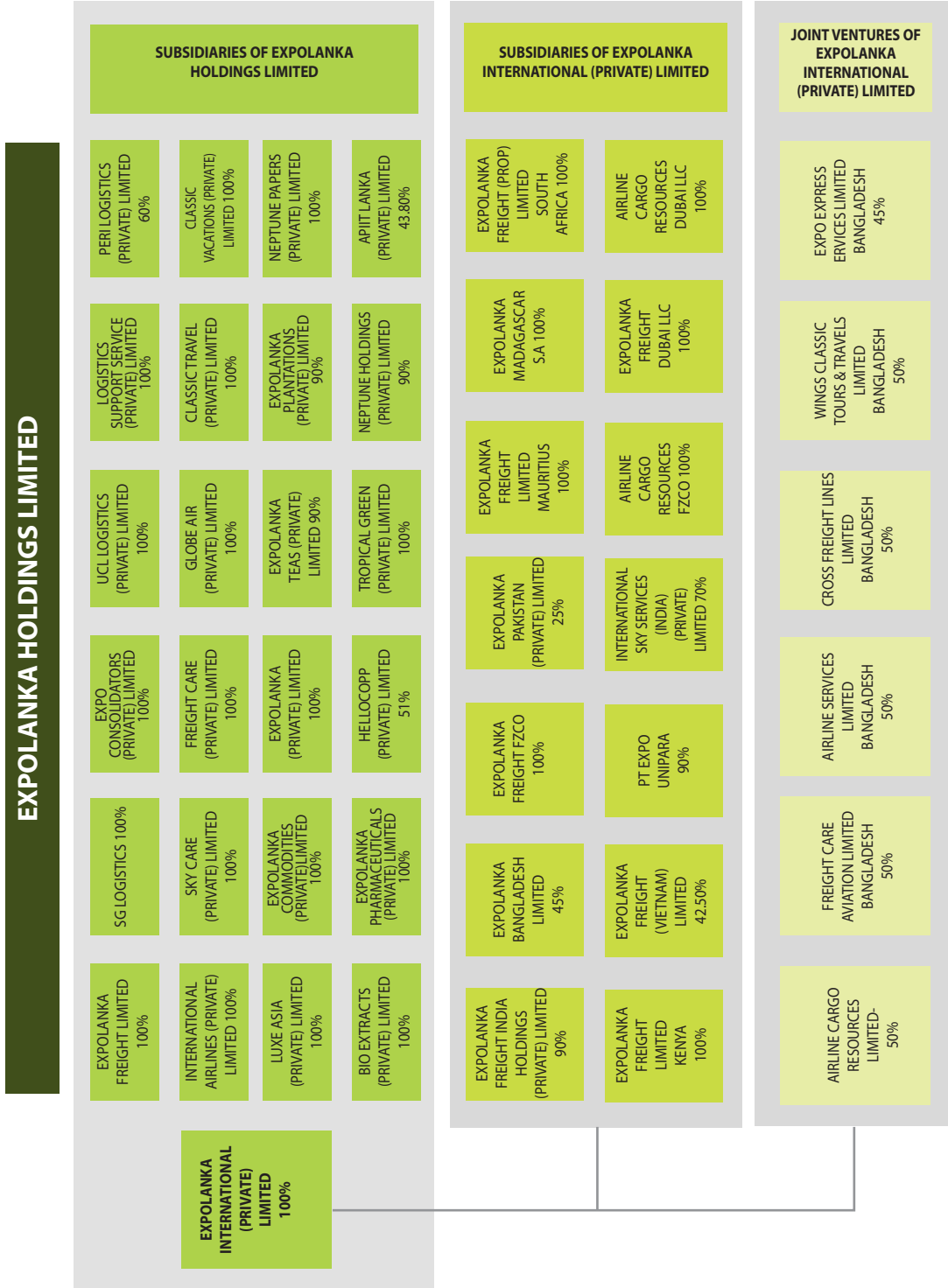
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2008

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3-1.3 The Group Chart

The Expolanka Group is involved in various business enterprises across the globe and is present in a number of countries. Each business segment contributes positively to the group. The Holdings office plays an important role in assisting and providing direction to all business units both located in Sri Lanka and overseas.



3.1.4 The Business Units of the Group

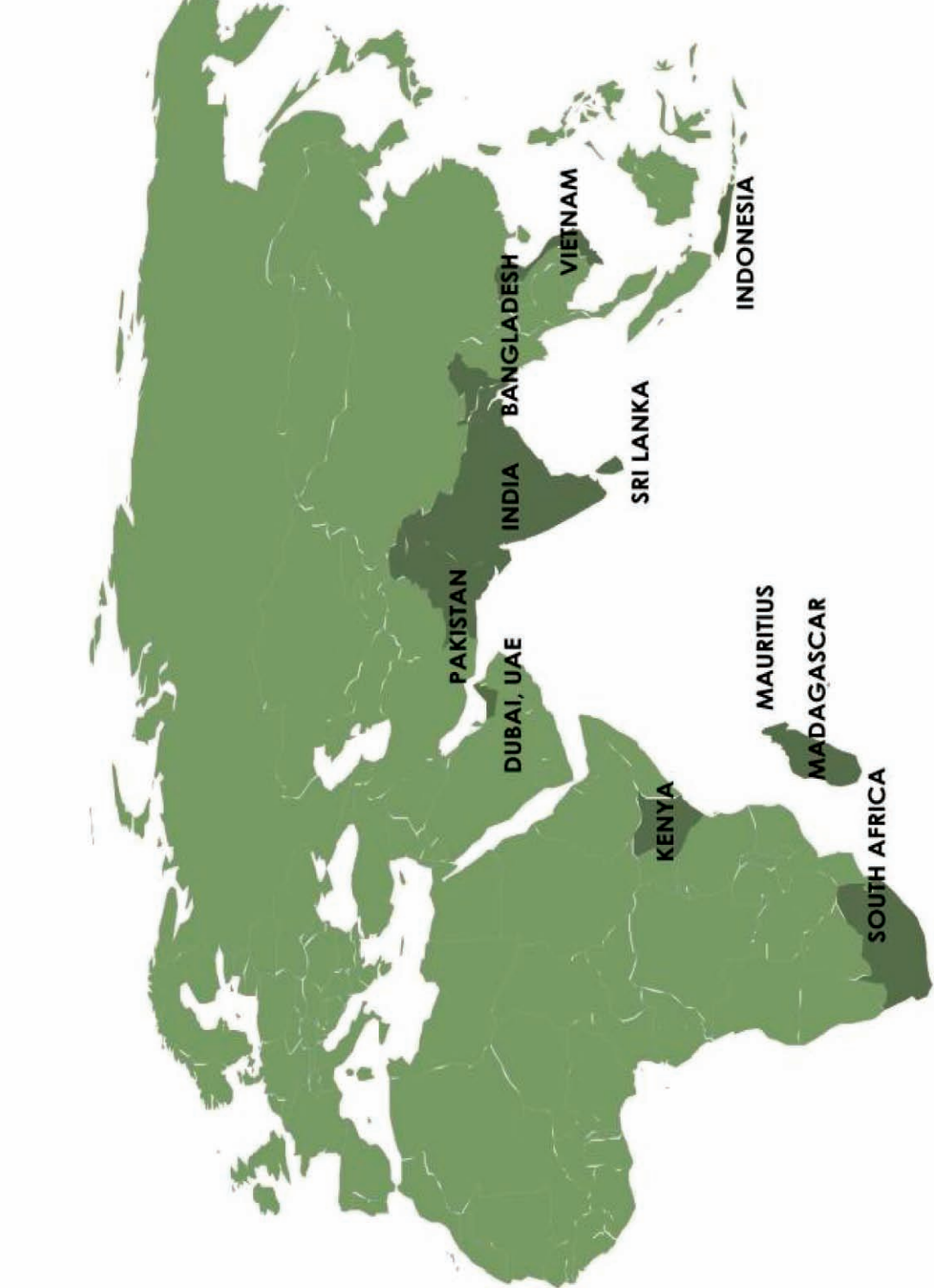
Table 01 – Business Units of the Group

| No | Companies | Holdings % | No | Companies | Holdings % |
|----|--|------------|----|--|------------|
| 1 | Expolanka Holdings Limited | | 24 | Freight Care Aviation Limited - Bangladesh | 50% |
| 2 | SG Logistics (Private) Limited | 100% | 25 | Airline Services Limited - Bangladesh | 50% |
| 3 | Expo Consolidators (Private) Limited | 100% | 26 | Cross Freight Lines Limited - Bangladesh | 50% |
| 4 | UCL Logistics (Private) Limited | 100% | 27 | Wings Classic Tours and Travels Limited - Bangladesh | 50% |
| 5 | Logistics Support Service (Private) Limited | 100% | 28 | Expo Express Services Limited - Bangladesh | 45% |
| 6 | Peri Logistics (Private) Limited | 60% | 29 | Classic Travel (Private) Limited | 100% |
| 7 | Expolanka Freight India Holdings (Private) Limited | 90% | 30 | Classic Vacations (Private) Limited | 100% |
| 8 | Expolanka Bangladesh Limited | 45% | 31 | Luxe Asia (Private) Limited | 100% |
| 9 | Expolanka Freight FZCO | 100% | 32 | Expolanka Commodities (Private) Limited | 100% |
| 10 | Expolanka Pakistan (Private) Limited | 25% | 33 | Expolanka (Private) Limited | 100% |
| 11 | Expolanka Freight Limited – Mauritius | 100% | 34 | Expolanka Teas (Private) Limited | 90% |
| 12 | Expolanka Madagascar S.A. | 100% | 35 | Expolanka Plantations (Private) Limited | 90% |
| 13 | Expolanka Freight (Proprietary) Limited - South Africa | 100% | 36 | Neptune Papers (Private) Limited | 100% |
| 14 | Expolanka Freight Limited – Kenya | 100% | 37 | Bio Extracts (Private) Limited | 100% |
| 15 | Expolanka Freight (Vietnam) Limited | 42.5% | 38 | Expolanka Pharmaceuticals (Private) Limited | 100% |
| 16 | PT Expo Unipara | 90% | 39 | HelloCorp (Private) Limited | 51% |
| 17 | International AirLines (Private) Limited | 100% | 40 | Asia Pacific Institute of Information Technology Lanka (Private) Limited | 43.8% |
| 18 | Sky Care (Private) Limited | 100% | 41 | Expolanka Freight (Private) Limited | 100% |
| 19 | Freight Care (Private) Limited | 100% | 42 | Expolanka International (Private) Limited | 100% |
| 20 | Globe Air (Private) Limited | 100% | 43 | Tropical Green (Private) Limited | 100% |
| 21 | International Sky Services (India) Private Limited | 70% | 44 | Neptune Holdings (Private) Limited | 90% |
| 22 | Airline Cargo Resources FZCO | 100% | 45 | Expolanka Freight Dubai LLC (Dubai/Jebel Ali/Abu Dhabi) | 100% |
| 23 | Airline Cargo Resources Limited- Bangladesh | 50% | 46 | Airline Cargo Resources Dubai LLC | 100% |



3.1.5 The Global Footprint of the Group

The Global Network presence provides the Group with an advantage in terms of service, pricing and network operations generating a key competitive advantage to the Group.



3.2 BUSINESS SECTORS OF THE COMPANY

The main contributors to Group revenue and net profit before tax (NPBT) for the 9 months ending 31st December 2010, are given in the table below. Further details of the following sectors are given in detail under their respective sector profiles.

| Table 02 - Sector Profitability and Contribution to Group Performance | | | | |
|---|----------------------|----------------|----------------------|---------|
| 9 months ending 31st December 2010 | Rs. | | Contribution | |
| | Profit Before Tax | Revenue | Profit Before Tax | Revenue |
| Consolidated Group | 1,918,582,556 | 25,820,469,931 | 100% | 100% |
| Transportation | 1,368,296,846 | 13,776,695,955 | 72% | 53% |
| Others (Includes Manufacturing Sector) | 372,213,666 | 5,099,731,838 | 19% | 20% |
| International Trading | 112,566,691 | 6,609,655,037 | 6% | 26% |
| Strategic Investment | 65,505,352 | 334,387,100 | 3% | 1% |

3.2.1 Transportation and Logistics Sector

| Table 03 - Top Contributors to the Transportation Sector | | |
|--|-------------------|----------------|
| 9 months ending 31st December 2010 | Rs. | |
| | Profit before tax | Revenue |
| Sector Performance | 1,368,296,846 | 13,776,695,955 |
| Expo Freight India Holdings Private Limited | 338,133,254 | 979,425,791 |
| Expolanka Freight Dubai LLC | 195,057,768 | 2,411,787,723 |
| Expolanka Bangladesh | 145,053,074 | 2,695,318,253 |
| Expolanka Freight Vietnam Private Limited | 136,647,695 | 2,075,175,899 |
| Expolanka Freight (Private) Limited | 98,042,739 | 414,345,220 |

The Expolanka Group is a significant player in the Indian sub-continent market and over the years established an extensive network of offices across the Asian, Middle Eastern and Sub-Saharan regions. The Group has also identified the growth potential offered by the African countries, while maintaining a strong freighting network spanning 38 cities in 11 countries. The Group's multi-specialty expertise offers a unique advantage in combining air, sea and land consolidated solutions to clients across its network of regional offices.



3.2.1.1 Freight Management

Expolanka Freight is one of the largest freight forwarders in South Asia and has established itself as a premier provider of services for the fashion industry. The current infrastructure supports multi-modal transportation and logistics with Ocean and Air transportation as the core areas with Inland trucking/haulage, warehousing, customs clearance and handling, and project cargo offered to the discerning customers.

a. Expolanka Freight (Private) Limited

Expolanka Freight (Private) Limited was founded in 1982 and has emerged as one of Sri Lanka's leading providers of freight forwarding and supply chain management solutions. The list of products and services offered by Expolanka Freight include:

- Air freight export and import
- Sea freight export and import
- Combined transport - sea and air, freight consolidation
- In-house import/export customs
- In-house imports bond
- Multi-modal transportation
- Warehousing and distribution
- Inland transportation
- Specialised cargo handling
- GOH services
- Quality assurance
- Bar code scanning facilities
- Door-to-door delivery and pick up services
- Project cargo handling
- Customs brokerage and clearance
- Transshipment services
- Air charters

The Company has focused primarily on the apparel industry, pioneering concepts such as quality assurance centres and “Garments on Hangers” services in Sri Lanka. Expolanka Freight has successfully maintained close relationships with clients and has an excellent track record of fulfilment of committed orders. The Group's regional breadth, the multi-modal transport solution capability and the ability to negotiate favourable rates, due to both size and its network, gives the Company a strong competitive advantage.



b. Peri Logistics (Private) Limited

Peri Logistics' operations, based in Sri Lanka, are focused mainly on perishable logistics management that primarily cater to the tuna, edible fish, live tropical fish and live plant customers, who ship to a number of international destinations.

c. SG Logistics (Private) Limited

SG Logistics (Private) Limited is the Sri Lankan partner and provider of all the services offered by DB Schenker, one of the largest logistic service providers in the world. The Company offers the following services:

- Air freight
- Ocean freight
- Door-to-door delivery

SGL focuses on products such as industrial equipment, automotive, fashion logistics and pharmaceuticals products, as well as telecommunication equipment in the local market, with special focus on the Request for Quotations (RFQ) of global accounts initiated with the assistance of DB Schenker network.

d. UCL Logistics (Private) Limited

UCL Logistics (Private) Limited is headquartered in Sri Lanka with a network of offices in Asia, Africa and the Middle East and supported by worldwide agent's. UCL focuses on multi-industry business focusing on all elements of the international import and export freight logistics process and is a specialist in industries which the main principal Expolanka Freight does not focus on.

e. Logistics Support Services (Private) Limited

Logistics Support Services (Private) Limited, a fully owned Company of Expolanka Holdings and Expolanka Freight (Private) Limited whose core and primary business is to render logistics and support services covering; customs clearance, wharf handling, transport/trucking, bonded cargo storage, warehousing, Container Freight Stations (CFS) services etc. which are non-freight, but related activities to sister operations along with providing services to outside customers as well.

f. Expo Consolidators (Private) Limited

Expo Consolidators (Private) Limited, is an arm of Expolanka Holdings Limited which involves itself in specialty business. Currently it is involved in providing total turnkey solutions to the telecommunication industry. This involves the procurement, supply, clearing, transportation, erection and maintenance of telecommunications towers. With the opening up of the north and east, the telecom industry is expected to be one of the first movers to that region.

g. Expolanka International (Private) Limited

The international freight operations of the Group are banded together under the common entity of Expolanka International (Private) Limited. Expolanka owns a total of 11 operations in Africa, the Middle East and Asia, spread across 38 cities.



Table 04 –Operating Countries and Cities

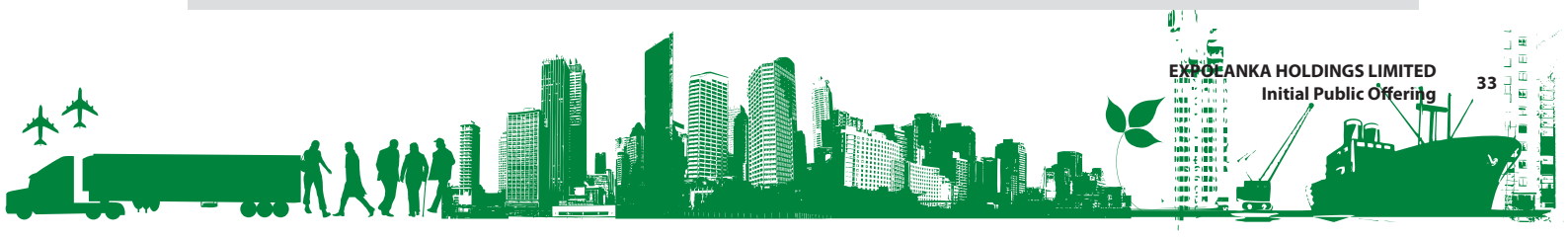
| Country | Cities |
|----------------------|---|
| Bangladesh | Dhaka, Chittagong |
| India | Chennai, New Delhi, Bangalore, Mumbai, Cochin, Tirupur, Tuticorin, Kolkata, Pune, Coimbatore, Hyderabad, Karur, Kandla, Ahmadabad, Moradabad, Ludhiana, Visakhapatnam |
| Kenya | Nairobi, Mombasa |
| Madagascar | Antananarivo |
| Mauritius | Port Louis |
| Pakistan | Karachi, Lahore, Sialkot, Faisalabad |
| South Africa | Johannesburg, Durban, Cape Town, Port Elizabeth |
| Sri Lanka | Colombo, Hambantota |
| United Arab Emirates | Dubai, Abu Dhabi |
| Vietnam | Ho Chin Min City, Hanoi, Haiphong |
| Indonesia | Jakarta |

3.2.1.2 Airline GSA Divisions

Expolanka Airline Division currently represents 18 GSA (General Service Agreement) of 13 prestigious airlines in 4 countries in South Asia and Middle East.

Table 05 – Airline General Service Agreements

| Company | Airline | Passenger | Cargo |
|----------------------|---|-----------|-------|
| Sri Lanka | Saudi Arabian Airlines | | ✓ |
| | Royal Jordanian Airlines | ✓ | ✓ |
| | Czech Airlines | | ✓ |
| | Virgin Atlantic | ✓ | ✓ |
| | KLM | | ✓ |
| | Air France | | ✓ |
| | Air Astana | ✓ | ✓ |
| India | Saudi Arabian Airlines - Cochin, Trivandrum, Calicut, Bangalore | | ✓ |
| | Qatar Airways – Goa | | ✓ |
| Bangladesh | KLM | | ✓ |
| | Air France | | ✓ |
| | Swiss World | | ✓ |
| | Virgin Atlantic | ✓ | ✓ |
| United Arab Emirates | American Airlines | | ✓ |
| | Virgin Atlantic | | ✓ |



3.2.1.3 Travel Services

a. Classic Travel (Private) Limited

Classic Travel (Private) Limited, was incorporated in 1994 to service the travel requirements of the Expolanka Group. Since then it has grown to be an IATA accredited Travel Agent specialising in outbound travel in Sri Lanka.

b. Luxe Asia (Private) Limited

Luxe Asia (Private) Limited established in August 2009 as a venture by Expolanka, is a destination management Company handling inbound tourists to Sri Lanka. With strategic partnerships in India and the Maldives, Luxe Asia is capable of handling diverse products in all 3 destinations. Luxe Asia offers services such as luxury holidays, wedding and honeymoons, tailor made holidays, family holidays and sports based tours.

c. Classic Vacations (Private) Limited

The Company was incorporated in 2004 to service the inbound travel requirements of existing corporate customers of Classic Travel. The company also provides tailor-made services to the Free Independent Traveller (FIT) segment.

3.2.2 International Trading Sector

Table 06–Top Contributors to the International Trading Sector

| | Rs. | Rs. |
|---|--------------------------|----------------------|
| 9 months ending 31st December 2010 | Profit before tax | Revenue |
| Sector Performance | 112,566,691 | 6,609,655,037 |
| Expolanka Teas (Private) Limited | 141,024,904 | 3,930,812,927 |
| Expolanka Commodities (Private) Limited | 24,870,974 | 1,116,024,731 |
| Expolanka Plantations (Private) Limited | 8,849,587 | 210,693,137 |

The International Trading Sector, which contributed 6% of the Group NPBT for the 9 months ending 31st December 2010 focuses primarily on importation of key agricultural commodities, cement, export of fresh fruits and vegetables and the export of tea. The Group is one of the largest exporters of desiccated and fresh coconut and fresh fruit and vegetables in Sri Lanka as well as one of the larger sugar and lentil importers in the country.



a. Expolanka (Private) Limited

Incorporated in 1978, the Company is an exporter of fresh fruits and vegetables in Sri Lanka. The Company also exports fresh coconuts, fresh fruits, vegetables and desiccated coconut. Expolanka Limited has now diversified into value addition of fruits. This process commenced in 2008 and presently the Company is exporting dehydrated fruits and fruit chunks in juice as well as manufacturing and distributing fresh fruit juice to the local market.

b. Expolanka Teas (Private) Limited

Expolanka Teas (Private) Limited, is an exporter of a variety of teas. Having commenced business operations in 1990, ETL has grown rapidly to be ranked among the top ten exporters in the country since year 2005. ETL has its own tea bagging unit and well-equipped tea tasting and grading rooms, all under the same roof along with the warehouse and office premises. ETL also launched its own tea brand, T-Sips, which exports to the Middle East, Canada, Australia and the Maldives Islands. ETL is certified for ISO 9001:2000 Quality Management System and ISO 22000:2005 Food Safety Management System. ETL exports to over 34 countries with larger proportion of its volume concentrated in the Middle Eastern markets. The Company's product portfolio includes the following:

- Black and green tea in bulk
- Specialty teas in bulk
- Consumer packs between 90 – 1000g
- Black, green and flavoured tea bags in envelopes and string and tag.
- Specialty tea bags (in envelopes, string and tag and pot bags)
- Tea packed in exclusive packaging such as jars, wooden boxes and tins

c. Expolanka Commodities (Private) Limited

Incorporated in 1990, Expolanka Commodities' portfolio of businesses includes the Import of Agro Commodities, export of spices and ethnic food in consumer packs and the import and marketing of cement under the Expo Cement brand. The import portfolio includes agricultural commodities such as dates, big onions, garlic, coriander, red-split lentils, dried fish, canned fish, etc. The Company has its own lentil splitting plant, capable of handling a volume of approximately 200 MT a day. The Company is currently one of the largest importers of red lentils and sugar into Sri Lanka. The Company also exports spices such as cloves, pepper, nutmeg, tamarind, amberggris, mace, copra, sea products and ethnic food in consumer packs.

d. Expolanka Plantations (Private) Limited

Expolanka Plantations operations include the 27 acre Levenson-Gower tea plantation in Kalawana, buying of green leaf from smallholders as well as conversion to black tea at its 14,000 kg per day capacity Galaxy Tea Factory in Kalawana. The Company currently manufactures and sells the full portfolio of low grown teas with annual volumes of approximately 650,000 kg of black tea.



3.2.3 Manufacturing Sector

| Table 07 –Top Contributors to the Manufacturing Sector | | |
|--|-------------------|-------------|
| Rs. | | |
| 9 months ending 31st December 2010 | Profit before tax | Revenue |
| Sector Performance | 7,209,421 | 433,896,591 |
| Neptune Papers (Private) Limited | 14,160,020 | 332,539,936 |
| Expolanka Pharmaceuticals (Private) Limited | 3,428,586 | 61,333,801 |

The Group diversified from its core transport business into the Manufacturing Sector with the establishment of Bio Extracts in 1993, followed by Neptune Papers in 1995, and Expolanka Pharmaceuticals in 2003. The Manufacturing Sector contributes 2% to the Group's revenues for the 9 months ending 31st December 2010.

a. Neptune Papers (Private) Limited

Neptune Papers, which commenced operations in 1995, is now, Sri Lanka's largest waste paper exporter with a product range including Old Corrugated Cartons (OCC), New Corrugated Cuttings (NCC), Box Board Cuttings (BBC), Printing Off Cuts (POC), Sorted Office Pack (SOP) / Office Waste, Textile Tubes (T/T), Sack Craft (T/S), Pure White Cuttings (WC), White sorted office pack (WSOP) as well as shredding of confidential data. The Company has an overall local market share of approximately 19%.

| Table 08 –Environmental Benefits from operations of Neptune Papers (Private) Limited | | |
|--|-----------------------|-----------------------|
| | Year 2009 / 2010 | Year 2010 / 2011 |
| | Total collection (Kg) | Total collection (Kg) |
| Waste Paper collection from NPL for recycling | | |
| Total Saved* | 11,088,903 | 15,713,609 |
| Saved Trees | 188,511 | 267,131 |
| Saved Liters of Water | 352,405,337 | 499,378,494 |
| Saved KWH of Electricity | 44,355,612 | 62,854,436 |
| Saved Liters of Oil | 19,461,025 | 27,577,384 |
| Saved Cubic meter of Land fill | 33,267 | 47,141 |

*Based on standard conversions and formulae

b. Bio Extracts (Private) Limited

Established in 1993, Bio Extracts manufactures the Baraka range of black seed herbal products and is currently one of the largest manufacturer of black seed oil in the world. The Company's production facility is GMP (Good Manufacturing Practice) approved by the Department of Ayurveda, Ministry of Health, Sri Lanka. The Company recently invested in a new state of the art manufacturing facility to meet its increasing growth demands.



c. Expolanka Pharmaceuticals (Private) Limited

Incorporated in 2003, Expolanka Pharmaceuticals was established as the distribution arm of Bio Extracts, for the local market. The products are marketed under the brand name “Baraka”. It has also established an exclusive chain of retail outlets in the Colombo city environs, under the name “Nature Shoppe”.

3.2.4 Strategic Investments

| Table 09 –Top Contributors to the Strategic Investments Sector | | |
|--|-------------------|-------------|
| Rs. | | |
| 9 months ending 31st December 2010 | Profit Before Tax | Revenue |
| Sector Performance | 65,505,352 | 334,387,100 |
| Asia Pacific Institute of Information Technology Lanka (Private) Limited | 53,948,473 | 278,587,950 |
| HelloCorp (Private) Limited | 7,612,627 | 55,799,150 |

The Strategic Investments Sector consists of the Expolanka’s investment in identified, high growth areas such as tertiary education and business process outsourcing.

a. APIIT Lanka (Private) Limited

Asia Pacific Institute of Information Technology provides higher education opportunities to Sri Lankan and foreign students in the academic areas of Business, IT and Law. APIIT started operations in September 1999 with BOI approval, to offer tertiary education, in partnership with the Asia Pacific Institute of Information Technology – Malaysia and Staffordshire University, UK. APIIT is considered to be a key player in its market.

b. HelloCorp (Private) Limited

In 2002, HelloCorp was established as the first-ever BOI approved company in Sri Lanka specialising in BPO services, with the initial phases of the operation being customer support and call centre services for overseas clients. HelloCorp specialises in providing Business Process Outsourcing services to clients spread around the world. The focus of the business lies in providing outsourced services such as finance and accounting, data processing, IT tech support, back office processing, managed outsourcing solutions and other BPO services.



3.3 FUTURE STRATEGIES AND ASSUMPTIONS

3.3.1 Transportation and Logistics Sector

The International Freight Sub-Sector, in keeping in line with the Company's vision to be the "Market Leader in the Indian Sub-Continent" has strategised its business operations accordingly. The investments made by the Government to improve the infrastructure such as the extension of the Colombo Port and development of the Hambantota Port, are further expected to increase cargo volumes. In order to make the most of the opportunity available in the south of the country, the Company is planning to establish offices in order to facilitate the increased business potential in and around the southern region.

Expolanka intends to capitalise on the overall supply chain improvements the country is to experience with the expansion of the rail network to the North and the East. This will provide the inland transportation sub-sector with growth opportunities. Further, better access to these locations coupled with the infrastructure developments taking place in the telecommunications industry, should enable the Group to expand its existing Freight Management operations in the telecommunications sector. This will also complement the extension of the warehouse facility the Group is hoping to establish. The warehouse is located in close proximity to a rail reservation. This modernised distribution centre, which is to be fully operational during the year 2012, will provide the Group with the much needed capacity to meet its customer's demand for storage and logistics services. The Group hopes to establish itself firmly on the overall supply chain of customers and strengthening the vertical integration by adopting modern service facilities associated with Third Party Logistics.

Sri Lanka is well positioned to become a consolidation hub, where goods from India, China and Middle East can be consolidated and exported to Europe and the USA, creating growth opportunities for all freight forward companies in the country. Expolanka with its strong regional presence, experience and infrastructure is ideally placed to take advantage of this opportunity.

Expolanka's global network of freight forwarding companies allows the Group to be at the forefront of new developments, offering various new products and services, and has allowed the Group to benefit from synergies in its operations.

As a strategic investment option, and with a view to increasing efficiencies, the Company is proposing to establish its own agencies in Europe and the US. In addition to the cost factors, the agencies would be able to improve its business processes by canvassing for business with established buyers as well as sourcing new clients, which will result in improved relationships between parties whilst providing stability to the operations.

The Travel sub sector has plans to extend its branch network locally by establishing travel offices in strategic locations to facilitate access to travel services to all segments in Sri Lanka there by providing individualised services to walk in clients. In addition, the Company hopes to expand its operations through backward integration with hotel chains to provide sales and marketing activities for their establishments.

3.3.2 International Trading Sector

Expolanka is planning to increase production capacity in order to meet the demand for its major export produce items such as pineapple, banana, maize, tapioca and various other vegetables. The Company will also commence exploring various new markets.



As the demand for tea is increasing, aided partially by the growing awareness of the health benefits associated with tea, the Company hopes to strengthen its network for T-Sips both locally and internationally and is evaluating various promotional and marketing campaigns to create brand value and awareness for Expolanka Teas (Private) Limited. The Company has plans to launch two new products in the market for which the necessary research activities have already been conducted.

The strategies discussed above are expected to contribute positively to the Company's overall profitability, whilst the efficiencies of the processes and activities are expected to increase margins further.

3.3.3 Manufacturing Sector

The Company expects the quantity of waste paper generated in the local market and within regional markets to experience significant growth with the increase in Intra-Regional Trade. Additionally, increasing awareness of environmental impacts caused by higher economic activity is also expected to spur greater demand for recycled products, such as recycled paper and plastics. As a result, the Company is working on increasing its geographic reach by moving into new regions in the waste paper export market and sub-sector. From a product development point of view the Company has also positioned itself to develop a metal trading service in the local market, where it expects demand from increased infrastructure activities

3.3.4 Strategic Investments

The BPO industry in Sri Lanka is at an early stage where the potential for growth is significant. As the GOSL has identified the BPO and ICT industries as growth areas, and has plans to make Sri Lanka the hub of BPO activity similar to India, Expolanka will be exploring opportunities to expand its BPO operations.

3.3.5 Internal Infrastructure Growth

The Expolanka Group has displayed a strong track record of adopting technology and innovations over the past, such as its Group wide implementation of the Oracle ERP system. The Group recognizes its infrastructure and employees to be one of its main strengths. The Group employs a dedicated IT Team and an In-House ERP team to support all infrastructure related advancements. The Group has an enterprise agreement with Microsoft Corporation and also has a licensing agreement with Oracle Corporation. Most of the Group operational processes are systemised, with dedicated personnel handling these projects individually.

3.4 KEY RISKS AND ASSUMPTIONS ASSOCIATED WITH FUTURE STRATEGIES

Risk is a part of any business operation and strategy, which if mitigated successfully can turn a threat into an opportunity. A critical component of Risk Management is the identification of the risk.



The key risk considerations for the above strategies are identified below.

a. Political Risk of Future Strategies

Certain strategies above are based on or linked to the vision and the current direction taken by the Government of Sri Lanka and its expansion plans for the country. However, since these are extensions of existing Expolanka businesses as opposed to new initiatives, continuity of the plans may not be hindered even if political changes take place. The political uncertainty globally could have a negative impact on the Group's strategies. However, since the expansion plans are not centred around one specific geographic region, the impact could be minimal.

b. Exchange Risk of Future Strategies

Since Expolanka's growth strategies as mentioned above are global in nature, and spread across various continents, the Company faces the risk of being exposed to fluctuation in exchange rates. Whilst, the negative impact is the risk identified, the fluctuation could also give a positive impact to the Company's realised and unrealised gains.

c. Inflationary Impacts on Costs of Future Strategies

Expense projections for each project has considered a level of inflationary impact, however due to the projects being spread globally, there is an associated risk with most strategies as is common to any business that is involved in the global arena.

d. Risk of Changes in Technology of Future Strategies

With the advancements in technology, current technology can become obsolete rapidly; however, the Group has identified monitoring of technological advancements as an important process in ensuring effective technology management.

e. Cultural Impacts/Consumer preferences

Since the planned strategies are spread globally, the cultural characteristics of each country/region will play an important role in the Group's expansion plans. Similarly, the changing consumer preferences especially for the tea and produce of the agricultural expansion plans are considered a risk.

f. Competitor Risk of future strategies

The Group faces significant competition at different levels from various categories of competitors. Margin erosion as a result of price wars, cost escalation in order to meet specific demands of customers and business partners, loss of customers to competition are all part of the overall competitor risks and can be associated with the strategies mentioned above. However, the Group has consistently displayed a competitive advantage in the markets it operates in, through above-average service standards that are emphasised throughout the Group's operations.

g. Supplier Dependency Risk of future strategies

The Agriculture segment is moderately depended on suppliers. The Group intends to capitalise on its new investments into greater supply chain management to mitigate this risk.



3.5 INVESTMENT CONSIDERATIONS AND ASSOCIATED RISKS

The risk factors indicated below may be material to investors in making an informed judgment on the Company and its prospects. If any of the uncertainties given below crystallise, the Company's performance could be materially affected, and this may impact negatively on the market price of the offered shares. The price of the offered shares in the secondary market can fluctuate due to the various risks identified below

This section does not claim to provide a comprehensive explanation of all risk factors that may potentially impact the Company and its offered shares, and investors are advised to seek professional advice as necessary.

a. Macro-economic Risks

The end of the separatist insurgency in May 2009 served as a catalyst for economic growth in the country. However, adverse changes in macro-economic variables such as GDP, inflation, interest rates and exchange rates etc. can negatively affect the sales and profitability of the Company. Acts of God too can be detrimental to the Company and industry as a whole.

Global

The global economy, which has seen a gradual recovery since the 2008/09 economic crisis, has shown positive growth over the current year, specifically in trade volumes and GDP. Similar to the local risk exposure, the Company's global operations may be affected by a decline in global trade activities.

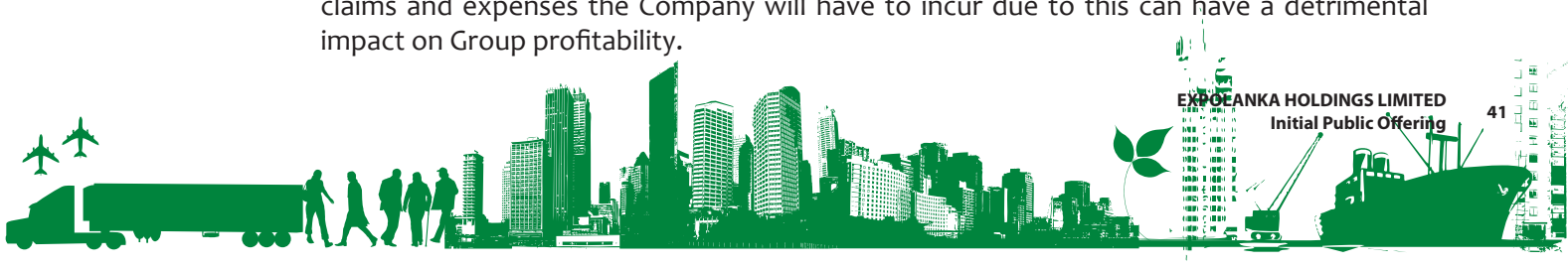
b. Political Risks

The Government of Sri Lanka controls many aspects of the Sri Lankan economy, including taxation, regulations and laws pertaining to commercial industries, and as a result the performance of the Company may be affected by unexpected changes in policy. However, the outcome of the most recent elections and the consolidation in the parliament in the recent past should be considered when determining prospects for future policy stability.

Further, although most governments strive to maintain political harmony internationally to foster environments which promote greater value creation to all parties, potential risks could originate from acts of war between countries, domestic policy shifts, trade sanctions imposed by supranational bodies, violation of bilateral and multilateral agreements, and the removal of tax concessions.

c. Collective Demand Risks

The Group's diversification extends not only across various product lines but also spans many regions across the globe. With operations in 11 countries, the Group has embarked on measures to reduce dependency on individual customers. The company has achieved this by building a large customer base, entering into formal agreements and establishing partnerships with various businesses which would ensure stability in pricing and fulfillment of other contractual obligations. However, risks arising from the existence of collective demand could lead to international customers holding considerable bargaining power in relation to negotiating prices which could result in erosion in profit margins. The adverse consequences of collective demand could also result in Group reputation being tarnished due to service lapses or loss of contracts as a result of supply chain disruptions. The resultant claims and expenses the Company will have to incur due to this can have a detrimental impact on Group profitability.



d. Working Capital Risks

The Company has taken measures to ensure that its working capital risk exposure is managed effectively by adopting multiple strategies which include multi-layered debtors management at both corporate centre and Strategic Business Unit (SBU) levels, a just-in-time inventory management and stock control system and establishing strong relationships with business partners. However, inherent working capital risks such as losses on high value orders, pricing risk due to forward buying of raw materials, seasonal fluctuations in operations, and increased days sales outstanding (DSO) due to adverse competitor actions can negatively affect the working capital cycle of the Company.

e. Competition Risks

The Group strives to maintain high levels of service quality via the use of emerging technology and through innovation. The network of global contacts ensures that the Company is attuned to changes occurring in the global market and as a result it is in a stronger position to capitalise on business opportunities that may arise. However, competition risk may arise due to price wars, technological advancement, higher levels of competitor service quality, competitor brand recognition and strong financial backing through ultimate parent companies of competitors.

f. Regulatory Risks

Regulatory policy changes may adversely affect profitability of the Company. The changes in policy may be applicable with retrospective effect and may be imposed by the GOSL and relevant governing/statutory bodies without prior warning.

g. Price Volatility in Secondary Market

The price of the offered shares may fluctuate due to variations in operating results, changes in operating environment, changes in regulation, technological advancements/obsolescence, macroeconomic factors, external events etc. The price of the offered shares may also follow general investor sentiment prevalent in the market at any given time, and may not necessarily be reflective of Company fundamentals.

h. Compliance and External Factors

The Group is engaged in business operations with a multitude of conglomerates based in many countries. As a result it is imperative that the Company is aware of the varying compliance requirements in relation to operational processes, management and reporting requirements imposed by the relevant governing/statutory bodies of the country concerned.



3.6 FIVE YEAR FINANCIAL SUMMARY OF THE GROUP

Table 10 – Five Year Financial Summary of the Group

| Income Statement - (figures in Rs. millions) | FY06 | FY07 | FY08 | FY09 | FY10 | FY11 9M - Interim |
|---|--------------|--------------|---------------|---------------|---------------|----------------------|
| Net Turnover | 11,783 | 12,715 | 15,917 | 18,935 | 23,709 | 25,820 |
| Gross Profit | 2,309 | 2,740 | 3,247 | 4,421 | 4,553 | 4,642 |
| Earnings before Interest and Tax | 460 | 435 | 472 | 1,041 | 1,275 | 2,163 |
| Profit Before Tax | 368 | 291 | 222 | 689 | 926 | 1,919 |
| Profit After Tax | 192 | 122 | 8 | 391 | 591 | 1,450 |
| Profit Attributable to Equity Holders of Parent | 126 | 55 | (50) | 310 | 518 | 1,268 |
| EPS (Rs) | 0.07 | 0.03 | (0.03) | 0.17 | 0.29 | 0.71 |
| BVPS (Rs) | 1.14 | 1.48 | 1.48 | 1.64 | 2.15 | 2.77 |
| Balance Sheet - (figures in Rs. millions) | FY06 | FY07 | FY08 | FY09 | FY10 | FY11 9M - Interim |
| Non-Current Assets | 2,387 | 2,931 | 2,916 | 3,002 | 3,147 | 2,719 |
| Current Assets | 5,291 | 5,404 | 7,408 | 7,428 | 11,307 | 10,695 |
| Inventory | 504 | 385 | 526 | 532 | 881 | 690 |
| Trade and Other Receivables | 3,849 | 4,156 | 5,349 | 4,517 | 7,636 | 7,746 |
| Cash and Cash Equivalent | 360 | 384 | 785 | 1,304 | 1,685 | 1,877 |
| Others | 578 | 480 | 749 | 1,075 | 1,105 | 383 |
| Total Assets | 7,678 | 8,335 | 10,325 | 10,430 | 14,453 | 13,414 |
| Equity and Reserves | 2,026 | 2,647 | 2,637 | 2,920 | 3,828 | 4,931 |
| Shareholders' Equity | 1,843 | 2,410 | 2,359 | 2,586 | 3,393 | 4,297 |
| Minority Interest | 182 | 236 | 278 | 334 | 435 | 634 |
| Non-Current Liabilities | 1,221 | 1,251 | 1,670 | 1,389 | 2,349 | 1,405 |
| Mark Up Bearing Borrowings | 1,098 | 1,031 | 1,574 | 1,270 | 1,937 | 948 |
| Loans and Borrowings | 65 | 140 | - | - | 221 | 241 |
| Others | 59 | 79 | 96 | 119 | 190 | 215 |
| Current Liabilities | 4,430 | 4,438 | 6,018 | 6,121 | 8,277 | 7,079 |
| Trade and Other Payables | 3,180 | 3,242 | 4,308 | 4,131 | 6,573 | 5,445 |
| Loans and Borrowings | 1,101 | 997 | 1,452 | 1,429 | 1,436 | 1,190 |
| Others | 150 | 198 | 258 | 560 | 267 | 443 |
| Total Liabilities | 5,652 | 5,688 | 7,688 | 7,509 | 10,626 | 8,483 |
| Total Equity and Liabilities | 7,678 | 8,335 | 10,325 | 10,430 | 14,453 | 13,414 |
| Cash Flow Statement - (figures in Rs. millions) | FY06 | FY07 | FY08 | FY09 | FY10 | FY11 9M - Interim |
| Cash Flow from Operating Activities | 26 | 549 | (141) | 1,174 | (47) | 1,629 |
| Cash Flow from Investing Activities | (781) | (154) | (284) | (189) | (496) | 37 |
| Cash Flow from Financing Activities | 729 | (499) | 528 | (272) | 635 | (1,150) |
| Margins | | | | | | |
| Gross Profit | 20% | 22% | 20% | 23% | 19% | 18% |
| Earnings Before Interest and Tax | 4% | 3% | 3% | 5% | 5% | 8% |
| Profit Before Tax | 3% | 2% | 1% | 4% | 4% | 7% |
| Net Profit | 2% | 1% | 0% | 2% | 2% | 6% |
| Effective Tax Rate | 48% | 58% | 96% | 43% | 36% | 24% |
| YoY Growth | | | | | | |
| Revenue | | 8% | 25% | 19% | 25% | 9% |
| Gross Profit | | 19% | 19% | 36% | 3% | 2% |
| Earnings Before Interest and Tax | | -5% | 8% | 121% | 23% | 70% |
| Profit Before Tax | | -21% | -24% | 210% | 34% | 107% |
| Net Profit | | -36% | -94% | 4913% | 51% | 145% |
| ROE (%) | 7% | 2% | -2% | 12% | 15% | 30% |
| Interest Cover (x) | 5 | 3 | 2 | 3 | 4 | 9 |
| Net Debt to Equity | 103% | 74% | 95% | 54% | 56% | 12% |
| Working Capital Ratios | | | | | | |
| Current Ratio (x) | 1.2 | 1.2 | 1.2 | 1.2 | 1.4 | 1.5 |
| Acid Test (x) | 1.1 | 1.1 | 1.1 | 1.1 | 1.3 | 1.4 |

3.7 CAPITAL STRUCTURE

3.7.1 Overview

The number of fully paid ordinary shares of Expolanka Holdings Limited at the time of lodgment of the application on 25th March 2011 is 1,782,915,000 shares. There were no shares issued for two (02) years preceding the date of the prospectus.

The Company has not issued any other class of shares other than ordinary voting shares, the details of which are given below;

| Shareholding | No. of Shares | % |
|--------------------------------------|----------------------|---------------|
| Osman Kassim | 283,865,516 | 15.92 |
| Sattar Kassim | 283,865,516 | 15.92 |
| Shafik Kassim | 283,865,516 | 15.92 |
| Farook Kassim | 283,865,516 | 15.92 |
| Hanif Yusoof | 283,865,516 | 15.92 |
| John Keells Holdings PLC | 83,300,000 | 4.6 |
| Ceylon Investment PLC | 41,600,000 | 2.33 |
| Ms Ali Mohamed | 23,459,960 | 1.32 |
| Ms B. Yoonus | 23,459,960 | 1.32 |
| Lanka Strategic investments Limited. | 16,667,500 | 0.93 |
| Softlogic Holdings Limited | 16,500,000 | 0.93 |
| K.P.R.B De Silva | 11,500,000 | 0.65 |
| Falcon Trading (Private) Limited | 8,300,000 | 0.47 |
| Timex Garments (Private) Limited | 8,300,000 | 0.47 |
| Others | 130,500,000 | 7.32 |
| Total | 1,782,915,000 | 100.0% |

| Transferor | No. of Shares | Price Per Share (Rs.) |
|-----------------|---------------|-----------------------|
| Osman Kassim | 61,306,828 | 6.00 |
| Sattar Kassim | 61,306,828 | 6.00 |
| Shafik Kassim | 61,306,828 | 6.00 |
| Farook Kassim | 61,306,828 | 6.00 |
| Hanif Yusoof | 61,306,828 | 6.00 |
| Ms. Ali Mohamed | 5,066,680 | 6.00 |
| Ms. B. Yoonus | 5,066,680 | 6.00 |



3.7.2 Free Transferability of Shares

There are no statutory restrictions on the free transferability of the issued shares and there are no restrictions on the purchase of shares in Expolanka Holdings Limited by non-residents.

3.7.3 Shareholders of Expolanka Holdings Prior to and Subsequent to the Issue

| Shareholding | Prior to Issue | | Subsequent to Issue | |
|--------------------------------------|----------------------|---------------|----------------------|---------------|
| | Shares | % | Shares | % |
| Osman Kassim | 283,865,516 | 15.92% | 283,865,516 | 14.52% |
| Sattar Kassim | 283,865,516 | 15.92% | 283,865,516 | 14.52% |
| Shafik Kassim | 283,865,516 | 15.92% | 283,865,516 | 14.52% |
| Farook Kassim | 283,865,516 | 15.92% | 283,865,516 | 14.52% |
| Hanif Yusoof | 283,865,516 | 15.92% | 283,865,516 | 14.52% |
| John Keells Holdings PLC | 83,300,000 | 4.67% | 83,300,000 | 4.26% |
| Ceylon Investment PLC | 41,600,000 | 2.33% | 41,600,000 | 2.13% |
| Ms. Ali Mohamed | 23,459,960 | 1.32% | 23,459,960 | 1.20% |
| Ms. B Yoonus | 23,459,960 | 1.32% | 23,459,960 | 1.20% |
| Lanka Strategic Investments Limited. | 16,667,500 | 0.93% | 16,667,500 | 0.85% |
| Softlogic Holdings Limited | 16,500,000 | 0.93% | 16,500,000 | 0.84% |
| K.P.R.B De Silva | 11,500,000 | 0.65% | 11,500,000 | 0.59% |
| Falcon Trading (Private) Limited | 8,300,000 | 0.47% | 8,300,000 | 0.42% |
| Timex Garments (Private) Limited | 8,300,000 | 0.47% | 8,300,000 | 0.42% |
| Others | 130,500,000 | 7.32% | 130,500,000 | 6.68% |
| IPO | - | - | 172,000,000 | 8.80% |
| Total | 1,782,915,000 | 100.0% | 1,954,915,000 | 100.0% |

The public holding of shares Pre-IPO is 19.9%. The Post-IPO public holding is expected to be 27%.

3.7.4 Share Re-Purchase or Redemptions

The Company has not engaged in any share re-purchase, redemption or stated capital reduction exercises in the two years preceding the date of this prospectus.

3.7.5 Outstanding Convertible Debt Securities

The Company does not have any convertible securities outstanding as at the date of the Prospectus.

3.7.6 Other Shares Issued in Conjunction with this IPO

No other securities are being issued privately in conjunction with this IPO.



3.7.7 Employee Share Option Plan

The Company has established an Employee Share Option Scheme by way of a shareholder resolution passed on 18th March 2011 whereby its employees are entitled to purchase ordinary shares of the Company worth up to a maximum of Rupees Thirty Seven Million Five Hundred Thousand Only (Rs.37,500,000), or 2,678,500 shares between 01st May 2011 and 30th April 2014. These shares would be allocated based on seniority in service and the basic salary of the employees. The maximum number of shares issued under the Employee Share Option Scheme will represent 0.14% (2,678,500 / 1,954,915,000) of the total issued number of shares of the Company post IPO.

The options, which would be granted after 01st May 2011, entitle the Employees to subscribe for their entitlements of ordinary shares at a price of Rs.14/- per share, which in the opinion of the Board of Directors of the Company is fair & reasonable to the Company and to all shareholders.

The employee share options plan will link the employee's long term goals to those of the Company and will generate greater shareholder value by retaining talented employees, enhancing performance and improving fundamental valuation indicators of the Company.

The Company will not provide any financial assistance to enable employees to purchase shares through the employee share option plan.



3.8 DETAILS OF LOAN CAPITAL, MATERIAL INDEBTEDNESS AND MORTGAGES LOAN CAPITAL AS AT THE DATE OF THE APPLICATION, 25TH MARCH 2011

As at 25th March 2011, The Company does not carry any loan capital in its financial statements, other than Shariah-based loan capital tabulated below in *Table 13 – Group’s Outstanding Indebtedness, Shariah-based loan capital and Mortgages as at 25th March 2011*

GROUP’S OUTSTANDING INDEBTEDNESS, SHARIAH-BASED LOAN CAPITAL AND MORTGAGES AS AT 25TH MARCH 2011.

| Table 13 – Group Outstanding Indebtedness and Mortgages as at 25th March 2011 | | | | | | | |
|---|-----------------------------|---|-----------------------|-------------------------|----------------|-------------------|---|
| Bank | Company | Component | Facility Amount (Rs.) | Value Outstanding (Rs.) | Rental (Rs.) | Rate | Mortgages |
| Commercial Bank | Expolanka (Pvt) Ltd | Diminishing Musharaka | 500,000,000 | 500,000,000 | 130,937,450 | AWPLR + 0.5% p.a. | Mortgage over the property situated at 390, Avissawella Road Wellampitiya |
| Habib Bank Limited | Expolanka (Pvt) Ltd | Diminishing Musharaka | 300,000,000 | 100,008,000 | 23,293,530 | 10% p.a. | Mortgage over the properties situated at 245/49 and 245/50, Avissawella Road Wellampitiya |
| Lanka Orix Finance Company Limited | Expolanka Freight (Pvt) Ltd | Diminishing Musharaka | 75,675,684 | 75,675,684 | 5,573,194 | 16% p.a. | Mortgage over the property situated at 69, Ramyaweera Mawatha Wellampitiya |
| National Development Bank* | Expolanka Holdings Limited | Other Shariah based Borrowings – Long Term | | 588,455,780 | Not Applicable | Not Applicable | Not Applicable |
| Pan Asia Banking Corporation PLC* | Expolanka Holdings Limited | Other Shariah based Borrowings – Short Term | | 1,876,297 | Not Applicable | Not Applicable | Not Applicable |
| National Development Bank | Expolanka Teas (Pvt) Ltd | Murabaha | | 279,579,898 | 3,669,486 | 5.34% | Not Applicable |
| National Development Bank | Expolanka (Pvt) Ltd | Murabaha | 785,000,000 | 87,637,233 | 1,168,942 | 5.34% | Not Applicable |



Table 13 – Continued

| Bank | Company | Component | Facility Amount (Rs.) | Value Outstanding (Rs.) | Rental (Rs.) | Rate | Mortgages |
|------------------------------------|---------------------------------|------------------------------|-----------------------|-------------------------|--------------------|----------------|----------------|
| Lanka Orix Finance Company Limited | Expolanka Holdings Limited | Murabaha | 184,325,341 | 184,325,341 | 10,581,284 | 16% | Not Applicable |
| National Development Bank | Bio Extracts (Pvt) Ltd | Liabilities Under Acceptance | 695,000,000 | 4,134,645 | Not Applicable | Not Applicable | Not Applicable |
| Pan Asia Banking Corporation PLC | Bio Extracts (Pvt) Ltd | Liabilities Under Acceptance | 400,000,000 | 5,099,728 | Not Applicable | Not Applicable | Not Applicable |
| Standard Chartered Bank | Expolanka Commodities (Pvt) Ltd | Liabilities Under Acceptance | 700,000,000 | 69,727,993 | Not Applicable | Not Applicable | Not Applicable |
| | | | 3,640,001,025 | 1,896,520,599 | 175,223,886 | | |

* Referred to as *Bank Overdraft* in the Audited Financial Statements of the Company

3.8.1 Retirement of Long Term Financing Instruments from IPO proceeds

Table 14 – Retirement of Long Term Financing Instruments from IPO proceeds

| Instrument Name | Institution | Outstanding Value (As of 25th-March-2011) Rs. | Settlement Value Rs. | Balance Subsequent to Settlement Rs. | Rate | Period of Settlement | Company | Mode of Transfer of Funds |
|---------------------------------|---------------------------|---|----------------------|--------------------------------------|-------------------|----------------------|-------------------------------|---------------------------|
| Diminishing Musharaka | Commercial Bank | 500,000,000 | 500,000,000 | - | AWPLR + 0.5% p.a. | August 2011 | Expolanka (Pvt) Ltd** | Inter Company Loan |
| Diminishing Musharaka | Lanka Orix Finance | 75,675,684 | 75,675,684 | - | 16% p.a. | June 2011 | Expolanka Freight (Pvt) Ltd** | Inter Company Loan |
| Murabaha | Lanka Orix Finance | 184,325,341 | 184,325,341 | - | 16% p.a. | August 2011 | Expolanka Holdings Limited | NA |
| Other Shariah based Borrowings* | National Development Bank | 588,455,780 | 147,998,975 | 440,456,805 | NA | June 2011 | Expolanka Holdings Limited | NA |
| Total | | 1,348,456,805 | 908,000,000 | 440,456,805 | | | | |

*No Finance Cost Involved; Referred to as *Bank Overdraft* in the Consolidated Financial Statements of the Company

**A brief financial summary of the wholly owned subsidiary is provided in Annex D of this prospectus.



3.8.2 Details of Guarantees

The following are the Bank Guarantees and Corporate Guarantees the Company has identified as Contingent Liabilities as at the date of application, 25th March 2011

Table 15 – Contingent Liabilities as of 25th March 2011

| Component | Value (Rs.) |
|---------------------|---------------|
| Bank Guarantee | 1,124,229,076 |
| Corporate Guarantee | 4,300,675,684 |

3.8.3 Leasing, Lease Purchase and Hire Purchase commitments as at the date of application, 25th March 2011

Table 16 – Leasing, Lease Purchase and Hire Purchase commitments as at 25th March 2011

| (Rs.) | Within 1 year | Between 1 - 5 Years | Grand Total |
|-------------------------------------|----------------|---------------------|------------------|
| Gross Liability | 1,272,378 | 1,158,651 | 2,431,028 |
| Rental allocated for future periods | 322,638 | 133,081 | 455,720 |
| Net Liability | 949,739 | 1,025,569 | 1,975,309 |

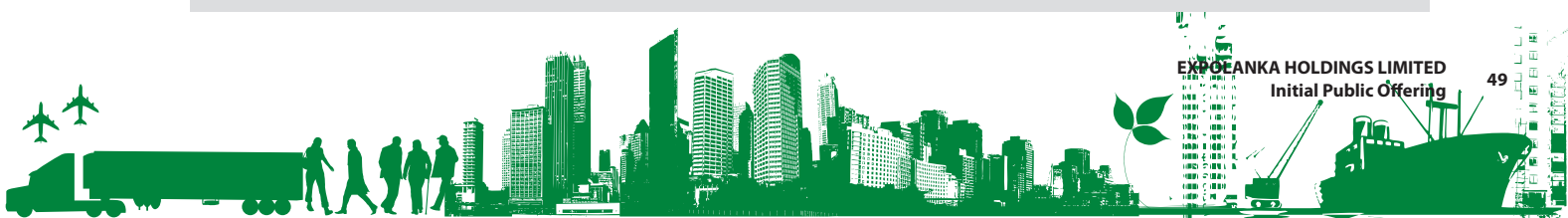
3.9 BOARD OF DIRECTORS OF EXPOLANKA HOLDINGS LIMITED

The Company's business and operations are managed under the supervision of the Board of Directors comprising of Eight (08) Directors, one of whom functions as the Chief Executive Officer. Of the four (04) Non-Executive Directors, three (03) are Independent Directors.

As at the date of the Prospectus, the Board is constituted of the following Directors.

Table 17 – Board of Directors 2011

| Name of Director | Address | Designation – vis-à-vis the Company |
|-----------------------|--|---|
| Osman Kassim | 60/1, Green Path, Colombo 03 | Executive Director and Chairman of the Board |
| Hanif Yusoof | 17/2, Alfred Place, Colombo 03 | Executive Director and Chief Executive Officer of the Company |
| Sattar Kassim | 66/11, Green Path, Colombo 07 | Executive Director |
| Shafik Kassim | 23/4, Independence Avenue, Colombo 07 | Executive Director |
| Farook Kassim | 23/4, Independence Avenue, Colombo 07 | Non-Executive Non Independent Director |
| Dr. Sivakumar Selliah | No 114/5, Rosmead Place, Colombo 07 | Non-Executive Independent Director |
| Harsha Amarasekera | 3, Sravasti Place (Off Flower Road) Colombo 07 | Non-Executive Independent Director |
| Sanjay Kulatunga | No. 32, Park Street, Colombo 02. | Non-Executive Independent Director |



3.9.1 Directors' Profile

Osman Kassim

Executive Director and Chairman of the Board

Osman Kassim is an Executive Director and Chairman of the Board. He is also the founder Chairman of Expolanka Group. He is an entrepreneur with vast experience in the exports of perishable products and commodity trading. He is also renowned for his expertise in Islamic banking and insurance. He counts over 35 years of senior management experience.

Osman Kassim is also the Chairman of Amana Investments Limited and Vidullanka PLC. He also holds directorships in Pak-Kuwait Takaful Company Ltd – Pakistan, Crescent Rating (Private) Limited – Singapore and Amana Takaful Maldives Limited - Maldives.

Hanif Yusoof

Executive Director and Chief Executive Officer of the Company

Hanif Yusoof is an Executive Director and the Chief Executive Officer of the Group. He is also a founding member of the company. He is a graduate of the Stanford/NUS International Management Program.

Hanif Yusoof is a pioneer in the fields of freight and logistics management, airline representation and travels and tours. He is a key personality in freight and logistics management industry in the Indian Sub-Continent, Middle East and Africa. He also held leadership positions in industry associations and counts over 30 years of senior management experience.

Sattar Kassim

Executive Director

Sattar Kassim is an Executive Director and a founding member of the Expolanka Group. He possesses diverse experience in commodity trading, entrepot trading, import and export of agriculture produce and marketing of herbal food supplements and essential oils. He counts over 30 years of senior management experience.

Shafik Kassim

Executive Director

Shafik Kassim is an Executive Director and is a founding member of the Expolanka Group. He holds a MCom and also a Pilot's License. He has acquired vast experience in aviation, airline representation, air cargo management and in the export of Tea. He counts over 30 years of senior management experience, and is also well experienced in international trading.

Farook Kassim

Non-Executive Non Independent Director

Farook Kassim is a Non-Executive Non Independent Director and is a founding member of the Expolanka Group. He is an Alumni of the Owner President Management Program awarded by the Harvard Business School. A successful entrepreneur he possesses vast experience in trading, Management and Investments counting over 35 Years. Farook Kassim holds a number of directorships at companies in the UAE and South Africa.



Dr. Sivakumar Selliah (MBBS. M.Phil.)

Non-Executive Independent Director

Dr. Sivakumar Selliah is a Non-Executive Independent Director of Expolanka Holdings Limited. Dr. Selliah holds a MBBS degree and a Master's Degree (M.Phil). He has over 18 years of experience in various fields. He also serves as the Deputy Chairman of Lanka Wall Tiles PLC, Asiri Hospitals PLC, Asiri Surgical Hospital PLC, Lanka Tiles PLC and Central Hospital (Private) Limited.

Harsha Amarasekera

Non-Executive Independent Director

Harsha Amarasekera is a Non-Executive Independent Director of the Group and is an Attorney-at-Law by profession and has a wide practice in the Original Courts as well as in the Appellate Courts. He has specialised in Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law. He serves as an Independent Director in several listed companies in the Colombo Stock Exchange including Chemical Industries (Colombo) PLC, Amaya Leisure PLC, Keells Food Products PLC and Vallibel Power Erathna PLC. He is also a Director of CIC Agri Business Private Limited and Vallibel One Limited.

Sanjay Kulatunga

Non-Executive Independent Director

Sanjay Kulatunga holds a series of Executive Directorships within the Beira Group of companies, engaged in export manufacturing and import substitution. He is one of the co-founders of Amba Research Lanka, an internationally acclaimed and ranked multinational knowledge process outsourcing firm and serves as a Director on the board since its incorporation.

Prior to his stints as an entrepreneur and manager, he functioned as an equities analyst for Hong Kong based Jardine Fleming Securities, starting in Colombo and culminating as a Regional Real Estate Analyst in Hong Kong.

Sanjay Kulatunga has a MBA from the Chicago Booth School of Business. He is also an associate member of the Chartered Institute of Management Accountants (ACMA) as well as a Chartered Financial Analyst (CFA).



3.9.2 Other Directorships Held by the Board

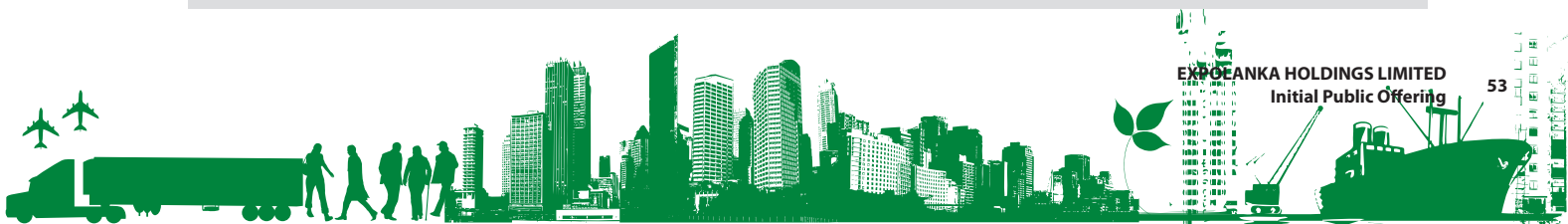
Other Directorships held by Directors of the Company are set out in the table given below.

| Table 18 – Other Directorships Held by the Board | | | | | | | | | |
|--|---------------|--------------|--------------|---------------|---------------|-------------------|------------------|--------------------|--|
| Name of Company | Farook Kassim | Hanif Yusoof | Osman Kassim | Sattar Kassim | Shafik Kassim | Sivakumar Selliah | Sanjay Kulatunga | Harsha Amarasekera | |
| ACCESSORIES (PVT) LTD | | ✓ | | ✓ | ✓ | | | | |
| AFRO GHANA HOLDING LIMITED | ✓ | | | | | | | | |
| AGRI EXPO (PVT) LTD | | ✓ | | ✓ | ✓ | | | | |
| AIR LINE CARGO RESOURCES (PVT) LTD | | ✓ | | ✓ | ✓ | | | | |
| AL BARAKA BANK SOUTH AFRICA | ✓ | | | | | | | | |
| AL BOGARI CAPITAL LIMITED | ✓ | | | | | | | | |
| AL BOGARI COMMODITIES LLC - UAE | ✓ | | | | | | | | |
| AL BOGARI HOLDINGS LIMITED | ✓ | | | | | | | | |
| AL BOGARI ISLAMIC GOLD DMCC - UAE | ✓ | | | | | | | | |
| AL BOGARI TRADING COMPLY, LLC - UAE | ✓ | | | | | | | | |
| ALHASAN FOUNDATION | ✓ | ✓ | ✓ | ✓ | ✓ | | | | |
| AMANA BANK LTD | | | ✓ | | | | | | |
| AMANA INVESTMENTS LTD | | | ✓ | | | | | | |
| AMANA TAKAFUL MALDIVES LTD - MALDIVES | | | ✓ | | | | | | |
| AMANA TAKAFUL PLC | | | ✓ | | | | | | |
| AMAYA LEISURE PLC | | | | | | | | ✓ | |
| AMBA RESEARCH LANKA LTD | | | | | | | ✓ | | |
| ANDYSEL (PVT) LTD | | | | | | ✓ | | | |
| APIIT LANKA (PVT) LTD | | | ✓ | | | | | | |
| ARUNODAYA INDUSTRIES (PVT) LTD | | | | | | ✓ | | | |
| ARUNODAYA INVESTMENTS (PVT) LTD | | | | | | ✓ | | | |
| ARUNODHAYA (PVT) LTD | | | | | | ✓ | | | |
| ASIRI HOSPITALS PLC | | | | | | ✓ | | | |
| ASIRI SURGICAL HOSPITALS PLC | | | | | | ✓ | | | |
| BEIRA BRUSH LIMITED | | | | | | | ✓ | | |
| BEIRA ENVIRO SOLUTIONS (PVT) LTD | | | | | | | ✓ | | |
| BEIRA SYNTHETIC FIBRE (PVT) LTD | | | | | | | ✓ | | |
| BENSONS LTD | | | | | | | | ✓ | |
| BIO EXTRACTS (PVT) LTD | | ✓ | | ✓ | ✓ | | | | |
| BUSINESS EXPORTS (PVT) LTD | | ✓ | | ✓ | ✓ | | | | |
| CENTRAL HOSPITAL (PVT) LTD | | | | | | ✓ | | | |
| CIC AGRI BUSINESS PRIVATE LIMITED | | | | | | | | ✓ | |
| CIC HOLDINGS PLC | | | | | | | | ✓ | |
| CLASSIC PACKAGING (PVT) LTD | | ✓ | | ✓ | ✓ | | | | |
| CLASSIC ENTERPRISES (PVT) LTD | | ✓ | | ✓ | ✓ | | | | |
| CLASSIC MARKETING (PVT) LTD | | ✓ | | ✓ | ✓ | | | | |
| CLASSIC PAPERS (PVT) LTD | | ✓ | | ✓ | ✓ | | | | |
| CLASSIC TRAVEL (PVT) LTD | | ✓ | ✓ | ✓ | ✓ | | | | |
| CLASSIC VACATIONS (PVT) LTD | | ✓ | | ✓ | ✓ | | | | |
| CLASSIC ZIYARAH (PVT) LTD | | ✓ | | ✓ | ✓ | | | | |
| CLEANCO LANKA LTD | | | | | | ✓ | | | |
| COLOMBO REALTY (PVT) LTD | | ✓ | | ✓ | ✓ | | | | |
| CRESCENTRATING (PTE) LTD - SINGAPORE | | | ✓ | | | | | | |
| DENSHUN INDUSTRIES (PVT) LTD | | ✓ | | ✓ | ✓ | | | | |
| EXPACK CORRUGATED CARTONS (PVT) LTD | | | ✓ | ✓ | ✓ | | | | |
| EXPO AVIATION (PVT) LTD | | ✓ | ✓ | ✓ | ✓ | | | | |
| EXPO CENTURY LOGISTICS (PVT) LTD | | ✓ | | | ✓ | | | | |
| EXPO CONSOLIDATORS (PVT) LTD | | ✓ | | ✓ | ✓ | | | | |
| EXPOLANKA (PVT) LTD | | ✓ | ✓ | ✓ | ✓ | | | | |
| EXPOLANKA AVIATION SERVICES (PVT) LTD | | | ✓ | ✓ | ✓ | | | | |
| EXPOLANKA COMMODITIES (PVT) LTD | | ✓ | ✓ | ✓ | ✓ | | | | |



Table 18 – Continued

| Name of Company | Farook Kassim | Hanif Yusoof | Osman Kassim | Sattar Kassim | Shafik Kassim | Sivakumar Selliah | Sanjay Kulatunga | Harsha Amarasekera |
|---|---------------|--------------|--------------|---------------|---------------|-------------------|------------------|--------------------|
| EXPOLANKA FREIGHT (PVT) LTD | | ✓ | ✓ | ✓ | ✓ | | | |
| EXPOLANKA GROUP | | ✓ | | ✓ | ✓ | | | |
| EXPOLANKA INTERNATIONAL (PVT) LTD | | ✓ | ✓ | ✓ | ✓ | | | |
| EXPOLANKA INVESTMENTS (PVT) LTD | ✓ | ✓ | ✓ | ✓ | ✓ | | | |
| EXPOLANKA PHARMACUETICALS (PVT) LTD | | | | ✓ | ✓ | | | |
| EXPOLANKA PLANTATIONS (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| EXPOLANKA PRODUCE (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| EXPOLANKA TEAS (PVT) LTD | | ✓ | ✓ | ✓ | ✓ | | | |
| FREIGHTAIR (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| FREIGHTCARE (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| GLOBE AIR (PVT) LTD | ✓ | ✓ | ✓ | ✓ | ✓ | | | |
| GOLD COINS FEEDMILLS (LANKA) LTD | | | | | | | ✓ | |
| HELLOCORP (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| HORANA PLANTATION PLC | | | | | | ✓ | | |
| ILMA EDUCATIONAL FOUNDATION (MEMBER) | | | ✓ | | | | | |
| INFODATA (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| INT'L AIRLINE SERVICE (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| IONOSPHERE LANKA (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| ISLAND WATERS (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| JADO PADO LIMITED | ✓ | | | | | | | |
| KEELLS FOOD PRODUCTS PLC | | | | | | | | ✓ |
| LANKA HEALTHCARE FOUNDATION | ✓ | ✓ | | ✓ | ✓ | | | |
| LANKA TILES PLC | | | | | | ✓ | | |
| LANKA WALLTILES PLC | | | | | | ✓ | | |
| LOGISTICS SUPPORT SERVICES (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| LUXE ASIA (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| NEPTUNE CONVERTERS (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| NEPTUNE PAPERS (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| NEPTUNE RECYCLERS (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| NEPTUNE TEAS (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| NISSHO IWAI (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| ODEL LTD | | | | | | | ✓ | |
| PAK-KUWAIT TAKAFUL COMPANY LTD PAKISTAN | | | ✓ | | | | | |
| PARQUET (CEYLON) PLC | | | | | | ✓ | | |
| PIONEER INTERNATIONAL DMCC - UAE | ✓ | | | | | | | |
| PULSAR SHIPPING AGENCIES (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| S G LOGISTICS (PVT) LTD | | ✓ | ✓ | ✓ | ✓ | | | |
| SILVER WINGS (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| SKY AIR (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| SKYCARE (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| SOFTLOGIC HOLDINGS LTD | | | | | | ✓ | | |
| STEAMSHIP & ALLIED AGENCIES (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| TAKAFUL HOLDINGS LIMITED, UAE | ✓ | | | | | | | |
| TRAVEL EXPRESS (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| TROPICAL EXOTICS (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| TROPICAL GREEN (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| U C L LOGISTICS (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| UBIZ PORT (PVT) LTD | | ✓ | | ✓ | ✓ | | | |
| VALLIBEL ONE LIMITED | | | | | | | | ✓ |
| VALLIBEL POWER ERATHNA PLC | | | | | | | | ✓ |
| VIDULLANKA PLC | | | ✓ | | | | | |
| WORLD SPICES AND TEAS (PVT) LTD | | ✓ | | ✓ | ✓ | | | |



3.9.3 Shareholding of Directors

Directors' shareholding as at the date of the application, 25th March 2011

| Director | No. of Shares | % of Total Issued Share Prior to IPO |
|-------------------|---------------|--------------------------------------|
| Osman Kassim | 283,865,516 | 15.92% |
| Sattar Kassim | 283,865,516 | 15.92% |
| Shafik Kassim | 283,865,516 | 15.92% |
| Farook Kassim | 283,865,516 | 15.92% |
| Hanif Yusoof | 283,865,516 | 15.92% |
| Sivakumar Selliah | 3,500,000 | 0.20% |

3.9.4 Directors' Dealings in Shares

No Director of the Company has been engaged in the sale or purchase of shares of the Company during the year immediately preceding the date of the issue of this Prospectus, except for the transactions specified below:

| Director | No. of Shares | Transaction Type | Price Per Share (Rs.) |
|---------------|---------------|------------------|-----------------------|
| Osman Kassim | 61,306,828 | Sale of Shares | 6.00 |
| Sattar Kassim | 61,306,828 | Sale of Shares | 6.00 |
| Shafik Kassim | 61,306,828 | Sale of Shares | 6.00 |
| Farook Kassim | 61,306,828 | Sale of Shares | 6.00 |
| Hanif Yusoof | 61,306,828 | Sale of Shares | 6.00 |

3.9.5 Aggregate Directors Emoluments

The aggregate Directors' (including Executive Directors') emoluments for the financial year ended 31st March 2010 was Rupees Seven Million Eight Hundred Thousand (Rs.7,800,000/-).

The estimated aggregate emoluments including bonus payable to Directors for the current financial year ending 31 March 2011 is Rupees Ten Million Two Hundred and Sixty Thousand (Rs.10,260,000/-).

3.9.6 Directors' interest in any assets acquired, disposed or leased by the Entity

The directors do not have any interest in any assets acquired, disposed or leased by the Entity for the past two years preceding the issue; and also for those assets which are proposed to be acquired, disposed or leased during the two years succeeding, except for the land transfer done by Expolanka Commodities (Private) Limited to Expack Corrugated Cartons Limited as indicated below.



Table 21 - Directors' interest in any assets acquired, disposed or leased by the Entity

| Directors with Interests | Details of the Transaction |
|--------------------------|--|
| Sattar Kassim | Directors of Expack Corrugated Cartons Limited, the buyer in the transaction between the Group and the said entity for the property situated at No.79, Pattiwila Road, Gonawala, Kelaniya. The total transaction value was Rs.102,661,125 from which Expolanka Commodities (Private) Limited will book a gain of Rs. 71,808,426 in the financial year ending 31st March 2011 |
| Shafik Kassim | |
| Hanif Yusooif | |

3.9.7 Directors' Interest in any Material Contracts

The Directors of the Group and individual entities do not have any contract or arrangement of the entity in force at the date of the application, 25th March 2011, in which they have any material interest, other than the private placement shareholders' agreement of Expolanka Holdings Limited. Further details of the private placement shareholders' agreement is given in section 4.5 of this prospectus.

3.9.8 No Director of the Company has been involved in any of the following:

- A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer
- Any conviction for fraud, misappropriations or breach of trust or any other similar offence, which the CSE considers a disqualification



3.10 SENIOR MANAGEMENT

3.10.1 Chief Executive Officer

Hanif Yusoof - Chief Executive Officer
17/2 Alfred Place
Colombo 03

A brief profile of Mr Yusoof is given under 3.9.1 above.

The CEO was not involved in,

- A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer
- Any conviction for fraud, misappropriations or breach of trust or any other similar offence, which the CSE considers a disqualification

3.10.2 The Senior Management of the Group consists of the following:

| Name | Designation | Company | Experience and Expertise |
|------------------------------|-------------------------------|----------------------------------|---|
| Dr. Athula Pitigala-Arachchi | CEO | APIIT | Industry experience of 30 years. PhD from the University of Bristol, United Kingdom; BDS from the University of Peradeniya, Sri Lanka |
| Abdullah Kassim | Head of Business Development | Expolanka Holdings Limited | Industry experience of 02 years. MSc in International Business from the Manchester Business School, University of Manchester ; BA (Hons.) in Business Administration, First Class from Staffordshire University, UK |
| Aboo Yusoof | Managing Director | APIIT | Industry experience of 18 years. B.Sc. Degree in International Management from Golden Gate University in San Francisco, California |
| Asitha Jayatunga | Head of Group Human Resources | Expolanka Holdings Limited | Industry experience of 12 years. MBA from the Edith Cowan University, Australia; Certified HR Professional from the International Public Management Association for HR, USA; Diploma in HRM from the London Business School; Certificate in HRM from the Institute of Personnel Management, Sri Lanka |
| Asitha Kaggoda | Head of Group IT | Expolanka Holdings Limited | Industry experience of 09 years. MSc. in Information Technology from Keele University;UK Project Management Professional (USA) |
| Aslam Assen | Jt. CEO | Neptune Papers (Private) Limited | Industry experience of 05 years. Professional Post Graduate Diploma in Marketing (CIM – UK); Chartered Marketer |



Table 22 -Cont...

| Name | Designation | Company | Experience and Expertise |
|----------------------------|--|---|--|
| Azmy Mohideen | COO | Expolanka Commodities (Private) Limited | Industry experience of 24 years. |
| Chaminda Dias | Executive Director | Luxe Asia (Private) Limited | Industry experience of 14 years. |
| Dhilshad Sideek | Director/CEO | Expolanka Teas (Private) Limited | Industry experience of 21 years. MBA from Edith Cowan University, Australia; Diploma in Marketing from the Chartered Institute of Marketing, UK |
| Hassan Kassim | Head of Corporate Communications and CSR | Expolanka Holdings Limited | Industry experience of 01 year. BA (Hons.) in Business Administration from the University of Nottingham, UK |
| Jagath Pathirane | Director/CEO | Expolanka Freight (Private) Limited | Industry experience of 17 years. |
| Kanishka Wijesinghe | Director | Expolanka Airline Division | Industry experience of 28 years. Airline Marketing with the International Air Transport Association |
| M F Annam | Director/CEO | Expolanka (Private) Limited | Industry experience of 34 years. Chartered Institute of Management Accountants Finalist |
| Mohamed Muzzamil | Director | Expolanka International (Private) Limited | Industry experience of 32 years. |
| Mohamed Rizan | Jt. CEO | Neptune Papers (Private) Limited | Industry experience of 05 years. Bachelor of Business Administration (Special) from the University of Colombo; Institute of Chartered Accountants of Sri Lanka Finalist |
| Mushtaq Ahamed | CFO | Expolanka Holdings Limited | Industry experience of 13 years. MBA from University of Colombo; Bachelor of Science Honours degree in Business Administration (Finance Special); Associate Member of both the Institute of Chartered Accountants of Sri Lanka and Chartered Management Accountants, Sri Lanka |
| Omar Fatharally | Director/CEO | Hello Corp (Private) Limited | Industry experience of 05 years. Corporate Leader executive education program at Harvard Business School; Certificate in Management from the Postgraduate Institute of Management at the Sri Jayewardenepura University; Fellow Member of CIMA UK |
| Riza Bahardeen | CEO | Bio Extracts (Private) Limited | Industry experience of 17 years. MBA from the University of Buckinghamshire; Executive Diploma in Business Administration from the University of Colombo; Post Graduate Diploma in Marketing from the Sri Lanka Institute of Marketing (SLIM) |

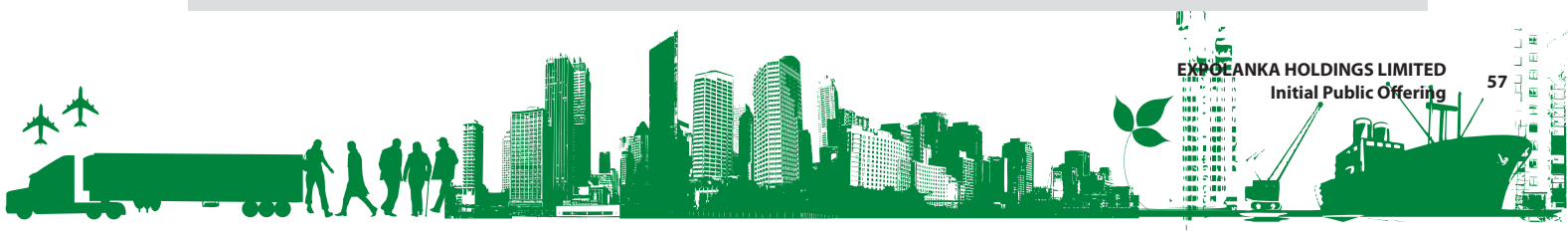


Table 22 - Continued

| Name | Designation | Company | Experience and Expertise |
|--------------------|-------------------|----------------------------------|--|
| Saif Yusoof | Managing Director | Peri Logistics (Private) Limited | Industry experience of 03 years. Bachelor of Business Administration with a specialisation in Integrated Supply Management from the Haworth College of Business at Western Michigan University |
| Suresh Mendis | CEO | Classic Travel (Private) Limited | Industry experience of 32 years. IATA worldwide qualification issued by Air Lanka |
| Ms. Niroza Gazzali | CEO | SG Logistics (Private) Limited | Industry experience of 19 years. |

3.10.3 Emoluments of Senior Management

The aggregate emoluments to the Senior Management team except for the Directors and the Chief Executive Officer during the last completed financial year ended 31 March 2010 amounts to Rupees Fifty Six Million Six Hundred and Sixty Three Thousand Three Hundred (Rs.56,663,300/-) and is estimated as Rupees Sixty Eight Million Five Hundred and Forty Two Thousand Seven Hundred and Fifty (Rs. 68,542,750/-) for the current financial year ending 31 March 2011.

3.11 HUMAN RESOURCES

As at 31 Dec 2010, the number of employees in the Group was 2,513 with their composition as detailed below;

Table 23 – Human Resources of the Group

| Sector | No. Of employees |
|------------------------------|------------------|
| Transportation Sector | 1,670 |
| International Trading Sector | 397 |
| Manufacturing Sector | 183 |
| Strategic Investments | 188 |
| Expolanka Holdings | 75 |
| Total | 2,513 |

The employees of the Company are not members of any trade unions and the Company has not entered into any collective agreements with the employees.



3.12 DIVIDEND POLICY

The Company will endeavor to pay out dividends from its consolidated annual net profit after taxation annually, subject to the availability of distributable reserves.

The actual amount and timing of dividend payments will be dependent upon Company's cash flow position, returns from operations, business prospects, current and expected obligations, funding needs for future growth, maintenance of an efficient capital structure, capital market conditions and any other factors which the Board of Directors of Expolanka Holdings Limited may deem relevant.

Details of Expolanka dividend payments during the preceding three financial years have been stated under section 2.5 "dividends" in section 5.1 of the "Accountants' report and Five Year Summary" in this prospectus.



IV. STATUTORY AND OTHER GENERAL INFORMATION

4.1 BROKERAGE

Brokerage at the rate of zero decimal five per centum (0.5%) will be paid in respect of the number of shares allotted on applications bearing the stamp of any member or trading member of the CSE or any Bank operating in Sri Lanka.

4.2 COST OF THE ISSUE

The Directors estimate that the total cost of the Issue will be approximately Rs.82,000,000/- inclusive of brokerage and will be met from the funds of the Company.

4.3 DETAILS OF COMMISSIONS PAID

No commission has been paid in the two years preceding the Initial Public Offering for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares of the Company

4.4 UNDERWRITING ARRANGEMENTS

No underwriting arrangement has been entered into by the Company for this Share Issue, and in the opinion of the Directors, there is no minimum subscription required to be raised through this Issue. In the event the issue is undersubscribed, the subscribers will be allotted the shares they have applied for, and the funds raised thereby will be utilised to meet the objectives of the Issue as stipulated in section 1.3 of the Prospectus.

4.5 MATERIAL CONTRACTS

There are no material contracts entered into which are not within the scope of the ordinary course of the business, other than the Private Placement Shareholders' Agreement of the Company, detailed below:

The Company was a party to the private placement Shareholders' Agreement which concluded in December 2010. The private placement was a transfer of shares from existing shareholders of the Company (the promoters) to new investors. The Company's obligations in this agreement are not material to its ordinary business activities. This agreement will cease upon the IPO of the Company.

4.6 MANAGEMENT AGREEMENTS

The Company has not entered into any material contracts other than those contracts entered into as part of the ordinary course of business.



4.8 TAXATION

Selected Group entities are entitled to tax concessions or exemptions as specified below.

| Company/Income Category | Regime | Exempted Period | Tax Rate Applicable |
|--|---------------------|-------------------------|---------------------|
| Expolanka International (Private) Limited | BOI / Income tax | | |
| Dividend Income | IRD -Sec 10 (1)(J) | From 2008/2009 Onwards | - |
| All other income | IRD -Sec 13/BOI | 2009/2010 and 2010/2011 | 15% |
| Classic Travel (Private) Limited | IRD - Sec 46 (1)(b) | | 12% |
| BIO Extracts (Private) Limited | IRD | | |
| Export Income | IRD | | 12% |

4.9 TAKE OVER OFFERS

There have been no take-over offers by a third party in respect of Company's shares during the last two years. No take-over offers have been made by the Company in respect of shares of a third party.

4.10 LITIGATION, DISPUTES AND CONTINGENT LIABILITIES

As at the date of this Prospectus there is no material litigation by or against the Company and there are no penalties imposed by any regulatory and state authority against the Company.

Contingent Liabilities as of 25th March 2011 are detailed below

| Type of Guarantee | Value (Rs.) |
|---------------------|---------------|
| Bank Guarantee | 1,124,229,076 |
| Corporate Guarantee | 4,749,752,607 |

4.11 CORPORATE GOVERNANCE PRACTICES

The Company places a high degree of importance on sound corporate governance practices and is committed to maintaining the highest standards of business integrity and ethical values while rewarding all its stakeholders. The Board of Directors of Expolanka Holdings Limited is responsible for the corporate governance practices of the Group.

4.11.1 Remuneration Committee

The remuneration committee consists of the following members:

| | | |
|------------------------------|---|------------------------------------|
| S. H. Amarasekera (Chairman) | – | Independent Non-Executive Director |
| Dr. S. Selliah | – | Independent Non-Executive Director |
| S. Kulatunga | – | Independent Non-Executive Director |



The remuneration committee is responsible for making recommendations to the Board on the remuneration of its management. The committee is also responsible for setting up the remuneration policy and providing guidelines to the Board on the overall remuneration framework including setting performance incentives and targets to ensure that remuneration levels are sufficient to attract and retain the caliber of professionals required for the successful management and operation of the Company.

4.11.2 Audit Committee

The audit committee consists of the following members:

| | | |
|-------------------------|---|------------------------------------|
| S. Kulatunga (Chairman) | – | Independent Non-Executive Director |
| Dr. S. Selliah | – | Independent Non-Executive Director |

The Group CFO attends the Meetings of the Audit Committee by invitation.

The Audit Committee is responsible for the reviewing of functions and processes of internal controls in the Company and ensuring the effectiveness of such controls. The Committee also reviews the financial information of the Company in order to monitor the integrity of the financial statements of the Company. It monitors all audit activities and operations, both internal audit and external audit, and ensures their compliance with overall policies and procedures as well as adherence to statutory and regulatory requirements and industry best practices.

4.12 ARTICLES OF ASSOCIATION

The Articles of Association of the Company will be available on the website of the CSE on www.cse.lk.

4.13 INSPECTION OF DOCUMENTS

The Articles of Association, Accountants' Report, Audited Financial Statements for the five financial years immediately preceding the date of this Prospectus – Financial Years 2005/2006 to 2009/2010 (both years inclusive) are available for inspection by the Public during normal working hours at the Registered Office of the Company from the date hereof until the subscription lists are closed or up to fourteen (14) Market Days whichever is later.

4.14 HOSTING OF PROSPECTUS AND APPLICATION FORM ON THE WEBSITE

The Prospectus and the Application Form are available on the CSE Website, www.cse.lk and the Company website, www.expolanka.com during the above mentioned period.



4.15 DEGREE OF DEPENDENCE ON KEY CUSTOMERS AND SUPPLIERS

The Company sources its products from a large number of suppliers, both locally and overseas and it does not depend on any one key supplier, as no single supplier accounts for more than 10% of its cost of sales.

Due to the geographic and business sector diversification of the Group, the Group is not dependent on one customer or Group customers to continue ordinary operations. No single customer in the Group contributes more than 10 % of the Group turnover.

4.16 WORKING CAPITAL

The Board of Directors is of the opinion that working capital is an important factor in the affairs of the business. The Company intends to utilise part of the IPO proceeds to improve the working capital position of the Company.

4.17 TRANSACTIONS RELATING TO PROPERTIES

Neither the promoters nor the directors held any interest (director indirect) in transactions relating to the properties of the Company within the preceding two years, except for the transaction detailed in section 3.9.6 above.



V FINANCIAL INFORMATION

5.1. Accountants Report and five years summary



Private & Confidential

The Board of Directors
Expolanka Holdings Limited
15A, Clifford Avenue
Colombo 03

Dear Sirs

ACCOUNTANTS' REPORT FOR INCLUSION IN THE PROSPECTUS OF EXPOLANKA HOLDINGS LIMITED

Introduction

This report has been prepared for inclusion in the Prospectus in connection with the initial public offering of 172,000,000 Ordinary Shares each at Rs.14/- per share.

We have examined the financial statements of Expolanka Holdings Limited (the "Company") and the consolidated financial statements of the Company and its subsidiaries (the "Group") and report as follows.

1. Incorporation

The Company was incorporated in Sri Lanka on 05th March 2003 as a private limited liability company under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 7 of 2007 as a Public Limited Liability Company on 11th November 2008.

The Registered Office of the company is located at No. 10, Milepost Avenue, Colombo 03. The principal activities of the company are holding investments and providing management and administration services to its subsidiaries.

2. Financial Statements of the company and its subsidiaries

2.1. Summary of Financial Statements - Five Years and for the 09 Months Period ended 31 December 2010

A summary of the Balance Sheets, Income Statements, Statement of Changes in Equity and Cash Flow Statements of the Company and the Group for the financial years ended 31 March 2006 to 31 March 2010 and 09 months period ended 31 December 2010 based on the audited financial statements, are set out on pages 64-72 of this report.

2.2 Audited Financial Statements for the 09 months period ended 31 December 2010

Our audit report on the financial statements of the Company, the consolidated financial statements of the Company and its subsidiaries which comprise the Balance Sheet as at 31 December 2010, and the Income Statements, Statement of Changes in Equity and Cash Flow Statement for the 09 months period ended, and a summary of significant accounting policies and other explanatory notes are set out on pages 73-112 of this report.

Partners: A D B Talwatte FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms Y A De Silva ACA W R H Fernando FCA FCMA W K B S P Fernando FCA FCMA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond)
H M A Jayasinghe FCA FCMA Ms G G S Manatunga ACA Ms L C G Nanayakkara FCA FCMA G E Wijesuriya ACA ACMA





2.3. Audit Reports

We have audited the financial statements of the Company and the consolidated financial statements of company and its subsidiaries for the years ended 31 March 2006 to 31 March 2010, for the 09 months period ended 31 December 2010.

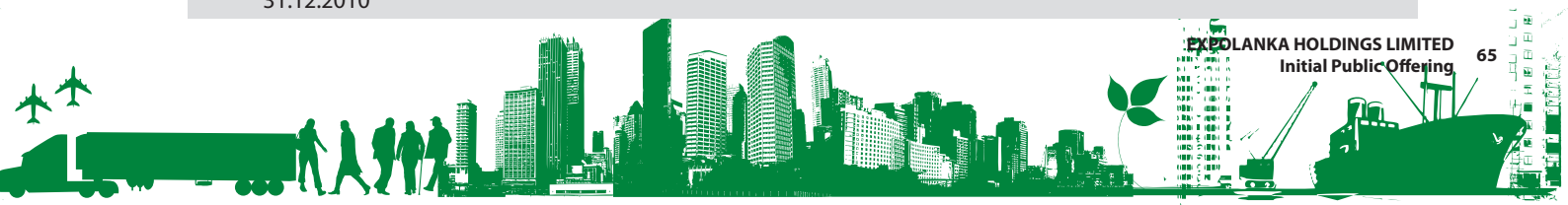
Unqualified audit opinions have been issued for the financial years ended 31 March 2006 to 31 March 2010, for the 09 months period ended 31 December 2010.

2.4. Accounting Policies

The financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries for the years ended 31 March 2006 to 31 March 2010 and for the 09 months period ended 31 December 2010 comply with Sri Lanka Accounting Standards.

The accounting policies of the Company and Group are stated in detail in the audited financial statements of Expolanka Holdings Limited for the 09 months period ended 31st December 2010. Changes in the accounting policies of the Company and Group since 31st March 2006 to 31st December 2010 are given below.

| Year | Changes in Accounting Policies |
|--|--|
| 2005/06 | <p>Except for the following there were no material accounting policy changes to the financial statements.</p> <p>The provisions of SLAS 25 -Business Combinations (Revised 2004) have been adopted in accounting for business combinations after 1 June 2005.</p> |
| 2006/07 | <p>Except for the following there were no material accounting policy changes to the financial statements.</p> <p>The Company has adopted the following new and revised Sri Lanka Accounting Standards during the year.</p> <p>SLAS 03 (Revised 2005) - Presentation of Financial Statements SLAS 10 (Revised 2005) - Accounting Policies, Changes in Accounting Estimates and Errors SLAS 12 (Revised 2005) - Events after the Balance Sheet Date SLAS 14 (Revised 2005) - Income Taxes SLAS 18 (Revised 2005) - Property, Plant & Equipments SLAS 19 (Revised 2005) - Leases SLAS 21 (Revised 2005) - The Effect of Changes in Foreign Exchange Rates SLAS 26 (Revised 2005) - Consolidated and Separate Financial Statements SLAS 27 (Revised 2005) - Investments in Associates SLAS 30 (Revised 2005) - Related Party Disclosures SLAS 34 (Revised 2005) - Earnings per Share SLAS 40 (Revised 2005) - Investment Property SLAS 41 - Impairment of Assets</p> |
| 2007/08 | There were no material changes |
| 2008/09 | There were no material changes |
| 2009/10 | There were no material changes |
| 2010/11 For 09 months period ended 31.12.2010 | There were no material changes |





2.5. Dividends

The Company has not declared dividend for the years ended 31 March 2006 to 31 March 2010.

For the nine months ended 31 December 2010 the Company has declared dividend of Rs. 0.121 per share amounting to Rs. 215,732,715/-.

2.6. Events after the Balance Sheet Date

There have no material events occurring after the Balance Sheet date of 31 December 2010 that require adjustment or disclosure in the financial statements.

Yours faithfully

(Signed)



EXPOLANKA HOLDINGS LIMITED

Five Year Summary - Balance Sheet

| | Company | | | | | | | | | | Group | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|------------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|------------------------|--|--|--|
| | 2005/06 Rs. | 2006/07 Rs. | 2007/08 Rs. | 2008/09 Rs. | 2009/10 Rs. | 2010/11 Interim Rs. | 2005/06 Rs. | 2006/07 Rs. | 2007/08 Rs. | 2008/09 Rs. | 2009/10 Rs. | 2010/11 Interim Rs. | | | |
| ASSETS | | | | | | | | | | | | | | | |
| Non Current Assets | 1,855,858,527 | 1,970,087,215 | 2,008,673,401 | 1,976,261,787 | 1,911,867,875 | 1,842,064,618 | 2,386,695,666 | 2,930,724,880 | 2,916,072,379 | 3,001,902,542 | 3,146,666,550 | 2,719,299,613 | | | |
| Non Current Assets Total | 1,855,858,527 | 1,970,087,215 | 2,008,673,401 | 1,976,261,787 | 1,911,867,875 | 1,842,064,618 | 2,386,695,666 | 2,930,724,880 | 2,916,072,379 | 3,001,902,542 | 3,146,666,550 | 2,719,299,613 | | | |
| Current Assets | | | | | | | | | | | | | | | |
| Inventory | 0 | 0 | 0 | 0 | 0 | 0 | 504,358,210 | 384,841,632 | 525,701,450 | 532,339,995 | 881,258,000 | 689,971,540 | | | |
| Trade and Other Receivables | 1,068,151 | 2,197,965 | 5,728,142 | 15,637,400 | 119,253,747 | 30,933,258 | 3,848,872,916 | 4,155,686,907 | 5,348,840,212 | 4,516,688,203 | 7,636,011,181 | 7,807,620,247 | | | |
| Other Current Assets | 138,613,594 | 129,368,798 | 148,563,721 | 286,969,790 | 279,720,123 | 407,468,713 | 937,599,529 | 863,618,410 | 1,533,911,009 | 2,378,658,473 | 2,789,386,097 | 2,197,559,409 | | | |
| Total Assets | 1,995,540,272 | 2,101,653,978 | 2,162,965,264 | 2,278,868,977 | 2,310,841,745 | 2,280,466,589 | 7,677,526,321 | 8,334,871,829 | 10,324,525,050 | 10,429,589,213 | 14,453,321,827 | 13,414,450,809 | | | |
| EQUITY AND LIABILITIES | | | | | | | | | | | | | | | |
| Share Capital | 1,782,915,000 | 1,782,915,000 | 1,782,915,000 | 1,782,915,000 | 1,782,915,000 | 1,782,915,000 | 1,782,915,000 | 1,782,915,000 | 1,782,915,000 | 1,782,915,000 | 1,782,915,000 | 1,782,915,000 | | | |
| Revaluation Reserves | 562,500 | 55,000 | 55,000 | 0 | 0 | 0 | (5,290,145) | 546,903,670 | 813,270,807 | 725,692,351 | 937,159,600 | 912,151,000 | | | |
| Retained Earnings | 2,386,846 | 12,974,978 | (92,494,868) | (204,655,260) | (175,231,443) | 13,114,079 | 65,757,690 | 80,313,271 | (237,529,276) | 77,354,226 | 673,135,152 | 1,601,949,251 | | | |
| Shareholders Funds | 1,785,864,346 | 1,795,944,978 | 1,690,475,132 | 1,578,259,740 | 1,607,683,557 | 1,796,029,079 | 1,843,382,545 | 2,410,131,941 | 2,358,656,531 | 2,585,961,577 | 3,393,209,752 | 4,297,015,252 | | | |
| Minority Interest | 0 | 0 | 0 | 0 | 0 | 0 | 182,213,060 | 236,386,022 | 278,175,566 | 334,175,352 | 434,505,834 | 634,142,279 | | | |
| Total Equity | 1,785,864,346 | 1,795,944,978 | 1,690,475,132 | 1,578,259,740 | 1,607,683,557 | 1,796,029,079 | 2,025,595,606 | 2,646,517,963 | 2,636,832,097 | 2,920,136,929 | 3,827,715,586 | 4,931,157,531 | | | |
| Non Current Liabilities and Deferred Income | | | | | | | | | | | | | | | |
| Mark-up Bearing Borrowing | 2,946,078 | 47,644,521 | 22,441,496 | 461,910,877 | 613,243,830 | 272,113,254 | 1,097,560,454 | 1,031,442,393 | 1,574,499,477 | 1,269,656,709 | 1,936,964,743 | 948,153,295 | | | |
| Non Mark-up Bearing Borrowing | 0 | 0 | 0 | 0 | 0 | 0 | 65,288,305 | 140,177,448 | 0 | 0 | 221,319,599 | 241,307,893 | | | |
| Other Non Current Liabilities | 863,353 | 1,597,731 | 2,443,250 | 6,315,687 | 7,479,537 | 9,104,670 | 58,606,596 | 80,910,517 | 95,510,930 | 119,027,776 | 190,428,581 | 215,235,189 | | | |
| Current Liabilities | 3,809,431 | 49,242,252 | 24,884,746 | 468,226,564 | 620,723,367 | 281,217,924 | 1,221,455,355 | 1,252,530,358 | 1,670,010,407 | 1,388,684,485 | 2,348,712,923 | 1,404,696,377 | | | |
| Trade and Other Payables | 30,886,827 | 50,087,400 | 40,313,094 | 31,141,111 | 14,926,760 | 6,470,630 | 3,180,672,516 | 3,240,027,576 | 4,308,106,345 | 4,131,202,054 | 6,573,188,158 | 5,445,212,200 | | | |
| Mark-up Bearing Borrowings | 138,505,656 | 129,980,138 | 276,578,435 | 53,702,303 | 1,043,391 | 185,539,445 | 1,100,647,466 | 997,370,746 | 1,451,534,850 | 1,429,140,636 | 1,436,356,951 | 1,189,958,875 | | | |
| Others | 36,474,012 | 76,399,210 | 130,713,857 | 147,539,259 | 66,464,669 | 11,209,511 | 149,155,378 | 198,425,187 | 258,041,351 | 560,425,109 | 267,348,209 | 443,425,826 | | | |
| Equity And Liabilities | 205,866,495 | 256,466,748 | 447,605,386 | 232,382,673 | 82,434,820 | 203,219,586 | 4,430,475,360 | 4,435,823,509 | 6,017,682,546 | 6,120,767,799 | 8,276,893,318 | 7,078,596,901 | | | |
| | 1,995,540,272 | 2,101,653,978 | 2,162,965,264 | 2,278,868,977 | 2,310,841,744 | 2,280,466,589 | 7,677,526,321 | 8,334,871,829 | 10,324,525,050 | 10,429,589,213 | 14,453,321,827 | 13,414,450,809 | | | |

(Signed)
Chief Finance Officer

(Signed)
Director

(Signed)
Director

EXPOLANKA HOLDINGS LIMITED

Five Year Summary - Income Statement

| | Company | | | | | | Group | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|------------------------|-----------------|-----------------|------------------|------------------|------------------|------------------------|
| | 2005/06 Rs. | 2006/07 Rs. | 2007/08 Rs. | 2008/09 Rs. | 2009/10 Rs. | 2010/11 Interim Rs. | 2005/06 Rs. | 2006/07 Rs. | 2007/08 Rs. | 2008/09 Rs. | 2009/10 Rs. | 2010/11 Interim Rs. |
| Turnover | 43,272,652 | 39,527,085 | 38,856,000 | 61,256,000 | 111,815,826 | 80,800,461 | 11,783,176,687 | 12,714,992,923 | 15,917,235,162 | 18,935,471,618 | 23,708,762,949 | 25,820,469,931 |
| Cost of Sales | 0 | 0 | 0 | 0 | 0 | 0 | (9,474,389,733) | (9,975,101,762) | (12,670,025,600) | (14,514,870,713) | (19,156,092,490) | (21,178,162,588) |
| Gross Profit | 43,272,652 | 39,527,085 | 38,856,000 | 61,256,000 | 111,815,826 | 80,800,461 | 2,308,786,954 | 2,739,891,161 | 3,247,209,562 | 4,420,600,905 | 4,552,670,458 | 4,642,307,343 |
| Other Operating Income | 12,988,117 | 40,429,893 | 17,893,795 | 60,121,325 | 85,648,621 | 456,362,408 | 194,848,590 | 242,475,540 | 141,022,875 | 270,551,734 | 455,113,071 | 828,870,921 |
| Distribution Cost | (855,144) | (4,863,705) | (5,788,541) | (1,398,895) | (863,566) | (553,937) | (343,709,810) | (365,083,384) | (405,185,146) | (486,469,777) | (491,900,168) | (387,088,414) |
| Administrative Expenses | (40,299,146) | (58,065,848) | (99,231,284) | (163,674,614) | (129,873,479) | (106,627,508) | (1,564,716,891) | (2,076,065,121) | (2,266,764,176) | (2,919,417,274) | (3,192,496,124) | (2,841,861,932) |
| Other Operating Expenses | 0 | 0 | 0 | 0 | 0 | 0 | (134,939,119) | (106,180,778) | (244,752,828) | (244,665,293) | (48,516,014) | (86,158,206) |
| Profit from Operating Activities | 15,106,479 | 17,027,425 | (48,270,030) | (43,696,184) | 66,727,402 | 429,981,424 | 460,269,725 | 435,037,418 | 471,530,287 | 1,040,600,295 | 1,274,871,223 | 2,156,069,712 |
| Finance Cost | (9,040,306) | (6,439,293) | (57,199,816) | (68,519,208) | (37,303,585) | (25,903,187) | (92,119,443) | (143,801,926) | (249,564,260) | (351,417,237) | (348,424,467) | (237,487,155) |
| Profit from ordinary Activities Before Tax | 6,066,173 | 10,588,132 | (105,469,846) | (112,215,392) | 29,423,817 | 404,078,237 | 368,150,282 | 291,235,492 | 221,966,027 | 689,183,057 | 926,446,756 | 1,918,582,557 |
| Income Tax Expenses | 0 | 0 | 0 | 0 | 0 | 0 | (175,842,702) | (168,893,816) | (214,175,604) | (298,624,471) | (335,379,880) | (468,789,654) |
| Net Profit for the Year | 6,066,173 | 10,588,132 | (105,469,846) | (112,215,392) | 29,423,817 | 404,078,237 | 192,307,579 | 122,341,676 | 7,790,423 | 390,558,586 | 591,066,876 | 1,449,792,903 |
| Profit attributable to Equity Holders | 6,066,173 | 10,588,132 | (105,469,846) | (112,215,392) | 29,423,817 | 404,078,237 | 125,801,493 | 55,214,452 | (50,437,454) | 309,742,129 | 518,020,048 | 1,267,856,108 |
| Minority Interest | 0 | 0 | 0 | 0 | 0 | 0 | 66,506,086 | 67,127,224 | 58,227,877 | 80,816,457 | 73,046,827 | 181,936,795 |
| | 6,066,173 | 10,588,132 | (105,469,846) | (112,215,392) | 29,423,817 | 404,078,237 | 192,307,579 | 122,341,676 | 7,790,423 | 390,558,586 | 591,066,876 | 1,449,792,903 |

(Signed)
Chief Finance Officer(Signed)
Director(Signed)
Director

EXPOLANKA HOLDINGS LIMITED

Five Year Summary - Statement of Changes in Equity

| | Company | | | | | Group | | | | | | |
|--|---------------|---------------------|---------------------------|---------------|---------------|---------------------|-----------------|------------------------------|---------------------------|---------------|-------------------|---------------|
| | Share Capital | Revaluation Reserve | Accumulated Profit/(Loss) | Total | Share Capital | Revaluation Reserve | General Reserve | Exchange Fluctuation Reserve | Accumulated Profit/(Loss) | Total | Minority Interest | Total Equity |
| | Rs. | Rs. | (Loss) | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| As at 01 April 2005 | 250,000 | 750,000 | (3,679,327) | (2,679,327) | 250,000 | 750,000 | - | - | (3,679,336) | (2,679,336) | - | (2,679,336) |
| Profit for the year | - | - | 6,066,173 | 6,066,173 | - | - | - | - | 125,801,493 | 125,801,493 | 66,506,086 | 192,307,579 |
| Issue of Share Capital - for Non Cash Consideration | - | - | - | - | - | - | - | - | - | - | - | - |
| Transferred to/from During the year | 1,782,665,000 | - | - | 1,782,665,000 | 1,782,665,000 | - | - | - | - | 1,782,665,000 | - | 1,782,665,000 |
| Amounts Written Off during the year | - | (187,500) | - | (187,500) | - | 1,190,837 | - | - | 771,875 | 1,962,712 | - | 1,962,712 |
| Exchange difference arising during the year | - | - | - | - | - | (3,163,177) | - | - | - | (3,163,177) | - | (3,163,177) |
| Consolidated Adjustments | - | - | - | - | - | - | - | (4,067,805) | - | (4,067,805) | - | (4,067,805) |
| Minority Share of Net Assets of Subsidiaries Acquired | - | - | - | - | - | - | - | - | (57,136,342) | (57,136,342) | - | (57,136,342) |
| As at 01 April 2006 | 1,782,915,000 | 562,500 | 2,386,846 | 1,785,864,346 | 1,782,915,000 | (1,222,340) | - | (4,067,805) | 65,757,690 | 1,843,382,545 | 115,706,974 | 115,706,974 |
| Profit for the Year | - | - | 10,588,132 | 10,588,132 | - | - | - | - | 55,214,452 | 55,214,452 | 182,213,060 | 2,025,595,605 |
| Transferred to/from During the year | - | (150,000) | - | (150,000) | - | (42,741,182) | - | - | 42,741,182 | - | - | - |
| Transfer of Surplus on Revaluation of Derecognised PPE | - | (357,500) | - | (357,500) | - | (1,711,918) | - | - | 1,711,918 | - | - | - |
| Revaluation Surplus during the year | - | - | - | - | - | 551,997,164 | - | - | - | 551,997,164 | - | 551,997,164 |
| Adjustment for Change in Accounting Policy and Prior Period Errors | - | - | - | - | - | - | - | - | (75,705,591) | (75,705,591) | 201,427 | (75,504,164) |
| Dividends Paid to Minority Shareholders | - | - | - | - | - | - | - | - | - | - | (22,562,069) | (22,562,069) |
| Exchange difference arising during the year | - | - | - | - | - | - | - | 44,649,751 | - | 44,649,751 | - | 44,649,751 |
| Minority Share of Net Assets | - | - | - | - | - | - | - | - | (9,406,380) | (9,406,380) | 9,406,380 | - |
| As at 01 April 2007 | 1,782,915,000 | 55,000 | 12,974,978 | 1,795,944,978 | 1,782,915,000 | 506,321,724 | - | 40,581,946 | 80,313,271 | 2,410,131,940 | 236,386,023 | 2,646,517,963 |
| Dividend Paid to Minority Shareholders | - | - | (105,469,846) | (105,469,846) | - | - | - | - | - | - | (16,438,333) | (16,438,333) |
| Profit for the Year | - | - | - | - | - | - | - | - | (50,437,454) | (50,437,454) | 58,227,877 | 7,790,423 |
| Transferred to/from during the year | - | - | - | - | - | (16,265,385) | 297,484,000 | - | (267,405,093) | 13,813,522 | - | 13,813,522 |
| Exchange difference arising during the year | - | - | - | - | - | - | - | (14,851,478) | - | (14,851,478) | - | (14,851,478) |

(Signed)
Chief Finance Officer

(Signed)
Director

(Signed)
Director

EXPOLANKA HOLDINGS LIMITED

Five Year Summary - Statement of Changes in Equity

| | Company | | | | | Group | | | | | | |
|---|---------------|---------------------|---------------------------|---------------|---------------|---------------------|-----------------|------------------------------|---------------------------|---------------|-------------------|---------------|
| | Share Capital | Revaluation Reserve | Accumulated Profit/(Loss) | Total | Share Capital | Revaluation Reserve | General Reserve | Exchange Fluctuation Reserve | Accumulated Profit/(Loss) | Total | Minority Interest | Total Equity |
| | Rs. | Rs. | (Loss) | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| As at 01 April 2008 | 1,782,915,000 | 55,000 | (92,494,868) | 1,690,475,132 | 1,782,915,000 | 490,056,339 | 297,484,000 | 25,730,468 | (237,529,276) | 2,358,656,530 | 278,175,567 | 2,636,832,097 |
| Dividend paid to Minority Shareholders | - | - | - | - | - | - | - | - | - | - | (29,616,671) | (29,616,671) |
| Profit for the Year | - | - | (112,215,292) | (112,215,392) | - | - | - | - | 309,742,139 | 309,742,130 | 80,816,457 | 390,558,587 |
| Transferred to/from during the year - | (55,000) | (55,000) | 55,000 | - | - | (1,925,000) | 22,880,661 | - | (20,955,661) | - | - | - |
| Goodwill adjustment on Consolidation | - | - | - | - | - | - | - | - | 26,097,033 | 26,097,033 | - | 26,097,033 |
| Share of Minority interest on new acquisition | - | - | - | - | - | - | - | - | - | - | 4,800,000 | 4,800,000 |
| Exchange difference arising during the year | - | - | - | - | - | - | (52,896,661) | (55,637,456) | - | (108,534,117) | - | (108,534,117) |
| As at 01 April 2009 | 1,782,915,000 | - | (204,655,260) | 1,578,259,740 | 1,782,915,000 | 488,131,339 | 267,468,000 | (29,906,988) | 77,354,226 | 2,585,961,576 | 334,175,353 | 2,920,136,929 |
| Dividend Paid | - | - | - | - | - | - | - | - | - | - | (13,427,360) | (13,427,360) |
| Profit for the Year | - | - | 29,423,817 | 29,423,817 | - | - | - | - | 518,020,048 | 518,020,048 | 73,046,827 | 591,066,876 |
| Transferred to/from during the year | - | - | - | - | - | 130,570,667 | 39,661,953 | - | (170,232,620) | - | - | - |
| Effect on Change in Group Structure | - | - | - | - | - | - | - | - | 247,993,498 | 247,993,498 | 40,711,014 | 288,704,512 |
| Exchange difference arising during the year | - | - | - | - | - | - | - | 41,234,629 | - | 41,234,629 | - | 41,234,629 |
| As at 01 April 2010 | 1,782,915,000 | - | (175,231,443) | 1,607,683,557 | 1,782,915,000 | 618,702,006 | 307,129,953 | 11,327,641 | 673,135,152 | 3,393,209,751 | 434,505,834 | 3,827,715,586 |
| Dividend Paid | - | - | (215,732,715) | (215,732,715) | - | - | - | - | (215,732,715) | (215,732,715) | (13,909,949) | (229,642,664) |
| Profit for the Year | - | - | 404,078,237 | 404,078,237 | - | - | - | - | 1,267,857,325 | 1,267,857,325 | 181,935,578 | 1,449,792,903 |
| Transferred to/from during the year | - | - | - | - | - | 30,543,540 | 15,571,807 | - | (165,234,107) | (119,118,760) | (9,737,048) | (128,855,808) |
| Realised surplus on Disposal | - | - | - | - | - | (41,923,596) | - | - | 41,923,596 | - | - | - |
| Transferred to Accumulated Profit | - | - | - | - | - | - | - | - | - | - | 41,347,865 | 41,347,865 |
| Effect on Change in Group Structure | - | - | - | - | - | - | - | - | - | - | - | - |
| Exchange difference arising during the year | - | - | - | - | - | - | - | (29,200,351) | - | (29,200,351) | - | (29,200,351) |
| As at 31 December 2010 | 1,782,915,000 | - | 13,114,079 | 1,796,029,079 | 1,782,915,000 | 607,321,950 | 322,701,760 | (17,872,710) | 1,601,949,252 | 4,297,015,251 | 634,142,280 | 4,931,157,531 |

(Signed)

Chief Finance Officer

(Signed)

Director

(Signed)

Director



EXPOLANKA HOLDINGS LIMITED

Five Year Summary - Cash Flow Statement

| Cash Flows From / (Used in) Operating Activities | Company | | | | | | Group | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|------------------------|-----------------|-----------------|----------------|----------------|----------------|------------------------|
| | 2005/06 Rs. | 2006/07 Rs. | 2007/08 Rs. | 2008/09 Rs. | 2009/10 Rs. | 2010/11 Interim Rs. | 2005/06 Rs. | 2006/07 Rs. | 2007/08 Rs. | 2008/09 Rs. | 2009/10 Rs. | 2010/11 Interim Rs. |
| Cash Generated from Operations | 47,311,431 | 81,146,152 | (22,902,289) | (145,487,989) | (66,134,078) | 358,127,863 | 284,980,920 | 891,383,543 | 281,820,215 | 1,846,550,245 | 514,105,615 | 2,103,034,675 |
| Finance Cost paid | (9,040,306) | (6,439,293) | (41,949,989) | (67,030,837) | (37,303,293) | (25,903,187) | (92,119,443) | (143,801,926) | (249,581,603) | (351,417,237) | (348,424,467) | (237,487,155) |
| Income Tax Paid | - | - | - | - | - | - | (163,018,647) | (193,655,113) | (168,523,376) | (312,571,529) | (206,771,379) | (232,286,114) |
| Defined Benefit Plan Costs paid | (91,000) | (114,664) | - | (294,000) | (900,000) | (275,000) | (3,809,821) | (5,149,496) | (4,884,792) | (8,675,015) | (5,792,449) | (4,367,015) |
| Net Cash From / (Used in) Operating Activities | 38,180,125 | 74,592,195 | (64,852,278) | (212,812,826) | (104,337,371) | 331,949,676 | 26,033,009 | 548,777,009 | (141,169,556) | 1,173,886,463 | (46,882,680) | 1,628,894,391 |
| Cash Flows From / (Used in) Investing Activities | | | | | | | | | | | | |
| Finance Income Received | - | - | - | - | - | - | - | 3,580,646 | 1,728,426 | 1,734,852 | 1,245,121 | 9,373,958 |
| Acquisition of Property, Plant and Equipment | (27,938,578) | (19,462,275) | (19,434,573) | (12,438,045) | (11,149,902) | (14,553,844) | (1,583,422,984) | (1,126,901,985) | (374,690,540) | (370,755,161) | (754,777,949) | (280,614,086) |
| Acquisition of Intangible Assets | - | - | - | - | - | - | - | - | (2,142,194) | (48,326,277) | (2,062,777) | 3,566,124 |
| Retired of Intangible Assets | - | - | - | - | - | - | - | - | - | - | - | - |
| Proceeds from Sale of Property, Plant and Equipment | 50,000 | 2,500,000 | 5,000 | 416,670 | 2,768,675 | 93,205,002 | 45,048,480 | 967,550,398 | 130,143,202 | 192,735,832 | 156,464,930 | 335,333,241 |
| Acquisition of Subsidiary/ Associates / Joint Venture | (6,182,940) | - | - | (10,000,000) | (5,260,010) | (21,420,230) | 111,150,093 | 1,746,360 | - | (10,173,555) | - | - |
| Acquisition of Other Investments | (2,450,000) | (575,346) | (37,500,000) | - | - | (258,971,846) | (604,165) | (3,441,452) | (38,607,217) | - | - | (325,611,594) |
| Proceeds from Sale of Other Investments | 11,491,312 | - | - | - | 59,275,866 | - | 2,615,421 | 3,440,261 | - | 24,185,776 | 91,933,496 | - |
| Net Proceeds from Sale of Other Investments | - | - | - | - | - | 271,395,646 | - | - | - | - | - | 294,981,327 |
| Proceeds from Sale of Subsidiary / Associates / Joint Venture | - | - | - | 21,446,323 | - | - | - | - | - | 21,446,323 | - | - |
| Net Increase in Goodwill / Negative Goodwill | - | - | - | - | - | - | 644,070,918 | - | - | - | - | - |
| Net Cash Flows Used in Investing Activities | (25,030,206) | (17,537,621) | (56,929,573) | (575,052) | 45,634,629 | 69,654,728 | (781,142,237) | (154,025,773) | (283,568,323) | (189,152,211) | (495,991,179) | 37,028,969 |

(Signed)
Chief Finance Officer

(Signed)
Director

(Signed)
Director

EXPOLANKA HOLDINGS LIMITED

Five Year Summary - Cash Flow Statement

| Cash Flows From / (Used in) Financing Activities | Company | | | | | | Group | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|------------------------|----------------|----------------|----------------|----------------|----------------|------------------------|
| | 2005/06 Rs. | 2006/07 Rs. | 2007/08 Rs. | 2008/09 Rs. | 2009/10 Rs. | 2010/11 Interim Rs. | 2005/06 Rs. | 2006/07 Rs. | 2007/08 Rs. | 2008/09 Rs. | 2009/10 Rs. | 2010/11 Interim Rs. |
| Cash Flows From / (Used in) | | | | | | | | | | | | |
| Net Proceeds From Non Mark-up Bearing Loans and Borrowings | - | - | - | 28,661,639 | 3,200,000 | 184,324,316 | (93,804,047) | 45,079,375 | (140,177,448) | - | 221,319,599 | 19,988,293 |
| Net Proceeds From Loans and Ijara Payables | 4,070,974 | (1,405,620) | (46,000,000) | (24,512,394) | (55,861,639) | - | 640,130,494 | (520,998,247) | 685,078,202 | (242,131,279) | 427,507,025 | - |
| Principal Payments under Ijara Payables | - | - | (1,020,832) | - | (1,167,708) | (761,081) | - | - | - | - | - | (940,600,598) |
| Net Minority Interest | - | - | - | - | - | - | 182,213,060 | - | - | - | - | (13,909,949) |
| Dividends Paid | - | - | - | - | - | (215,732,715) | - | (23,137,102) | (16,438,333) | (29,616,671) | (13,427,360) | (215,732,715) |
| Net Cash Flows From / (Used in) Financing Activities | 4,070,974 | (1,405,620) | (47,020,832) | 4,149,245 | (53,829,347) | (32,169,480) | 728,539,507 | (499,055,975) | 528,462,421 | (271,747,950) | 635,399,264 | (1,150,254,969) |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | - | - | - | - | - | - | - | - | (14,851,478) | (108,534,117) | 41,234,629 | (29,200,351) |
| Net Increase / (Decrease) in Cash and Cash Equivalents | 17,220,893 | 55,648,954 | (168,802,683) | (209,238,633) | (112,532,089) | 369,434,924 | (26,569,721) | (104,304,738) | 88,873,064 | 604,452,185 | 133,760,034 | 486,468,040 |
| Cash and Cash Equivalents at the beginning of the year | (154,126,280) | (136,905,387) | (81,256,433) | (250,059,116) | (459,297,749) | (571,829,838) | 72,557,578 | 45,987,857 | (58,316,881) | 30,556,183 | 635,008,368 | 768,768,402 |
| Cash and Cash Equivalents at the end of the year | (136,905,387) | (81,256,433) | (250,059,116) | (459,297,749) | (571,829,838) | (202,394,914) | 45,987,857 | (58,316,881) | 30,556,183 | 635,008,368 | 768,768,402 | 1,255,236,442 |

(Signed)

Chief Finance Officer

(Signed)

Director

(Signed)

Director



5.2 Audited Interim Financial Statement for the Nine Months ended 31st December 2010



ERNST & YOUNG

Chartered Accountants

201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : (0) 11 2463500
Fax Gen : (0) 11 2697369
Tax : (0) 11 5578180
eysl@lk.ey.com

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EXPOLANKA HOLDINGS LIMITED

MPDC/DIG/DM

Report on the Financial Statements

We have audited the accompanying interim financial statements of Expolanka Holdings Limited ("Company"), the consolidated financial statements of the Company and its subsidiaries which comprise the balance sheets as at 31 December 2010, and the income statements, statements of changes in equity and cash flow statements for the nine months period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

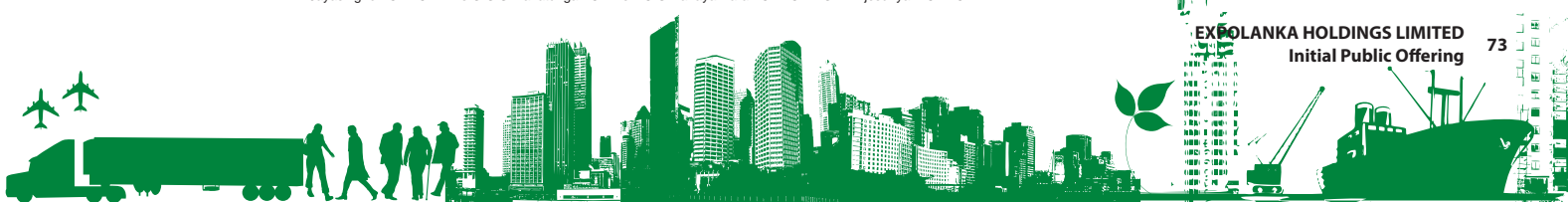
An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the Company maintained proper accounting records for the period ended 31 December 2010 and the financial statements give a true and fair view of the Company's state of affairs as at 31 December 2010 and its profit and cash flows for the period then ended in accordance with Sri Lanka Accounting Standards.

Partners: A D B Talwate FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms Y A De Silva ACA W R H Fernando FCA FCMA W K B S P Fernando FCA FCMA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond)
H M A Jayasinghe FCA FCMA Ms G G S Manatunga ACA Ms L C G Nanayakkara FCA FCMA G E Wijesuriya ACA ACMA





In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at 31 December 2010 and the profit and cash flows for the period then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Without qualifying our opinion we draw attention to the fact that, corresponding figures in relation to Income statements, Cash Flow Statements and Changes in Equity for the 9 months period ended 31 December 2009 are unaudited. However Income statements, Cash Flow Statements and Changes in Equity for the year ended 31 March 2010 which are not presented with these financial statements were audited by us and an unqualified opinion was issued there on.

Report on Other Legal and Regulatory Requirements

In our opinion, these financial statements also comply with the requirements of Sections 151(2) and 153 (2) to 153 (7) of the Companies Act No. 7 of 2007.

(Signed)

4th April 2011

Colombo



Expolanka Holdings Limited and Its Subsidiaries
BALANCE SHEETS
As at 31 December 2010

| | Note | Group | | Company | |
|--|------|----------------------------|----------------------------|----------------------------|----------------------------|
| | | As at 31.12.2010 Rs. | As at 31.03.2010 Rs. | As at 31.12.2010 Rs. | As at 31.03.2010 Rs. |
| ASSETS | | | | | |
| Non-current Assets | | | | | |
| Property, Plant and Equipment | 3 | 2,147,860,131 | 2,634,120,664 | 35,388,986 | 124,761,616 |
| Investment Property | 4 | 122,926,250 | 226,830,125 | - | - |
| Intangible Assets | 5 | 32,042,501 | 35,608,625 | 18,868,779 | 25,141,296 |
| Investments in Subsidiaries | 6 | - | - | 1,529,081,563 | 1,761,964,963 |
| Other Investments | 7 | 375,459,890 | 50,203,881 | 258,725,290 | - |
| Deferred Income Tax Assets | 15 | 41,010,841 | 41,530,200 | - | - |
| | | <u>2,719,299,613</u> | <u>2,988,293,495</u> | <u>1,842,064,618</u> | <u>1,911,867,875</u> |
| Current Assets | | | | | |
| Other Investments | 7 | 1,407,010 | 1,051,425 | 246,556 | - |
| Inventories | 8 | 689,971,540 | 881,258,000 | - | - |
| Trade and Other Receivables | 9 | 7,807,620,247 | 7,745,047,226 | 34,981,397 | 119,253,747 |
| Income Tax Recoverable | | 13,128,050 | 64,759,355 | - | - |
| Amounts Due from Related Parties | 10 | 306,330,469 | 1,088,077,561 | 334,953,886 | 240,737,159 |
| Cash and Cash Equivalents | | 1,876,693,880 | 1,684,834,766 | 68,220,132 | 38,982,964 |
| | | <u>10,695,151,196</u> | <u>11,465,028,333</u> | <u>438,401,971</u> | <u>398,973,870</u> |
| Total Assets | | <u>13,414,450,809</u> | <u>14,453,321,828</u> | <u>2,280,466,589</u> | <u>2,310,841,745</u> |
| EQUITY AND LIABILITIES | | | | | |
| Equity Attributable to Equity holders of Parent | | | | | |
| Stated Capital | 12 | 1,782,915,000 | 1,782,915,000 | 1,782,915,000 | 1,782,915,000 |
| Reserves | 13 | 912,151,000 | 937,159,600 | - | - |
| Retained Earnings/ (Losses) | | 1,601,949,251 | 673,135,152 | 13,114,079 | (175,231,443) |
| Shareholders' Funds | | 4,297,015,252 | 3,393,209,752 | 1,796,029,079 | 1,607,683,557 |
| Minority Interest | | 634,142,279 | 434,505,834 | - | - |
| Total Shareholders' Funds and Minority Interest | | <u>4,931,157,531</u> | <u>3,827,715,586</u> | <u>1,796,029,079</u> | <u>1,607,683,557</u> |
| Non-current Liabilities | | | | | |
| Loans and Ijara Payables | 14 | 948,153,295 | 1,936,964,743 | 272,113,254 | 613,243,830 |
| Deferred Income Tax Liabilities | 15 | 12,308,039 | 8,717,807 | - | - |
| Amounts Due to Related Parties | 18 | - | 3,894,924 | - | - |
| Non Interest Bearing Borrowings | | 241,307,892 | 221,319,599 | - | - |
| Other Deferred Liabilities | 16 | 202,927,151 | 177,815,851 | 9,104,670 | 7,479,537 |
| | | <u>1,404,696,377</u> | <u>2,348,712,924</u> | <u>281,217,924</u> | <u>620,723,367</u> |
| Current Liabilities | | | | | |
| Loans and Ijara Payables | 14 | 1,189,958,875 | 1,436,356,951 | 185,539,445 | 1,043,391 |
| Trade and Other Payables | 17 | 5,445,212,200 | 6,573,188,158 | 6,470,630 | 14,926,761 |
| Income Tax Liabilities | | 394,275,162 | 213,512,520 | - | - |
| Amounts Due to Related Parties | 18 | 49,150,664 | 53,835,689 | 11,209,511 | 66,464,669 |
| | | <u>7,078,596,901</u> | <u>8,276,893,318</u> | <u>203,219,586</u> | <u>82,434,821</u> |
| Total Equity and Liabilities | | <u>13,414,450,809</u> | <u>14,453,321,828</u> | <u>2,280,466,589</u> | <u>2,310,841,745</u> |

These financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

(Signed)
.....
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by,

(Signed)
.....
Director

(Signed)
.....
Director

The accounting policies and notes on pages 7 through 32 form an integral part of the financial statements.

4 April 2011
Colombo

EXPOLANKA HOLDINGS LIMITED
Initial Public Offering

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Expolanka Holdings Limited and Its Subsidiaries
INCOME STATEMENTS
9 months period ended 31 December 2010

| | Note | Group | | Company | |
|--------------------------------|------|---|--|---|--|
| | | 9 Months Period ended 31 December 2010 Rs. | Unaudited 9 Months Period ended 31 December 2009 Rs. | 9 Months Period ended 31 December 2010 Rs. | Unaudited 9 Months Period ended 31 December 2009 Rs. |
| Revenue | 19 | 25,820,469,931 | 17,426,757,659 | 80,800,461 | 40,734,611 |
| Cost of Sales | | (21,178,162,588) | (14,100,359,678) | - | - |
| Gross Profit | | <u>4,642,307,343</u> | <u>3,326,397,981</u> | <u>80,800,461</u> | <u>40,734,611</u> |
| Other Income and Gains | 20 | 828,870,921 | 311,873,190 | 456,362,408 | 85,648,621 |
| Administrative Expenses | | (2,841,861,932) | (2,272,861,052) | (106,627,508) | (95,593,926) |
| Selling and Distribution Costs | | (387,088,414) | (339,531,254) | (553,937) | (775,103) |
| Other Operating Expenses | | (86,158,206) | (31,606,321) | - | - |
| Finance Cost | 21 | (237,487,155) | (261,166,200) | (25,903,187) | (37,208,939) |
| Profit Before Tax | 22 | <u>1,918,582,557</u> | <u>733,106,344</u> | <u>404,078,237</u> | <u>(7,194,735)</u> |
| Income Tax Expense | 23 | (468,789,654) | (258,312,040) | - | - |
| Profit for the period | | <u><u>1,449,792,903</u></u> | <u><u>474,794,304</u></u> | <u><u>404,078,237</u></u> | <u><u>(7,194,735)</u></u> |
| Attributable to: | | | | | |
| Equity Holders of the Parent | | 1,267,856,108 | 429,785,845 | 404,078,237 | (7,194,735) |
| Minority Interest | | 181,936,795 | 45,008,459 | - | - |
| | | <u><u>1,449,792,903</u></u> | <u><u>474,794,304</u></u> | <u><u>404,078,237</u></u> | <u><u>(7,194,735)</u></u> |
| Basic Earnings Per Share | 24 | <u>0.711</u> | <u>0.241</u> | <u>0.227</u> | <u>(0.004)</u> |

The accounting policies and notes on pages 7 through 32 form an integral part of the financial statements.



Expolanka Holdings Limited and Its Subsidiaries
STATEMENTS OF CHANGES IN EQUITY
9 months period ended 31 December 2010

| GROUP | Note | Stated Capital | Revaluation Reserve | General Reserve | Exchange Fluctuation Reserve | Accumulated Profits/(Losses) | Total | Minority Interest | Total Equity |
|---|------|----------------------|---------------------|--------------------|------------------------------|------------------------------|----------------------|----------------------|----------------------|
| | | | | | | | | | |
| As at 01 April 2009 | | 1,782,915,000 | 488,131,339 | 267,468,000 | (29,906,988) | 77,354,226 | 2,585,961,577 | 334,175,352 | 2,920,136,929 |
| Dividend Paid to Minority Shareholders | | - | - | - | - | - | - | (13,427,360) | (13,427,360) |
| Profit for the period | | - | - | - | - | 429,785,845 | 429,785,845 | 45,008,459 | 474,794,304 |
| Transferred to/from during the period | | - | 130,570,667 | 2,629,953 | - | (133,200,620) | - | - | - |
| Effect of Change in Group Structure | | - | - | - | - | 247,993,498 | 247,993,498 | 40,711,014 | 288,704,512 |
| Exchange difference arising during the period | | - | - | - | 31,288,958 | - | 31,288,958 | - | 31,288,958 |
| As at 31 December 2009 - Unaudited | | 1,782,915,000 | 618,702,006 | 270,097,953 | 1,381,970 | 621,932,948 | 3,295,029,877 | 406,467,465 | 3,701,497,343 |
| As at 01 April 2010 | | 1,782,915,000 | 618,702,006 | 307,129,953 | 11,327,641 | 673,135,152 | 3,393,209,752 | 434,505,833 | 3,827,715,585 |
| Dividend Paid | | - | - | - | - | (215,732,715) | (215,732,715) | (13,909,949) | (229,642,664) |
| Profit for the Period | | - | - | - | - | 1,267,856,108 | 1,267,856,108 | 181,936,795 | 1,449,792,903 |
| Transferred to/from during the year | 13 | - | 30,543,540 | 15,571,807 | - | (165,232,889) | (119,117,542) | (9,738,265) | (128,855,807) |
| Realised surplus on Disposal of Property, Plant and Equipment Transferred to Accumulated Profit | | - | (41,923,596) | - | - | 41,923,596 | - | - | - |
| Effect of Change in Group Structure | | - | - | - | - | - | - | 41,347,865 | 41,347,865 |
| Exchange difference arising during the year | | - | - | - | (29,200,351) | - | (29,200,351) | - | (29,200,351) |
| As at 31 December 2010 | | 1,782,915,000 | 607,321,950 | 322,701,760 | (17,872,710) | 1,601,949,251 | 4,297,015,252 | 634,142,279 | 4,931,157,531 |
| COMPANY | | | | | | | | | |
| As at 01 April 2009 | | 1,782,915,000 | - | - | - | - | - | (204,655,260) | 1,578,259,740 |
| Profit for the Year | | - | - | - | - | - | - | (7,194,735) | (7,194,735) |
| As at 31 December 2009 - Unaudited | | 1,782,915,000 | | | | | | (211,849,995) | 1,571,065,005 |
| As at 01 April 2010 | | 1,782,915,000 | - | - | - | - | - | (175,231,443) | 1,607,683,557 |
| Profit for the Period | | - | - | - | - | - | - | 404,078,237 | 404,078,237 |
| Interim Dividend paid | | - | - | - | - | - | - | (215,732,715) | (215,732,715) |
| As at 31 December 2010 | | 1,782,915,000 | | | | | | 13,114,079 | 1,796,029,079 |

The accounting policies and notes on pages 6 through 31 form an integral part of the financial statements.

Expolanka Holdings Limited and Its Subsidiaries
CASH FLOW STATEMENTS
9 months period ended 31 December 2010

| | Group | | Company | | |
|--|-------|--|--|--|--|
| | Note | 9 Months Period ended 31 December 2010 Rs. | Unaudited 9 Months Period ended 31 December 2009 Rs. | 9 Months Period ended 31 December 2010 Rs. | Unaudited 9 Months Period ended 31 December 2009 Rs. |
| Cash Flows From / (Used in) | | | | | |
| Operating Activities | | | | | |
| Profit before Income Tax Expenses | | 1,918,582,557 | 733,106,344 | 404,078,237 | (7,194,735) |
| Adjustments for, | | | | | |
| Depreciation and Transfers | | 543,459,999 | 409,370,381 | 7,398,863 | 9,246,229 |
| Amortisation | | 1,242,750 | 12,491,844 | 6,272,517 | 6,234,098 |
| Income from Investments | | (9,373,958) | (12,451,121) | - | - |
| (Profit)/Loss on Sale of Property, Plant and Equipment | | (9,257,495) | (72,996,202) | 3,322,609 | 1,239,543 |
| Profit on Sale of Investments | | (313,186,137) | (3,958,450) | (17,092,017) | (1,775,865) |
| Finance Cost | | 237,487,155 | 261,166,200 | 25,903,187 | 37,208,939 |
| Fall in Value of Investments | | - | - | - | - |
| Negative Goodwill | | (76,360,326) | - | - | - |
| Deferred Disposal Income | | - | - | - | - |
| Goodwill adjustment on Consolidation | | - | - | - | - |
| Write off of Other Assets | | - | - | - | - |
| Provision for Bad and Doubtful Debtors | | 14,011,650 | 7,020,596 | - | 187,500 |
| Provision for Defined Benefit Plans | | 29,478,314 | 61,162,876 | 1,900,133 | 1,857,465 |
| Operating Profit / (Loss) before Working Capital Changes | | 2,336,084,508 | 1,394,912,470 | 431,783,529 | 47,003,173 |
| (Increase)/Decrease in Trade and Other Receivables | | (76,584,671) | (2,941,439,553) | (9,944,377) | (31,926,757) |
| Increase in Inventories | | 191,286,460 | (46,636,637) | - | - |
| Increase in Amounts Due from Related Parties | | 781,747,092 | 60,638,250 | - | - |
| Increase/(Decrease) in Amounts Due to Related Parties | | (8,579,949) | (452,410,975) | (55,255,158) | (43,260,120) |
| Increase/ (Decrease) in Trade and Other Payables | | (1,127,975,958) | 1,121,505,134 | (8,456,131) | (22,989,702) |
| Net Movement Due to Group Structure Changes | | 7,057,194 | 288,704,512 | - | - |
| Cash Generated from Operations | | 2,103,034,675 | (574,726,800) | 358,127,863 | (51,173,406) |
| Finance Cost paid | | (237,487,155) | (261,166,200) | (25,903,187) | (37,208,939) |
| Income Tax Paid | | (232,286,114) | (185,912,206) | - | - |
| Defined Benefit Plan Costs paid | | (4,367,015) | - | (275,000) | - |
| Net Cash From / (Used in) Operating Activities | | 1,628,894,391 | (1,021,805,206) | 331,949,676 | (88,382,345) |
| Cash Flows From / (Used in) | | | | | |
| Investing Activities | | | | | |
| Finance Income Received | | 9,373,958 | 9,649,619 | - | - |
| Acquisition of Property, Plant and Equipment | | (280,614,086) | (534,363,189) | (14,553,844) | (2,648,379) |
| Net Sales Proceeds from Intangible Assets | | 3,566,124 | (680,522) | - | - |
| Proceeds from Sale of Property, Plant and Equipment | | 335,333,241 | 150,781,185 | 93,205,002 | 2,668,100 |
| Acquisition of Other Investment | | (325,611,594) | - | (258,971,846) | - |
| Acquisition of Subsidiaries | | - | - | (21,420,229) | - |
| Net Proceeds from Sale of Other Investments | | 294,981,327 | - | 271,395,646 | 59,275,866 |
| Proceeds from Sale of Subsidiary | | - | - | - | (5,260,010) |
| Net Cash Flows Used in Investing Activities | | 37,028,969 | (374,612,907) | 69,654,729 | 54,035,578 |



| | Note | Group | | Company | |
|---|------|---|---|---|---|
| | | 9 Months Period ended 31 December 2010 Rs. | Unaudited 9 Months Period ended 31 December 2009 Rs. | 9 Months Period ended 31 December 2010 Rs. | Unaudited 9 Months Period ended 31 December 2009 Rs. |
| Cash Flows From / (Used in) | | | | | |
| Financing Activities | | | | | |
| Net Proceeds From Non Interest Bearing Loans and Borrowings | - | - | 238,976,593 | 184,324,316 | - |
| Net Proceeds From Interest Bearing Loans & Borrowings | - | - | - | - | (43,246,452) |
| Repayment of Non Interest Bearing Loans and Borrowings | | 19,988,293 | - | - | - |
| Principal Payments under Ijara/ Other Payables | | (940,600,598) | 732,200,977 | (761,081) | (875,781) |
| Dividends Paid to Minority Share holders | | (13,909,949) | (13,427,360) | - | - |
| Dividends Paid to parent Company share holders | | (215,732,715) | - | (215,732,715) | - |
| Net Cash Flows From / (Used in) Financing Activities | | <u>(1,150,254,969)</u> | <u>957,750,210</u> | <u>(32,169,480)</u> | <u>(44,122,233)</u> |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | | (29,200,351) | 31,288,958 | - | - |
| Net Increase / (Decrease) in Cash and Cash Equivalents | | 486,468,040 | (407,378,945) | 369,434,925 | (78,469,001) |
| Cash and Cash Equivalents at the beginning of the year | 11 | 768,768,402 | 635,008,368 | (571,829,838) | (459,297,749) |
| Cash and Cash Equivalents at the end of the year | 11 | <u>1,255,236,442</u> | <u>227,629,423</u> | <u>(202,394,913)</u> | <u>(537,766,750)</u> |

The accounting policies and notes on pages 7 through 32 form an integral part of the financial statements.



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December

1. CORPORATE INFORMATION

1.1 General

Expolanka Holdings Limited is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 10, Mile Post Avenue, Colombo 03 and the principal place of business is situated at No. 15 A, Clifford Avenue, Colombo 03.

1.2 Principal Activities and Nature of Operations

During the year, the principal business operations of the Company were carrying out investment activities, and providing management and administration services to other companies in the Group.

During the year, the Subsidiaries of the Group were engaged in the business of Transportation, International Trading, Manufacturing and Strategic Investments.



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December

1.3 Parent and Ultimate Parent Entity

Expolanka Holdings Limited does not have an identifiable parent undertaking of its own.

1.4 Date of Authorisation for Issue

The consolidated financial statements of Expolanka Holdings Limited and its Subsidiaries for the year ended 31 December 2010 were authorized for issue, in accordance with a resolution of the Board of Directors on 4 April 2011.

2. GENERAL POLICIES

2.1 Basis of Preparation

The consolidated financial statements presented in Sri Lanka Rupees have been prepared on historical cost basis except for the valuation of certain Property, Plant and Equipment and certain marketable investments, which are stated at market values. The preparation and presentation of these financial statements are in compliance with the Companies Act No. 7 of 2007.

2.1.1 Statement of Compliance

The consolidated financial statements of Expolanka Holdings Limited and all its Subsidiaries (the 'Group') have been prepared in accordance with Sri Lanka Accounting Standards (SLAS).

2.1.2 Comparative Information

The interim financial statements of the Group and of the Company have been prepared on the basis of the same accounting policies and methods applied for the year ended 31 March 2010 and are in compliance with Sri Lanka Accounting Standard 35 – Interim Financial Reporting.

The presentation and classification of the financial statements of the previous year have been amended where relevant, for better presentation and to be comparable with those of the current period.

2.1.3 Consolidation Policy - Principles of Consolidation

(a) Subsidiaries

The financial statement of the Group represents the consolidation of the financial statements of Expolanka Holdings Limited and all its subsidiaries as at 31 December 2010.

All intra-group balances, transactions, income and expenses and profit and losses resulting from intra-group transaction that are recognised in assets, are eliminated in full.

Subsidiaries are consolidated from the date the Parent obtains control until such time as control ceases.

The total profits and losses for the period of the Company and of its subsidiaries included in consolidation are shown in the consolidated income statement.



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December

All assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the consolidated balance sheet.

Minority interests represent the portion of profit or loss and net assets not held by the group and presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of minority interests are accounted for using the parent entity extension method, where the difference between the consideration and the book value of the share of the share of the net assets acquired is recognised as goodwill.

The following subsidiaries have been incorporated in Sri Lanka.

| Name of the Company | Holding Percentage | |
|--|--------------------|------------|
| | 31.12.2010 | 31.03.2010 |
| Asia Pacific Institute of Information Technology Lanka (Private) Limited | 44% | 44% |
| Bio Extracts (Private) Limited | 100% | 100% |
| Classic Travel (Private) Limited | 100% | 100% |
| Expo Consolidators (Private) Limited | 100% | 100% |
| Expolanka (Private) Limited | 100% | 100% |
| Expolanka Commodities (Private) Limited | 100% | 100% |
| Expolanka Freight (Private) Limited | 100% | 100% |
| Expolanka International (Private) Limited | 100% | 100% |
| Expolanka Pharmaceuticals (Private) Limited | 100% | 100% |
| Expolanka Plantations (Private) Limited | 90% | 100% |
| Expolanka Teas (Private) Limited | 90% | 100% |
| Freight Care (Private) Limited | 100% | 100% |
| Globe Air (Private) Limited | 100% | 100% |
| HelloCorp (Private) Limited | 51% | 51% |
| International Airline Services (Private) Limited | 100% | 100% |
| Logistics Support Services (Private) Limited | 100% | 100% |
| Luxe Asia (Private) Limited | 100% | 100% |
| Neptune Holdings (Private) Limited | 90% | 100% |
| Neptune Papers (Private) Limited | 100% | 100% |
| Peri Logistics (Private) Limited | 60% | 60% |
| SG Logistics (Private) Limited | 100% | 100% |
| Sky Care (Private) Limited | 100% | 100% |
| UCL Logistics (Private) Limited | 100% | 100% |
| Denshun Industries (Private) Limited | - | 90% |
| Expo Aviation (Private) Limited | - | 100% |
| Tropical Green (Private) Limited | 100% | |
| Classic Vacation (Private) Limited | 100% | |



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December

The following companies, with equity control less than 50%, have been consolidated as subsidiaries based on the power to govern the financial and operating policies of those entities.

| | % Holding |
|--|------------------|
| Asia Pacific Institute of Information Technology Lanka (Private) Limited | 44% |
| Expolanka Bangladesh Limited | 45% |
| Expolanka Pakistan (Private) Limited | 25% |
| Expolanka Freight Vietnam | 43% |

The following subsidiaries have been incorporated outside Sri Lanka.

| Name | Country of Incorporation | Holding Percentage | |
|---|---------------------------------|---------------------------|-------------------|
| | | 31.12.2010 | 31.03.2010 |
| Airline Cargo Resources Dubai- FZCO | Dubai | 100% | 100% |
| Airline Cargo Resources Dubai LLC | Dubai | 100% | 100% |
| Expo Freight India Holdings (Private) Limited | India | 90% | 90% |
| Expolanka Bangladesh Limited | Bangladesh | 45% | 45% |
| Expolanka Freight (Proprietary) Limited | South Africa | 100% | 100% |
| Expolanka Freight FZCO | Dubai | 100% | 100% |
| Expolanka Freight Dubai LLC (Dubai/Jebel Ali/Abu Dhabi - United Arab Emirates) | Dubai | 100% | 100% |
| Expolanka Freight Limited | Kenya | 100% | 100% |
| Expolanka Freight Limited | Mauritius | 100% | 100% |
| Expolanka Madagascar SA | Madagascar | 100% | 100% |
| Expolanka Pakistan (Private) Limited | Pakistan | 25% | 25% |
| International Sky Services (India) Private Limited | India | 70% | 70% |
| Expolanka Freight Vietnam | Vietnam | 43% | - |
| PT Expo Unipara | Indonesia | 90% | - |

(b) Associate Companies

The investment in associate is accounted for using the equity method of accounting. An associate is an entity in which the company has significant influence of 20% to 50% and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates, net of any dividends paid by such associates. The income statement reflects the share of the results of operations of each associate. Where there has been a change recognised directly in the equity of the associate, the company recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associate.



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December

(c) Joint Ventures

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venture has an interest. The Group recognises its interest in the joint venture using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its financial statements. The financial statements of the joint ventures are prepared for the same reporting year as the parent company and the accounting policies of the joint venture are consistent with the parent company.

Joint ventures of the Group are;

| Name | Country of Incorporation | Holding Percentage |
|---------------------------------------|---------------------------------|---------------------------|
| Airline Cargo Resources Limited | Bangladesh | 50% |
| Airline Services Limited | Bangladesh | 50% |
| Cross Freight Lines Limited | Bangladesh | 50% |
| Expo Express Services Limited | Bangladesh | 45% |
| Freight Care Aviation Limited | Bangladesh | 50% |
| Wings Classic Tours & Travels Limited | Bangladesh | 50% |

(d) Business Combination and Goodwill

Business Combinations are accounted for using the acquisition method. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Goodwill acquired in a business combination after 01 June 2005 represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill acquired in a business combination prior to 01 June 2005 in accordance with the transitional provisions of revised SLAS 25 was amortised over a period of 5 years until 30th May 2005. Thereafter, commencing 01 June 2005 such amortisation of goodwill has been discontinued and the accumulated amortisation at that date has been eliminated against the carrying value of goodwill and the balance goodwill is tested for impairment in accordance with SLAS 41.

Goodwill relating to foreign entities is the excess of the value of the purchase price, translated into Sri Lanka rupees at the rate prevalent on the date of acquisition, over the fair value of the assets as at that date.



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December

Negative Goodwill

Negative goodwill arising on business combinations comprises the excess of the Group's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

Negative goodwill arising on business combinations are credited to the Income Statement.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.2.1 Foreign Currency Translations

The financial statements are presented in Sri Lankan rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the Income Statement.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The resulting gains and losses are accounted for in the Income Statement.

The assets and liabilities of the foreign subsidiary is translated into the presentation currency of the Group at the rate of exchange ruling at the balance sheet date, and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

The exchange rates applicable during the period were as follows;

| | Balance Sheet | Income Statement |
|-----------------------------|---------------|------------------|
| South African Rand | 16.760 | 15.618 |
| Indian Rupee | 2.451 | 2.474 |
| Kenyan Shilling | 1.424 | 1.465 |
| Malagasy Ariary | 0.053 | 0.055 |
| Mauritius Rupee | 3.788 | 3.785 |
| Bangladesh Taka | 1.606 | 1.649 |
| Pakistan Rupee | 1.303 | 1.334 |
| United Arab Emirates Dirham | 30.254 | 30.738 |
| Indonesian Rupiah | 0.013 | 0.012 |
| Vietnam Dong | 0.006 | 0.006 |



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December

2.2.2 Taxation

a) Current Taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the commissioner general of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

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 recognised directly in equity is recognised in equity and not in the income statement.

b) Deferred Taxation

Deferred income tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December

c) Tax on dividend income from subsidiaries are recognized as an expense in the Consolidated Income Statement.

2.2.3 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset.

2.2.4 Intangible Assets (Other than Goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following the initial recognition of the intangible assets, the cost model is applied requiring the assets to be carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful life of intangible asset is as follows.

Software Over 4 Years

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. 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 amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function/nature of the intangible asset. Amortisation was commenced when the assets were available for use.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

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 recognised in the income statement when the asset is derecognized.



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December

2.2.5 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formulae:-

- | | |
|-------------------------------------|--|
| Raw Materials | - At actual cost on a first-in first-out basis / weighted average basis. |
| Finished Goods and Work-in-Progress | - At the cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity. |
| Other Stocks | - At actual cost. |

2.2.6 Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realise net of allowances for bad and doubtful receivables.

Other receivables and dues from Related Parties are recognised at cost less allowance for bad and doubtful receivables.

2.2.7 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known 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 in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.2.8 Property, Plant and Equipment

Plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

Land and buildings are measured at fair value less depreciation on buildings and impairment charged subsequent to the date of the revaluation.

Depreciation is calculated on a straight line basis over the useful life of the assets. The principal annual rates used by the companies in the Group are as follows:

| | |
|-------------------------------|----------------|
| Freehold Buildings | 2.5% - 10% |
| Plant and Machinery | 12.5% - 33.33% |
| Furniture and Fittings | 5% - 25% |
| Technological Equipment | 25% |
| Office and Factory Equipments | 10% - 33.33% |
| Computer and Accessories | 20% - 33.33% |



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December

| | |
|---------------------------|--------------|
| Motor Vehicles | 20% |
| Leased Assets | 25% |
| Tools and Equipment | 25% - 33.33% |
| Air Crafts | 10% |
| Air Craft Equipments | 20% |
| Ground Handling Equipment | 33.33% |
| Leased Improvements | 20% |

Valuations are performed every 3-5 years (or frequently enough) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost.

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. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

When each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

2.2.9 Leases – (Ijara Payables)

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged reflected in the income statement.



Expolanka Holdings Limited and Its Subsidiaries
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Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term. The depreciation policy for depreciable leased assets is consistent with that for depreciable asset that are owned.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term

2.2.10 Investments

a) Initial Recognition

Cost of investment includes purchase cost and acquisition charges such as brokerages, fees, duties and bank regulatory fees. The Company distinguishes and presents current and non current investment in the balance sheet.

b) Measurement
Current Investment

Current investments are carried at the lower of cost and market value.

Long Term Investments

Long term investments are stated at cost. Carrying amounts are reduced to recognize a decline other than temporary, determined for each investment individually. These reductions for other than temporary declines in carrying amounts are charged to income statement.

Other Investments

Treasury bills and other mark-up bearing securities held for resale in the near future to benefit from short term market movements are accounted for at cost plus relevant proportion of the discounts or premiums.

Disposal of Investments

On disposal of an investment, the different between net disposals and proceed and the carrying amounts is recognised as income or expense.

2.2.11 Investment Properties

Investment property is recognised when and only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the investment property can be measured reliably.

Investment property, comprising freehold land and building, is property held for long term rental or for capital appreciation or both and is not occupied substantially for the supply of goods or services or in administration and not intended for sale in the ordinary course of business.

Investment properties are measured initially at cost, including transaction costs and is therefore carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Provision for depreciation is calculated by using straight line method in order to write off the cost of the investment property over their expected useful lives. Principal annual rate in 5%.

2.2.12 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying



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economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

2.2.13 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

Gratuity is a Defined Benefit Plan. The Company is liable to pay gratuity in terms of the relevant statute. In order to meet this liability, a provision is carried forward in the balance sheet, equivalent to an amount calculated based on the formula method prescribed in Sri Lanka Accounting Standard 16 – “Employee Benefits”. The resulting difference between brought forward provision at the beginning of a year net of any payments made, and the carried forward provision at the end of a year is dealt with in the Income Statement.

The gratuity liability is not funded.

b) Defined Contribution Plans – Employees’ Provident Fund & Employees’ Trust Fund

Employees are eligible for Employees’ Provident Fund Contributions and Employees’ Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12 % and 3% of gross emoluments of employees to Employees’ Provident Fund and Employees’ Trust Fund respectively.

2.2.14 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 or cash-generating unit, unless the asset or cash-generating unit does not generate cash inflows that are largely independent of those from other assets or cash-generating units. 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.



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For assets excluding goodwill, 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. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot "exceed" the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to Goodwill cannot be reversed in future periods.

Intangible Assets

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level, as appropriate.

2.2.15 Income Statement

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts. The following specific criteria are used for the purpose of recognition of revenue.

a) Sale of Goods

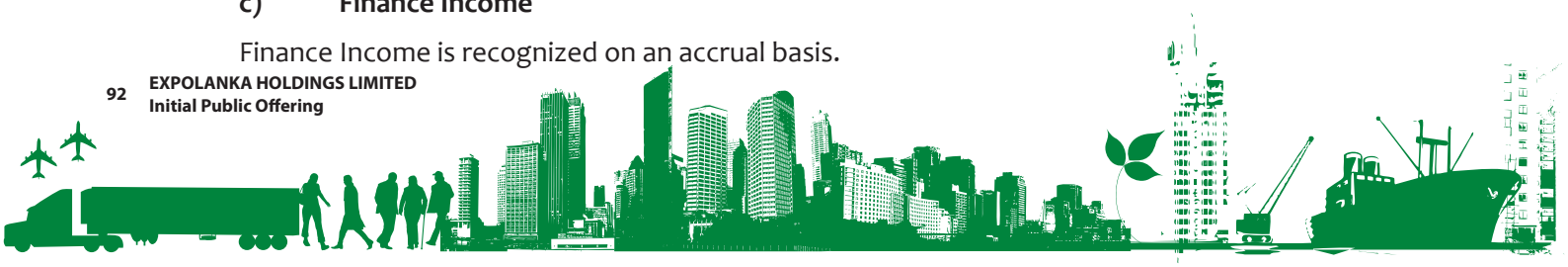
Revenue from the sale of goods is recognised when the significant risk and rewards of ownership of the goods have passed to buyer with the Company retaining neither continuing managerial involvement to the degree usually associated with ownership, nor an effective control over the goods sold.

b) Rendering of Services

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

c) Finance Income

Finance Income is recognized on an accrual basis.



Expolanka Holdings Limited and Its Subsidiaries
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d) Dividends

Dividend income is recognized on a cash basis (net of dividend tax).

e) Rental Income

Rental income is recognized on an accrual basis.

h) Other Income

Other income is recognized on an accrual basis.

f) Gains and Losses

Net gains and losses of a revenue nature on the disposal of Property, Plant & Equipment and other non current assets including investments are accounted for in the income statement, after deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. On the disposal of revalued Property, Plant and Equipment, the amount remaining in the Revaluation Reserve, relating to that particular asset is transferred directly to Retained Earnings.

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.

2.3 BUSINESS SEGMENT REPORTING

A business segment is distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services that is subject to risk and returns that are different from those of other business segments. The accounting policies adopted for segment reporting are the same accounting policies adopted for preparing and presenting consolidated financial statements of the Group.

Inter Segment transfers are based on fair market prices.

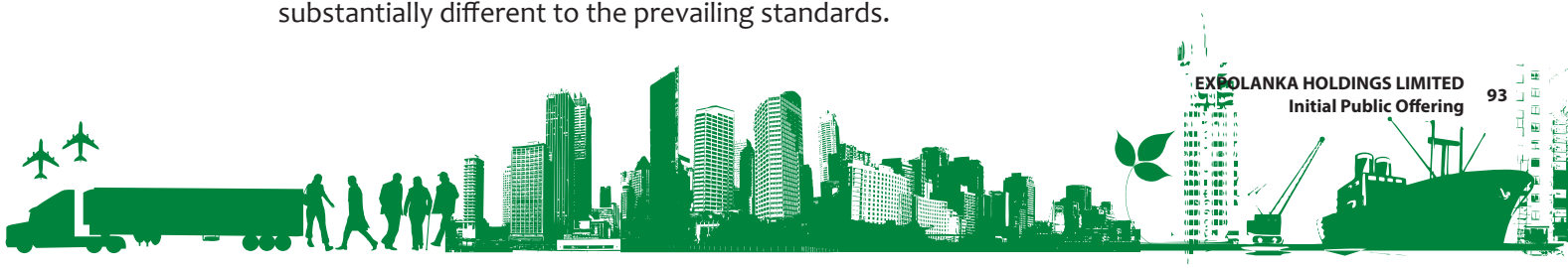
2.4 Effect of Sri Lanka Accounting Standards issued but not yet effective:

a) The following standards have been issued by the Institute of Chartered Accountants of Sri Lanka.

- Sri Lanka Accounting Standard 44 Financial Instruments; Presentation (SLAS 44)
- Sri Lanka Accounting Standard 45 Financial Instruments; Recognition and Measurement (SLAS 45)
- 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 01 January 2012. These three standards have been amended and forms a part of the new set of financial reporting standards mentioned under note (b) below.

b) 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 01 January 2012. The application of these financial reporting standards is substantially different to the prevailing standards.



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NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December

3. PROPERTY, PLANT AND EQUIPMENT

| 3.1 Group | Balance As at 01.04.2010 Rs. | Additions / Transfers Rs. | Disposals Reclassification Rs. | Exchange Gains .(Loss) Other transfers Rs. | Balance As at 31.12.2010 Rs. |
|--|---------------------------------------|---------------------------------|--------------------------------------|---|---------------------------------------|
| 3.1.1 Gross Carrying Amounts | | | | | |
| At Cost/ Cost incurred since last Revaluation | | | | | |
| Freehold Land | 950,093,752 | 21,035,205 | 101,898,959 | 4,945,884 | 1,077,973,799 |
| Freehold Buildings | 614,179,339 | 60,280,150 | (315,351,080) | (619,042) | 358,489,367 |
| Plant and Machinery | 266,244,160 | 17,819,999 | (16,674,818) | - | 267,389,341 |
| Furniture and Fittings | 316,194,325 | 17,331,482 | (54,713,272) | (315,897) | 278,496,638 |
| Office and Factory Equipment | 231,625,919 | 18,886,369 | (31,473,928) | (2,954,040) | 216,084,321 |
| Technological Equipment | 199,710,491 | 16,760,698 | (18,945,570) | - | 197,525,619 |
| Computer and Accessories | 252,934,970 | 51,360,975 | 29,812,529 | (4,017,882) | 330,090,592 |
| Motor Vehicles | 359,584,951 | 22,256,638 | (30,675,177) | (4,108,668) | 347,057,744 |
| Tools and Equipment | 105,346,901 | 7,478,885 | (2,929,519) | (215,687) | 109,680,579 |
| Air Crafts | 449,034,158 | - | (449,034,158) | - | - |
| Air Craft Equipments | 63,268,677 | - | (63,268,677) | - | - |
| Ground Handling Equipment | 44,390,497 | - | (44,390,497) | - | - |
| Other Assets | 20,426,415 | 1,095,730 | (16,386,338) | (24,579) | 5,111,228 |
| | <u>3,873,034,555</u> | <u>234,306,130</u> | <u>(912,131,547)</u> | <u>(7,309,911)</u> | <u>3,187,899,227</u> |
| At Valuation | | | | | |
| Plant and Machinery | 25,681,500 | - | (25,681,500) | - | - |
| Motor Vehicles | 77,504,158 | - | (16,232,718) | - | 61,271,440 |
| | <u>103,185,658</u> | <u>-</u> | <u>(41,914,218)</u> | <u>-</u> | <u>61,271,440</u> |
| Assets on Finance Leases | | | | | |
| Leasehold Improvements | 20,680,543 | 1,366,484 | (5,321,910) | - | 16,725,118 |
| Plant and Machinery | 80,087,321 | 18,347,985 | (31,578,371) | - | 66,856,935 |
| Air Crafts | 210,000,000 | - | (210,000,000) | - | - |
| Technological Equipment | 5,071,903 | 2,719,656 | (5,071,903) | - | 2,719,656 |
| Motor Vehicles | 96,539,418 | 23,812,178 | (31,629,563) | - | 88,722,033 |
| Ground Handling Equipment | - | - | - | - | - |
| | <u>412,379,185</u> | <u>46,246,304</u> | <u>(283,601,746)</u> | <u>-</u> | <u>175,023,742</u> |
| Total Value of Depreciable Assets | <u>4,388,599,398</u> | <u>280,552,434</u> | <u>(1,237,647,511)</u> | <u>(7,309,911)</u> | <u>3,424,194,409</u> |



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
Period ended 31 December

| | Balance As at 01.04.2010 Rs. | Incurred During the year Rs. | Reclassified/ Transferred Rs. | Exchange Gains .(Loss) Other transfers Rs. | Balance As at 31.12.2010 Rs. |
|------------------------------------|---|---|--|---|---|
| Capital Work In Progress | 11,193,832 | 48,478,331 | (2,170,375) | (222,334) | 57,279,454 |
| | 11,193,832 | 48,478,331 | (2,170,375) | (222,334) | 57,279,454 |
| Total Gross Carrying Amount | <u>4,399,793,230</u> | <u>329,030,765</u> | <u>(1,239,817,886)</u> | <u>(7,532,245)</u> | <u>3,481,473,864</u> |

| 3.1.2 Depreciation | Balance As at 01.04.2010 Rs. | Charge for the year Rs. | Disposals Transfers Rs. | Exchange Gains .(Loss) Other transfers Rs. | Balance As at 31.12.2010 Rs. |
|---------------------------------|---|--|--|---|---|
| At Cost | | | | | |
| Freehold Buildings | 69,419,612 | 16,837,229 | (29,616,650) | - | 56,640,191 |
| Plant and Machinery | 175,851,828 | 7,618,526 | (14,708,054) | - | 168,762,300 |
| Furniture and Fittings | 182,572,736 | 21,900,722 | (39,381,525) | - | 165,091,933 |
| Office and Factory Equipment | 135,933,270 | 15,977,663 | (28,600,217) | (1,183,591) | 122,127,125 |
| Technological Equipment | 156,092,929 | 14,893,862 | (17,989,956) | - | 152,996,835 |
| Computer and Accessories | 181,262,836 | 53,251,186 | (6,325,900) | (2,092,939) | 226,095,182 |
| Motor Vehicles | 204,536,125 | 42,416,571 | (23,178,686) | - | 223,774,010 |
| Tools and Equipment | 74,599,320 | 8,723,520 | (180,087) | (101,816) | 83,040,937 |
| Air Crafts | 227,279,601 | - | (227,279,601) | - | - |
| Air Craft Equipments | 38,741,726 | - | (38,741,726) | - | - |
| Ground Handling Equipment | 42,867,265 | - | (42,867,265) | - | - |
| Other Assets | 7,518,660 | 456,543 | (5,948,180) | - | 2,027,023 |
| | <u>1,496,675,908</u> | <u>182,075,823</u> | <u>(474,817,847)</u> | <u>(3,378,347)</u> | <u>1,200,555,537</u> |
| At Valuation | | | | | |
| Plant and Machinery | 25,681,500 | - | (25,681,500) | - | - |
| Motor Vehicles | 75,403,729 | 769,414 | (14,901,703) | - | 61,271,440 |
| | <u>101,085,229</u> | <u>769,414</u> | <u>(40,583,203)</u> | <u>-</u> | <u>61,271,440</u> |
| Assets on Finance Leases | | | | | |
| Leasehold Improvements | 7,843,981 | 2,182,300 | (4,360,322) | - | 5,665,959 |
| Plant and Machinery | 28,898,259 | 15,844,100 | (13,367,384) | - | 31,374,975 |
| Air Crafts | 77,500,000 | - | (77,500,000) | - | - |
| Technological Equipment | 5,071,903 | 368,905 | (5,071,903) | - | 368,905 |
| Motor Vehicles | 48,597,286 | 13,104,235 | (27,320,963) | (3,641) | 34,376,917 |
| | <u>167,911,429</u> | <u>31,499,540</u> | <u>(127,620,572)</u> | <u>(3,641)</u> | <u>71,786,756</u> |
| Total Depreciation | <u>1,765,672,566</u> | <u>214,344,777</u> | <u>(643,021,622)</u> | <u>(3,381,988)</u> | <u>1,333,613,733</u> |



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
9 months period ended 31 December 2010

3. PROPERTY, PLANT AND EQUIPMENT (Contd...)

| 3.1.3 Net Book Values | 31 December 2010 | 31 March 2010 |
|---|-------------------------|----------------------|
| At Cost | Rs | Rs |
| Freehold Land | 1,077,973,799 | 950,093,752 |
| Freehold Buildings | 301,849,175 | 544,759,727 |
| Plant and Machinery | 98,627,041 | 90,392,332 |
| Furniture and Fittings | 113,404,705 | 133,621,589 |
| Office and Factory Equipment | 93,957,196 | 95,692,649 |
| Technological Equipment | 44,528,784 | 43,617,562 |
| Computer and Accessories | 103,995,409 | 71,672,134 |
| Motor Vehicles | 123,283,734 | 155,048,826 |
| Tools and Equipment | 26,639,643 | 30,747,581 |
| Air Crafts | - | 221,754,557 |
| Air Craft Equipments | - | 24,526,951 |
| Ground Handling Equipment | - | 1,523,232 |
| Other Assets | 3,084,205 | 12,907,755 |
| | <u>1,987,343,690</u> | <u>2,376,358,647</u> |
| At Valuation | | |
| Motor Vehicles | - | 2,100,429 |
| | - | <u>2,100,429</u> |
| Assets on Finance Leases | | |
| Leasehold Improvements | 11,059,159 | 12,836,562 |
| Plant and Machinery | 35,481,960 | 51,189,062 |
| Air Crafts | - | 132,500,000 |
| Technological Equipment | 2,350,751 | - |
| Motor Vehicles | 54,345,116 | 47,942,132 |
| | <u>103,236,987</u> | <u>244,467,756</u> |
| Capital Work In Progress | 57,279,454 | 11,193,832 |
| | <u>57,279,454</u> | <u>11,193,832</u> |
| Total Carrying Amount of Property, Plant and Equipment | <u>2,147,860,131</u> | <u>2,634,120,664</u> |

3.1.4 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 326,860,390/- (31/03/2010 - Rs. 790,469,974/-) of which Rs. 46,246,304/- (31/03/2010 - Rs. 35,692,025/-) was acquired by means of finance leases. Cash payments amounting to Rs.282,784,461/- (31/03/2010 - Rs.754,777,949/-) were made during the 9 months period for purchase of Property, Plant and Equipment.

| 3.2 Company | Balance As at 01.04.2010 | Additions | Disposals | Balance As at 31.12.2010 |
|--|---------------------------------|-------------------|----------------------|---------------------------------|
| 3.2.1 Gross Carrying Amount | Rs. | Rs. | Rs. | Rs. |
| At Cost or Valuation | | | | |
| Freehold Land | 86,830,000 | - | (86,830,000) | - |
| Buildings on Freehold Land | 9,947,000 | - | (9,947,000) | - |
| Motor Vehicles | 5,936,646 | - | - | 5,936,646 |
| Office Equipment | 3,112,332 | 4,124,151 | (1,035,369) | 6,201,114 |
| Technical Equipment | 32,844,711 | 2,647,317 | (2,524,751) | 32,967,277 |
| Furniture and Fittings | 3,925,414 | 7,325,550 | (3,659,538) | 7,591,426 |
| Package and Software | 5,994,333 | 195,700 | (281,351) | 5,908,682 |
| Leasehold Improvements | 8,526,125 | 1,366,484 | (3,023,005) | 6,869,604 |
| | <u>157,116,561</u> | <u>15,659,202</u> | <u>(107,301,014)</u> | <u>65,474,749</u> |
| Assets on Finance Leases | | | | |
| Motor Vehicles | 4,510,000 | - | - | 4,510,000 |
| | <u>4,510,000</u> | - | - | <u>4,510,000</u> |
| Total Value of Depreciable Assets | <u>161,626,561</u> | <u>15,659,202</u> | <u>(107,301,014)</u> | <u>69,984,749</u> |



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
9 months period ended 31 December 2010

3. PROPERTY, PLANT AND EQUIPMENT (Contd...)

| Capital Work In Progress | Balance As at 01.04.2010 Rs. | Incurred during the Year Rs. | Transfers Rs. | Balance As at 31.12.2010 Rs. |
|---|---|---|---|---|
| Software Work in Progress | 1,900,000 | 794,642 | (1,900,000) | 794,642 |
| | <u>1,900,000</u> | <u>794,642</u> | <u>(1,900,000)</u> | <u>794,642</u> |
| Total Gross Carrying Amount | <u>163,526,561</u> | <u>16,453,844</u> | <u>(109,201,014)</u> | <u>70,779,391</u> |
| 3.2.2 Depreciation | Balance As at 01.04.2010 Rs. | Charge the Year Rs. | Disposals Rs. | Balance As at 31.12.2010 Rs. |
| At Cost or Valuation | | | | |
| Buildings on Freehold Land | 1,533,496 | 165,783 | (1,699,279) | - |
| Motor Vehicles | 5,552,638 | 305,342 | - | 5,857,980 |
| Office Equipment | 1,864,170 | 634,274 | (806,944) | 1,691,500 |
| Technical Equipment | 21,162,487 | 3,679,006 | (2,518,313) | 22,323,180 |
| Furniture and Fittings | 2,435,326 | 584,413 | (2,448,221) | 571,518 |
| Package and Software | 2,140,338 | 1,218,801 | (281,351) | 3,077,787 |
| Leasehold Improvements | 2,981,490 | 134,744 | (3,019,294) | 96,940 |
| | <u>37,669,945</u> | <u>6,722,363</u> | <u>(10,773,402)</u> | <u>33,618,905</u> |
| Assets on Finance Leases | | | | |
| Motor Vehicles | 1,095,000 | 676,500 | - | 1,771,500 |
| | <u>1,095,000</u> | <u>676,500</u> | <u>-</u> | <u>1,771,500</u> |
| Total Value of Depreciable Assets | <u>38,764,945</u> | <u>7,398,863</u> | <u>(10,773,402)</u> | <u>35,390,405</u> |
| 3.2.3 Net Book Values | | | From 1 April to 31 December 2010 Rs. | 2010 Rs. |
| At Cost or Valuation | | | | |
| Freehold Land | | | - | 86,830,000 |
| Buildings on Freehold Land | | | - | 8,413,504 |
| Motor Vehicles | | | 78,666 | 384,008 |
| Office Equipment | | | 4,509,614 | 1,248,162 |
| Technical Equipment | | | 10,644,097 | 11,682,224 |
| Furniture and Fittings | | | 7,019,908 | 1,490,088 |
| Package and Software | | | 2,830,895 | 3,853,995 |
| Leasehold Improvements | | | 6,772,664 | 5,544,635 |
| | | | <u>31,855,844</u> | <u>119,446,616</u> |
| Assets on Finance Leases | | | | |
| Motor Vehicles | | | 2,738,500 | 3,415,000 |
| | | | <u>2,738,500</u> | <u>3,415,000</u> |
| Capital Work In Progress | | | | |
| Software Work in Progress | | | 794,642 | 1,900,000 |
| | | | <u>794,642</u> | <u>1,900,000</u> |
| Total Carrying Amount of Property, Plant and Equipment | | | <u>35,388,986</u> | <u>124,761,616</u> |



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
9 months period ended 31 December 2010

3. PROPERTY, PLANT AND EQUIPMENT (Contd...)

3.3 The useful lives of the assets are estimated as follows;

| | 31.12.2010 | 31.03.2010 |
|------------------------|-------------------|-------------------|
| Building | 20 Years | 20 Years |
| Motor Vehicles | 5 Years | 5 Years |
| Furniture and Fittings | 8 Years | 8 Years |
| Office Equipment | 8 Years | 8 Years |
| Technical Equipment | 4 Years | 4 Years |
| Leasehold Improvements | 5 Years | 5 Years |
| Computer Software | 4 Years | 4 Years |

3.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 17,270,599/- (31.03.2010- Rs26,335,677/-).Cash payment amounting to Rs. 14,553,844/- (31.03.2010- Rs.11,149,902/-) were made during the 9 months period for purchae of Property, Plant and Equipment .

3.4.1 Property, Plant and Equipment include fully depreciated assets having a gross carrying amounts of Rs. 15,217,661/- (2010 - Rs. 14,274,699/-).



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
9 months period ended 31 December 2010

| 4. INVESTMENT PROPERTY | 31 December 2010 Rs. | 31 March 2010 Rs. |
|--|-------------------------------------|----------------------------------|
| Cost | | |
| Transferred from Property, Plant and Equipment - Freehold Land | 96,000,000 | 198,661,125 |
| - Buildings | 33,140,000 | 33,140,000 |
| | <u>129,140,000</u> | <u>231,801,125</u> |
| Depreciation | | |
| Transferred from Property, Plant and Equipment - Buildings | 4,971,000 | 4,971,000 |
| Charge for the year | 1,242,750 | |
| Balance as at end of the year | <u>6,213,750</u> | <u>4,971,000</u> |
| Net Book Value | <u>122,926,250</u> | <u>226,830,125</u> |
| | | |
| 5. INTANGIBLE ASSETS | 31 December 2010 Rs. | 31 March 2010 Rs. |
| 5.1 Group | | |
| Non Current | | |
| Computer Software (Note 5.1.1) | 23,800,618 | 35,608,625 |
| Project Development Expenses | 8,241,883 | - |
| | <u>32,042,501</u> | <u>35,608,625</u> |
| 5.1.1 Computer Software | | |
| At the beginning of the year | 35,608,625 | 41,889,511 |
| Acquired during the year | 84,807 | 2,062,777 |
| Retired during the year | (11,892,814) | (8,343,663) |
| | <u>23,800,618</u> | <u>35,608,625</u> |
| | | |
| 5.2 Company | 31 December 2010 Rs. | 31 March 2010 Rs. |
| Cost | | |
| As at 1 April | 33,453,426 | 41,797,089 |
| Acquired / Incurred during the year | - | - |
| Retired/Transferred during the year | - | (8,343,663) |
| As at 31 March | <u>33,453,426</u> | <u>33,453,426</u> |
| | | |
| Amortisation | 8,312,130 | - |
| Amortisation during the year | 6,272,517 | 8,312,130 |
| As at 1 April | <u>14,584,647</u> | <u>8,312,130</u> |
| | | |
| Net Book Value | <u>18,868,779</u> | <u>25,141,296</u> |



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
9 months period ended 31 December 2010

| 6. INVESTMENTS IN SUBSIDIARIES | Holding | Holding | Carrying | Directors' | Carrying | Directors' |
|--|-------------------|-------------------|----------------------|----------------------|----------------------|----------------------|
| 6.1 Company | % | % | Value | Valuation | Value | Valuation |
| Non - Quoted | 31.12.2010 | 31.03.2010 | 31.12.2010 | 31.12.2010 | 31.03.2010 | 31.03.2010 |
| | | | Rs. | Rs. | Rs. | Rs. |
| SG Logistics (Private) Limited | 100 | 100 | 79,104,942 | 79,104,942 | 79,104,942 | 79,104,942 |
| Bio Extracts (Private) Limited | 100 | 100 | 6,250,000 | 6,250,000 | 6,250,000 | 6,250,000 |
| Classic Travel (Private) Limited | 100 | 100 | 25,597,538 | 25,597,538 | 25,597,538 | 25,597,538 |
| Denshun Industries (Private) Limited | - | 90 | - | - | 89,045,615 | 89,045,615 |
| Expo Aviation (Private) Limited | - | 100 | - | - | 155,497,625 | 155,497,625 |
| Expo International (Private) Limited | 100 | 100 | 333,607,365 | 333,607,365 | 333,607,365 | 333,607,365 |
| Expolanka Commodities (Private) Limited | 100 | 100 | 174,558,639 | 174,558,639 | 174,558,639 | 174,558,639 |
| Expolanka Freight (Private) Limited | 100 | 100 | 292,098,014 | 292,098,014 | 292,098,014 | 292,098,014 |
| Expolanka (Private) Limited | 100 | 100 | 371,111,461 | 371,111,461 | 371,111,461 | 371,111,461 |
| Expolanka Pharmaceuticals (Private) Limited | 100 | 100 | 407,668 | 407,668 | 407,668 | 407,668 |
| Expolanka Plantations (Private) Limited | 90 | 100 | 90 | 90 | 30 | 30 |
| Expolanka Teas (Private) Limited | 90 | 100 | 87,844,407 | 87,844,407 | 97,604,797 | 97,604,797 |
| Freight Care (Private) Limited | 100 | 100 | 4,423,590 | 4,423,590 | 4,423,590 | 4,423,590 |
| Globe Air (Private) Limited | 100 | 100 | 17,214,477 | 17,214,477 | 17,214,477 | 17,214,477 |
| International Airline Services (Private) Limited | 100 | 100 | 10,027,726 | 10,027,726 | 10,027,726 | 10,027,726 |
| Neptune Holdings (Private) Limited | 90 | 100 | 90 | 90 | 10 | 10 |
| Neptune Papers (Private) Limited | 100 | 100 | 70,671,636 | 70,671,636 | 70,671,636 | 70,671,636 |
| Skycare (Private) Limited | 100 | 100 | 1,679,053 | 1,679,053 | 1,679,053 | 1,679,053 |
| UCL Logistics (Private) Limited | 100 | 100 | 17,631,222 | 17,631,222 | 17,631,222 | 17,631,222 |
| Expo Consolidators (Private) Limited | 100 | 100 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| Peri Logistics (Private) Limited | 60 | 60 | 173,555 | 173,555 | 173,555 | 173,555 |
| Luxe Asia (Private) Limited | 100 | 100 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| Logistic Support Service (Private) Limited | 100 | 100 | 260,000 | 260,000 | 260,000 | 260,000 |
| Tropical Green (Private) Limited | 100 | - | 50 | 50 | - | - |
| Classic Vacation (Private) Limited | 100 | - | 30 | 30 | - | - |
| Asia Pacific Institution of Information Technology (Private) Limited | 44 | - | 21,420,010 | 21,420,010 | - | - |
| Total Carrying Value of Investments in Subsidiaries | | | 1,529,081,563 | 1,529,081,563 | 1,761,964,963 | 1,761,964,963 |



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
9 months period ended 31 December 2010

| 7. OTHER INVESTMENTS | Group | | Company | |
|--|---------------------------|--------------------------|---------------------------|----------------------|
| | 31 December 2010 Rs. | 31 March 2010 Rs. | 31 December 2010 Rs. | 31 March 2010 Rs. |
| Summary Non Current | | | | |
| Investments in Equity Securities (Note 7.1) | 347,094,105 | 38,591,926 | 50 | - |
| Investments in Fixed Deposits | 3,203,785 | 11,611,955 | - | - |
| Other | 25,162,000 | - | - | - |
| Investments in Equity Securities | - | - | 258,725,240 | - |
| | <u>375,459,890</u> | <u>50,203,881</u> | <u>258,725,290</u> | <u>-</u> |
| Current | | | | |
| Investments in Equity Securities (Note 7.2) | 1,407,010 | 1,051,425 | 246,556 | - |
| | <u>1,407,010</u> | <u>1,051,425</u> | <u>246,556</u> | <u>-</u> |
| Total Carrying Value of Other Investments | <u>376,866,900</u> | <u>51,255,306</u> | <u>258,971,846</u> | <u>-</u> |

7.1 Investments in Equity Securities - Non Current

| Non-Quoted | Carrying Value | Directors' Valuation | Carrying Value | Directors' Valuation |
|--|---------------------------|---------------------------|--------------------------|--------------------------|
| | 31.12.2010 Rs. | 31.12.2010 Rs. | 31.03.2010 Rs. | 31.3.2010 Rs. |
| Lanka Commodity Brokers (Private) Limited | 67,025,000 | 67,025,000 | 17,025,000 | 17,025,000 |
| Amana Investment Limited | 277,601,133 | 277,601,133 | 18,206,166 | 18,206,166 |
| SLFFA Cargo Services Limited | 357,411 | 357,411 | 357,411 | 357,411 |
| Asia Pacific Golf course Limited | 500,000 | 500,000 | 500,000 | 500,000 |
| International Sky Services (Private) Limited | - | - | 508 | 508 |
| Others | 1,358,638 | 1,358,638 | 2,500,303 | 2,500,303 |
| Airline Cargo Resources India (Private) Limited | 251,923 | 251,923 | 2,538 | 2,538 |
| Total Investments in Non Quoted Equity Securities | <u>347,094,105</u> | <u>347,094,105</u> | <u>38,591,926</u> | <u>38,591,926</u> |
| Total Carrying Value of Non Current Investments | <u>347,094,105</u> | | <u>38,591,926</u> | |

7.2 Investments in Equity Securities - Current

| Quoted | Carrying Value | Market Value | Carrying Value | Market Value |
|--|-------------------------|-------------------------|-----------------------|-----------------------|
| | 31.12.2010 Rs. | 31.12.2010 Rs. | 31.03.2010 Rs. | 31.03.2010 Rs. |
| Asiri Surgical Hospitals PLC | 120,526 | 114,400 | 120,526 | 114,400 |
| Hemas Holdings PLC | 126,030 | 111,000 | 126,030 | 111,000 |
| Sierra Cables PLC | 211,875 | 264,450 | - | - |
| Lanka Indian Oil Corporation PLC | 1,113,475 | 945,000 | - | - |
| Sri Lanka Telecom PLC | 3,579 | 4,900 | - | - |
| (-) Provision for falling value of Investments | (168,475) | - | - | - |
| Total Investments in Quoted Equity Securities | <u>1,407,010</u> | <u>1,439,750</u> | <u>246,556</u> | <u>225,400</u> |

Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
9 months period ended 31 December 2010

8. INVENTORIES

| | Group | | Company | |
|------------------------|----------------------------------|-------------------------------|----------------------------------|-------------------------------|
| | As at 31 December 2010 Rs. | As at 31 March 2010 Rs. | As at 31 December 2010 Rs. | As at 31 March 2010 Rs. |
| Raw Materials | 11,477,298 | 57,954,189 | - | - |
| Packing Materials | 152,473,484 | 120,203,877 | - | - |
| Work in Progress | 1,866,471 | 11,751,633 | - | - |
| Finished Goods | 415,417,307 | 588,409,469 | - | - |
| Consumables and Spares | 16,881,421 | 18,081,542 | - | - |
| Stationeries | 1,175,321 | 755,787 | - | - |
| Good in Transit | 90,680,238 | 84,101,503 | - | - |
| | <u>689,971,540</u> | <u>881,258,000</u> | <u>-</u> | <u>-</u> |

9. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|--------------------------------------|----------------------------------|-------------------------------|----------------------------------|-------------------------------|
| | As at 31 December 2010 Rs. | As at 31 March 2010 Rs. | As at 31 December 2010 Rs. | As at 31 March 2010 Rs. |
| Trade Debtors | 4,928,836,779 | 5,006,989,434 | - | - |
| Less: Provision for Doubtful Debts | (154,295,860) | (140,284,210) | - | - |
| | <u>4,774,540,919</u> | <u>4,866,705,224</u> | <u>-</u> | <u>-</u> |
| Other Debtors | 2,101,850,689 | 1,648,288,483 | 20,865,755 | 115,180,297 |
| Deposits, Advances and Prepayments | 817,550,343 | 1,097,328,118 | 13,858,095 | 3,456,279 |
| Loans to Company Officers (Note 9.1) | 113,678,296 | 132,725,401 | 257,547 | 617,171 |
| | <u>7,807,620,247</u> | <u>7,745,047,226</u> | <u>34,981,397</u> | <u>119,253,747</u> |

9.1 Loans to Company Officers

| | | | | |
|-------------------------------------|--------------------|--------------------|----------------|----------------|
| Balance as at beginning of the year | 132,725,401 | 30,508,948 | 617,171 | 693,755 |
| Loans granted during the year | 28,131,416 | 102,216,453 | - | 528,441 |
| Less: Repayments | (47,178,521) | - | (359,624) | (605,025) |
| Balance as at end of the year | <u>113,678,296</u> | <u>132,725,401</u> | <u>257,547</u> | <u>617,171</u> |



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
9 months period ended 31 December 2010

| 10. AMOUNTS DUE FROM RELATED PARTIES | Relationship | Group | | Company | |
|--|-------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | As at 31.12. 2010 Rs. | As at 31.03. 2010 Rs. | As at 31.12. 2010 Rs. | As at 31.03. 2010 Rs. |
| Airline Resources (Private) Limited | Affiliate Company | - | 110,012 | - | - |
| Airline Services | Affiliate Company | - | 177,216 | - | - |
| Bio Extracts (Private) Limited | Subsidiary | - | - | 3,564,475 | 2,875 |
| Business Exports (Private) Limited | Affiliate Company | - | 102,355 | - | - |
| Classic Marketing (Private) Limited | Affiliate Company | - | 371,903 | - | - |
| Classic Papers (Private) Limited | Affiliate Company | 16,353,496 | 21,291,329 | - | 19,889 |
| Classic Enterprise (Pvt) Ltd | Affiliate Company | 3,000,000 | 3,000,000 | - | - |
| Congo Brazza | Affiliate Company | - | 6,797,495 | - | - |
| Denshun Industries (Private) Limited | Subsidiary | - | - | - | 5,385,552 |
| Expacck Corrugated Cartons (Private) Limited | Affiliate Company | 131,091,776 | 723,712,170 | - | 74,934,050 |
| Expolanka Aviation Services (Pvt) Ltd | Affiliate Company | 15,690,569 | - | - | - |
| Expo Aviation (Private) Limited | Subsidiary | - | - | - | 18,514 |
| Expolanka Freight Nepal (Pvt) Ltd | Affiliate Company | - | 8,855 | - | - |
| Expo Consolidators (Private) Limited | Affiliate Company | - | - | 37,649,434 | 5,238,184 |
| Expo Express Services (Private) Limited | Affiliate Company | - | 1,780,609 | - | - |
| Expo Express Services-Vietnam | Affiliate Company | - | 64,223,937 | - | - |
| Expo Express Services Limited | Affiliate Company | - | 16,710,074 | - | - |
| Expo Vina Express Services Limited | Affiliate Company | - | 5,984,625 | - | - |
| Expolanka Corporate | Affiliate Company | - | 181,698 | - | - |
| Expolanka Exsotist | Affiliate Company | - | 8,000,000 | - | - |
| Expolanka Freight (Dubai) | Affiliate Company | - | 81,831,625 | - | - |
| Expolanka Freight (Dubai) - Abudabi | Affiliate Company | - | 11,429,140 | - | - |
| Expolanka Freight Ltd - Pakistan | Affiliate Company | - | 398,527 | - | - |
| Expolanka Freight (Jordan) | Affiliate Company | - | 4,097,696 | - | - |
| Expolanka Freight (Kabul) | Affiliate Company | - | 3,983,872 | - | - |
| Expolanka Freight (Private) Limited | Subsidiary | - | - | 97,377,499 | 95,043,306 |
| Expolanka Freight Limited-Vietnam | Affiliate Company | - | 42,329,682 | - | - |
| Expolanka Investment Limited | Affiliate Company | 2,988 | 53,092 | 2,988 | - |
| Expolanka (Private) Limited | Subsidiary | - | - | 8,719,159 | 4,688,775 |
| Expolanka Pharmaceuticals (Private) Limited | Subsidiary | - | - | - | - |
| Expolanka Plantations (Private) Limited | Subsidiary | - | - | 4,927,410 | 4,927,470 |
| Expolanka Services (Private) Limited | Affiliate Company | - | 15,690,569 | - | - |
| Expolanka Teas (Private) Limited | Subsidiary | - | - | 10,787,464 | 22,588,594 |
| Freightcare (Private) Limited | Subsidiary | - | - | 56,310 | - |
| Hellocorp (Private) Limited | Affiliate Company | - | - | 3,213,366 | 3,180,350 |
| Exponesia Trading | Affiliate Company | 431,599 | - | - | - |
| Ionosphere Lanka | Affiliate Company | - | 16,000,000 | - | - |
| Island Water (Private) Limited | Affiliate Company | - | 55,952 | - | - |
| Logistic Support Service (Private) Limited | Affiliate Company | - | - | 36,000 | 750 |
| Luxe Asia (Private) Limited | Subsidiary | - | - | - | 16,264 |
| Neptune Holdings (Private) Limited | Subsidiary | - | - | 8,557,400 | 8,557,490 |
| Neptune Papers (Private) Limited | Subsidiary | - | - | 15,682,864 | 16,134,346 |
| Pulsar Shipping (Private) Limited | Affiliate Company | 1,457,073 | 1,457,073 | - | 750 |
| Expolanka Freight Cambodia Limited | Affiliate Company | - | - | - | - |
| S G Logistics (Private) Limited | Subsidiary | - | - | 35,070,861 | - |
| SDV Bangladesh (Pvt) Ltd | Affiliate Company | 16,144,459 | 57,958,531 | - | - |
| Silver Wings (Private) Limited | Affiliate Company | 246,339 | 216,110 | - | - |
| Sky Air (Private) Limited | Affiliate Company | 565,865 | 565,865 | - | - |
| Steam Ship and Allied Limited | Affiliate Company | 5,375 | 80,635 | - | - |
| Travel Express (Private) Limited | Affiliate Company | 4,589,509 | 6,480,579 | - | - |
| Ubizsport (Private) Limited | Affiliate Company | - | 8,625 | - | - |
| World Spices and Teas (Private) Limited | Affiliate Company | 8,988,710 | 8,987,710 | - | - |
| Tropical Green (Private) Limited | Affiliate Company | - | - | 2,250,000 | - |
| Classic Travel (Private) Limited | Subsidiary | - | - | 13,031,197 | - |
| Expolanka International (Private) Limited | Subsidiary | - | - | 91,604,797 | - |
| Skycare (Private) Limited | Subsidiary | - | - | 2,408,037 | - |
| Peri Logistics (Private) Limited | Subsidiary | - | - | 14,625 | - |
| S. V. India | Affiliate Company | 787,125 | - | - | - |
| E.B.L | Affiliate Company | 928 | - | - | - |
| Wings Aviation Ltd | Affiliate Company | 467,366 | - | - | - |
| Expo Express Services-DAC | Affiliate Company | 668,685 | - | - | - |
| Bangladesh Related Party | Affiliate Company | 105,838,608 | - | - | - |
| Provision for doubtful receivables | Affiliate Company | - | (16,000,000) | - | - |
| | | <u>306,330,470</u> | <u>1,088,077,561</u> | <u>334,953,886</u> | <u>240,737,159</u> |



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11. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT

| Components of Cash and Cash Equivalents | Group | | Company | |
|---|----------------------------|---|----------------------------|----------------------------|
| | As at 31.12.2010 Rs. | Unaudited As at 31.12.2009 Rs. | As at 31.12.2010 Rs. | As at 31.12.2009 Rs. |
| 11.1 Favourable Cash and Cash Equivalents Balances | | | | |
| Cash and Bank Balances | 1,876,693,880 | 1,459,098,951 | 68,220,132 | 1,221,798 |
| | <u>1,876,693,880</u> | <u>1,459,098,951</u> | <u>68,220,132</u> | <u>1,221,798</u> |
| 11.2 Unfavourable Cash and Cash Equivalent Balances | | | | |
| Bank Overdrafts | (621,457,438) | (1,231,469,528) | (270,615,045) | (538,988,548) |
| Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement | <u>1,255,236,442</u> | <u>227,629,423</u> | <u>(202,394,913)</u> | <u>(537,766,750)</u> |

12. STATED CAPITAL

| | As at 31.12.2010 | | As at 31.03.2010 | |
|----------------------------|------------------|---------------|------------------|---------------|
| | Number | Rs. | Number | Rs. |
| Fully Paid Ordinary Shares | 1,782,915,000 | 1,782,915,000 | 1,782,915,000 | 1,782,915,000 |

13. RESERVES

| | Group | | Company | |
|---------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | As at 31.12.2010 Rs. | As at 31.03.2010 Rs. | As at 31.12.2010 Rs. | As at 31.03.2010 Rs. |
| (a) Capital Reserve | | | | |
| Revaluation Reserve (Note 13.1) | 607,321,950 | 618,702,006 | - | - |
| | <u>607,321,950</u> | <u>618,702,006</u> | <u>-</u> | <u>-</u> |
| (b) Revenue Reserves | | | | |
| Exchange Fluctuation Reserve | (17,872,710) | 11,327,641 | - | - |
| General Reserve (Note 13.2) | 322,701,760 | 307,129,953 | - | - |
| | <u>304,829,050</u> | <u>318,457,594</u> | <u>-</u> | <u>-</u> |
| Total Reserves | <u>912,151,000</u> | <u>937,159,600</u> | <u>-</u> | <u>-</u> |

13.1 Revaluation Reserve

On: Property, Plant and Equipment

| | | | | |
|-----------------------------|--------------------|--------------------|----------|----------|
| Balance as at 1 April 2009 | 618,702,006 | 488,131,339 | - | - |
| Transfers during the year | (11,380,056) | 130,570,667 | - | - |
| Balance as at 31 March 2010 | <u>607,321,950</u> | <u>618,702,006</u> | <u>-</u> | <u>-</u> |

13.2 General Reserve

| | | | | |
|-----------------------------|--------------------|--------------------|----------|----------|
| Balance as at 1 April 2009 | 307,129,953 | 267,468,000 | - | - |
| Transferred during the year | 15,571,807 | 39,661,953 | - | - |
| Balance as at 31 March 2010 | <u>322,701,760</u> | <u>307,129,953</u> | <u>-</u> | <u>-</u> |



Expolanka Holdings Limited and Its Subsidiaries
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9 months period ended 31 December 2010

14. LOANS AND IJARA PAYABLES

| 14.1 Group | 31.12.2010 Amount Repayable Within 1 Year | 31.12.2010 Amount Repayable After 1 Year | 31.12.2010 Total | 31.03.2010 Amount Repayable Within 1 Year | 31.03.2010 Amount Repayable After 1 Year | 31.03.2010 Total |
|--------------------------------|--|---|-----------------------------|--|---|-----------------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Finance Leases | 20,788,876 | 54,465,678 | 75,254,554 | 382,616,587 | 47,774,124 | 430,390,711 |
| Bank Loans | 634,003,290 | 558,328,000 | 1,192,331,290 | 396,345,290 | 555,161,971 | 951,507,261 |
| Bank Overdrafts (Note 11.2) | 350,842,393 | 270,615,045 | 621,457,438 | 305,253,562 | 610,812,802 | 916,066,364 |
| Other Loans | 184,324,316 | 64,744,572 | 249,068,888 | 352,141,512 | 723,215,846 | 1,075,357,358 |
| | <u>1,189,958,875</u> | <u>948,153,295</u> | <u>2,138,112,170</u> | <u>1,436,356,951</u> | <u>1,936,964,743</u> | <u>3,373,321,694</u> |



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
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14. LOANS AND IJARA PAYABLES (Contd...)

| 14.2 Company | 31.12.2010 Amount Repayable Within 1 Year Rs. | 31.12.2010 Amount Repayable After 1 Year Rs. | 31.12.2010 Total Rs. | 31.03.2010 Amount Repayable Within 1 Year Rs. | 31.03.2010 Amount Repayable After 1 Year Rs. | 31.03.2010 Total Rs. |
|------------------------------|--|---|-------------------------------------|--|---|-------------------------------------|
| Ijara Payables (Note 14.2.1) | 1,215,129 | 1,498,209 | 2,713,338 | 1,043,391 | 2,431,028 | 3,474,419 |
| Other Loans | 184,324,316 | - | 184,324,316 | - | - | - |
| Bank Overdrafts (Note 11.2) | - | 270,615,045 | 270,615,045 | - | 610,812,802 | 610,812,802 |
| | <u>185,539,445</u> | <u>272,113,254</u> | <u>457,652,699</u> | <u>1,043,391</u> | <u>613,243,830</u> | <u>614,287,221</u> |

14.2.1 Ijara Payables

| | As at 01.04.2010 Rs. | New Leases Obtained Rs. | Repayments Rs. | As at 31.12.2010 Rs. | Current As at 31.12.2010 Rs. | Non-Current As at 31.12.2010 Rs. |
|---|-------------------------------------|--|---------------------------|-------------------------------------|---|---|
| Gross Liability | 4,481,764 | - | (1,196,266) | 3,285,498 | 1,595,016 | 1,690,482 |
| Finance Charges Allocated to future periods | (1,007,345) | - | 435,185 | (572,160) | (379,887) | (192,273) |
| Net Liability | <u>3,474,419</u> | <u>-</u> | <u>(761,081)</u> | <u>2,713,338</u> | <u>1,215,129</u> | <u>1,498,209</u> |

15. DEFERRED INCOME TAX

15.1 Deferred Income Tax Assets

| | Group | | Company | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | As at 31.12.2010 Rs. | As at 31.03.2010 Rs. | As at 31.12.2010 Rs. | As at 31.03.2010 Rs. |
| Balance as at the beginning of the period | 41,530,200 | 43,822,663 | - | - |
| Income arisen during the period | (519,359) | (2,292,463) | - | - |
| Balance as at December/ March | <u>41,010,841</u> | <u>41,530,200</u> | <u>-</u> | <u>-</u> |

15.2 Deferred Income Tax Liabilities

| | Group | Company |
|---------------------------------------|-------------------------------------|-------------------------------------|
| | As at 31.12.2010 Rs. | As at 31.03.2010 Rs. |
| Balance as at beginning of the period | 8,717,807 | 3,378,229 |
| Provision made during the period | 3,590,232 | 8,150,198 |
| Reversal made during the period | - | (2,810,620) |
| Balance as at December/ March | <u>12,308,039</u> | <u>8,717,807</u> |

16. OTHER DEFERRED LIABILITIES

| | Group | | Company | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | As at 31.12.2010 Rs. | As at 31.03.2010 Rs. | As at 31.12.2010 Rs. | As at 31.03.2010 Rs. |
| Retirement Benefit Obligation-Gratuity | | | | |
| Balance as at beginning of the year | 177,815,851 | 114,868,676 | 7,479,537 | 6,315,687 |
| Charge for the period | 29,478,314 | 69,446,238 | 1,900,133 | 2,063,850 |
| Transfers during the period | - | (855,770) | - | - |
| Payments during the period | (4,367,015) | (5,792,449) | (275,000) | (900,000) |
| Exchange Loss | - | 149,156 | - | - |
| Balance as at December/ March | <u>202,927,151</u> | <u>177,815,851</u> | <u>9,104,670</u> | <u>7,479,537</u> |

17. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | As at 31.12.2010 Rs. | As at 31.03.2010 Rs. | As at 31.12.2010 Rs. | As at 31.03.2010 Rs. |
| Trade Payables | 3,777,379,301 | 4,926,426,385 | 5,297,730 | 7,576,998 |
| Sundry Creditors including Accrued Expenses | 1,667,832,899 | 1,646,761,773 | 1,172,900 | 7,349,763 |
| | <u>5,445,212,200</u> | <u>6,573,188,158</u> | <u>6,470,630</u> | <u>14,926,761</u> |



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18. AMOUNTS DUE TO RELATED PARTIES

| 18.1 Non-current | Relationship | Group | | Company | |
|---|-------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|
| | | As at 31.12. 2010 Rs. | As at 31.03.2010 Rs. | As at 31.12. 2010 Rs. | As at 31.03.2010 Rs. |
| Mr. Osman Kassim | Director | - | 3,894,924 | - | - |
| | | - | 3,894,924 | - | - |
| 18.2 Current | | | | | |
| APIIT Malaysia | Affiliate Company | 6,428,961 | 6,525,713 | - | - |
| Classic Papers (Private) Limited | Affiliate Company | - | - | - | 3,471,086 |
| Classic Vacations (Private) Limited | Subsidiary | - | - | 538,242 | 408,378 |
| Cross Freight Lines Limited | Affiliate Company | - | 1,618,243 | - | - |
| Expack Corrugated Cartons (Private) Limited | Affiliate Company | 5,641,184 | 7,707,912 | - | - |
| Expolanka Commodities (Private) Limited | Subsidiary | - | - | 3,072,352 | 4,658,465 |
| Expolanka Freight - Afghanistan | Affiliate Company | - | 486,057 | - | - |
| Expolanka Freight (Private) Limited-India | Affiliate Company | - | 217,592 | - | - |
| Expolanka Freight (Private) Limited-Egypt | Affiliate Company | - | 22,256 | - | - |
| Expolanka Investment (Private) Limited | Affiliate Company | 25,553,182 | 19,670 | - | - |
| Expolanka International (Private) Limited | Subsidiary | - | - | - | 24,762,858 |
| Expolanka Investment (Private) Limited | Affiliate Company | - | - | - | 19,670 |
| Expolanka Pharmaceuticals (Private) Limited | Subsidiary | - | - | 13,822 | 18,750 |
| Expolanka Pakistan (Pvt) Ltd | Affiliate Company | - | 35,713 | - | - |
| Freight Air (Private) Limited | Affiliate Company | 343,422 | 343,422 | - | - |
| Freight Care (Private) Limited | Subsidiary | - | - | - | 127,939 |
| Freight Care Aviation Services (Private) Limited | Affiliate Company | - | 1,268,968 | - | - |
| Globe Air (Private) Limited | Subsidiary | - | - | 4,175,644 | 4,185,500 |
| Infodata (Private) Limited | Affiliate Company | 277,344 | 277,344 | - | - |
| International Airlines Services (Private) Limited | Subsidiary | - | - | 27,901 | 45,237 |
| Nissho Iwai (Private) Limited | Affiliate Company | 9,266,069 | 9,266,069 | - | - |
| Pulsar Shipping Agencies (Private) Limited | Affiliate Company | - | 24,390,627 | - | - |
| SG Logistics (Private) Limited | Subsidiary | - | - | - | 22,506,036 |
| Skycare (Private) Limited | Subsidiary | - | - | - | 1,980,000 |
| UCL Logistics (Private) Limited | Subsidiary | - | - | 3,381,500 | 4,280,750 |
| Universal Freight | Affiliate Company | - | 12,351 | - | - |
| World Spieces & Teas (Private) Limited | Affiliate Company | 50 | - | 50 | - |
| | | <u>47,510,212</u> | <u>52,191,937</u> | <u>11,209,511</u> | <u>66,464,669</u> |
| 18.3. Loans from Directors | | | | | |
| Mr. Osman Kassim | | 1,640,452 | 1,643,752 | - | - |
| | | <u>1,640,452</u> | <u>1,643,752</u> | - | - |
| | | <u>49,150,664</u> | <u>53,835,689</u> | <u>11,209,511</u> | <u>66,464,669</u> |

19. REVENUE

| Summary | Group | | Company | |
|---------------------------------------|---|--|---|--|
| | 9 months period ended 31 December 2010 Rs. | Unaudited 9 months period ended 31 December 2009 Rs. | 9 months period ended 31 December 2010 Rs. | Unaudited 9 months period ended 31 December 2009 Rs. |
| Sales of Goods | 10,260,740,787 | 6,422,059,928 | - | - |
| Rendering of Services | 15,559,729,144 | 11,004,697,731 | 80,800,461 | 40,734,611 |
| | <u>25,820,469,931</u> | <u>17,426,757,659</u> | <u>80,800,461</u> | <u>40,734,611</u> |
| 19.2 Business Segment Analysis | | | | |
| Transportation | 13,776,695,955 | 8,789,871,201 | - | - |
| Intl Trading | 6,609,655,037 | 5,465,507,656 | - | - |
| Manufacturing | 433,896,592 | 287,230,400 | - | - |
| Strategic Investment | 334,387,100 | 280,196,297 | - | - |
| Others | 4,665,835,247 | 2,603,952,105 | 80,800,461 | 40,734,611 |
| | <u>25,820,469,931</u> | <u>17,426,757,659</u> | <u>80,800,461</u> | <u>40,734,611</u> |

19.2.1 The group operating businesses are organised and managed separately according to the nature of products and services provided, with each segment repre senting a strategic business unit that offers different products and serves different market.

19.3 Geographical Segment Analysis

| | | | | |
|---------------------|-----------------------|-----------------------|---|---|
| Sri Lanka | 13,158,545,255 | 9,711,230,111 | - | - |
| Other Sub Continent | 11,550,750,655 | 6,743,881,201 | - | - |
| Africa | 1,111,174,020 | 971,646,347 | - | - |
| | <u>25,820,469,931</u> | <u>17,426,757,659</u> | - | - |

Revenues are attributed to geographic areas based on the location of the assets producing the revenues.



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20. OTHER INCOME AND GAINS

| | Group | | Company | |
|---|---|---|---|---|
| | Unaudited | | Unaudited | |
| | 9 months period ended 31 December 2010 | 9 months period ended 31 December 2009 | 9 months period ended 31 December 2010 | 9 months period ended 31 December 2009 |
| | Rs. | Rs. | Rs. | Rs. |
| Bad Debts Recovery | 21,543,431 | 696,000 | - | - |
| Commission Income | 21,281,348 | 13,869,687 | - | - |
| Container Yard Service Income | - | 570,865 | - | - |
| Dividend Income | 3,021,784 | 3,327,840 | 439,014,266 | 83,872,756 |
| Duty Rebate | - | 2,027,727 | - | - |
| EDRS Income | - | - | - | - |
| Exchange Gain | 45,658,250 | 3,699,239 | - | - |
| Finance Income | 16,225,034 | - | - | - |
| Incentive Income | 198,501,938 | 64,820,749 | - | - |
| Income on Handling at Stores | 13,843,241 | 16,746,307 | - | - |
| Income on Sale of Cargo Drive Software | 1,313,640 | 3,020,000 | - | - |
| Insurance Claim Received | - | 23,839,902 | - | - |
| Investment Income | 9,373,958 | 9,649,619 | - | - |
| Machinery Hire Income | 2,505,000 | 5,901,411 | - | - |
| Management Fees | 2,346,110 | 1,386,070 | - | - |
| Navinna Estate Profit | 1,182,440 | 2,438,774 | - | - |
| NBT Revenue | 12,339 | 1,253,426 | - | - |
| Profit on Disposal of Investments | 313,186,137 | 3,958,450 | 17,092,017 | 1,775,865 |
| Profit on Disposal of Property, Plant and Equipment | 9,254,495 | 72,996,202 | - | - |
| Refuse Tea Sales | 431,784 | 2,818,319 | - | - |
| Rental Income | 26,482,435 | 29,880,649 | - | - |
| Sundry Income | 65,328,566 | 47,637,014 | - | - |
| Weighing Bridge Service Income | 1,015,665 | 1,334,941 | - | - |
| Others | - | - | 256,125 | - |
| Negative Goodwill | 76,360,326 | - | - | - |
| | <u>828,870,921</u> | <u>311,873,190</u> | <u>456,362,408</u> | <u>85,648,621</u> |

21. Finance cost

| | Group | | Company | |
|--------------------------------------|---|---|---|---|
| | Unaudited | | Unaudited | |
| | 9 months period ended 31 December 2010 | 9 months period ended 31 December 2009 | 9 months period ended 31 December 2010 | 9 months period ended 31 December 2009 |
| Mark-up on Loans and Borrowings | 169,645,896 | 186,455,231 | 25,468,000 | 36,653,223 |
| Finance Charges on Lease Liabilities | 67,841,259 | 74,710,969 | 435,187 | 555,716 |
| | <u>237,487,155</u> | <u>261,166,200</u> | <u>25,903,187</u> | <u>37,208,939</u> |



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22. PROFIT BEFORE TAX

| Stated after Charging | Company | |
|---|---|---|
| | 9 months period ended 31st December 2010 | Unaudited 9 months period ended 31 December 2009 |
| Included in Administrative Expenses | | |
| Employees Benefits including the following | 53,336,734 | 47,804,641 |
| Defined Benefit Plan Costs - Gratuity | 1,900,133 | 2,063,850 |
| Defined Contribution Plan Costs - EPF and ETF | 5,335,636 | 5,893,838 |
| Depreciation | 7,398,863 | 12,131,160 |
| Directors' Emoluments | 8,380,000 | 7,800,000 |
| Auditors' Remuneration (Fees and Expenses) | 983,951 | 794,286 |
| Donations | <u>2,129,045</u> | <u>264,735</u> |
| Included in Selling and Distribution Costs | | |
| Advertising Costs | <u>458,937</u> | <u>48,296</u> |

23. INCOME TAX EXPENSE

| Current Income Tax | Group | | Company | |
|--|---|---|---|---|
| | 9 months period ended 31 December 2010 Rs. | Unaudited 9 months period ended 31 December 2009 Rs. | 9 months period ended 31 December 2010 Rs. | Unaudited 9 months period ended 31 December 2009 Rs. |
| Current Tax Expense on Ordinary Activities for the Year | 411,247,104 | 239,032,355 | - | - |
| Under Provision of Current taxes in respect of prior years | 9,462 | 4,059,911 | - | - |
| 10 % of Withholding Tax on inter-company Dividends | 49,423,773 | 15,219,774 | - | - |
| Deferred Income Tax | | | | |
| Deferred Taxation Charge/(Reversal) | 8,109,315 | - | - | - |
| | <u>468,789,654</u> | <u>258,312,040</u> | <u>-</u> | <u>-</u> |



Expolanka Holdings Limited and Its Subsidiaries
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9 months period ended 31 December 2010

23. INCOME TAX EXPENSE

23.1 A reconciliation between tax expense and the product of accounting profit /(loss)

| | Company | |
|--|--|--|
| | 9 months period ended 31 December 2010 | 12 months period ended 31 March 2010 |
| | Rs. | Rs. |
| Accounting Profit / (Loss) before Income Tax | 404,078,237 | 29,423,817 |
| Aggregate Disallowable Items | 23,858,122 | 46,837,424 |
| Aggregate Allowable Expenses | (16,534,125) | (11,206,955) |
| Aggregate Allowable Income | <u>(453,856,283)</u> | <u>(85,648,621)</u> |
| Taxable Loss | <u>(42,454,049)</u> | <u>(20,594,335)</u> |
| | | |
| Tax losses carried forward | 357,647,501 | 337,053,166 |
| Tax losses incurred during the year | <u>42,454,049</u> | <u>20,594,335</u> |
| Tax losses brought forward | <u>400,101,550</u> | <u>357,647,501</u> |

24. EARNINGS PER SHARE

24.1 Basic Earnings per share is calculated by dividing the Profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

24.2 The following reflects the income and share data used in the basic Earnings Per Share computations.

| | Group | | Company | |
|---|----------------------------------|----------------------------------|---------------------|----------------------------------|
| | Unaudited As at 31.12.2010 | Unaudited As at 31.12.2009 | As at 31.12.2010 | Unaudited As at 31.12.2009 |
| | Rs. | Rs. | Rs. | Rs. |
| Profit attributable to Ordinary Shareholders for basic Earnings Per Share | <u>1,267,856,108</u> | <u>429,785,845</u> | <u>404,078,237</u> | <u>(7,194,735)</u> |

Number of Ordinary Shares used as the denominator:

| | Number | Number | Number | Number |
|--|----------------------|----------------------|----------------------|----------------------|
| Weighted average number of ordinary shares in issue applicable to basic Earnings Per Share | <u>1,782,915,000</u> | <u>1,782,915,000</u> | <u>1,782,915,000</u> | <u>1,782,915,000</u> |



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25. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There were no circumstance which required adjustments to or disclosures in the financial statements.

26. COMMITMENTS AND CONTINGENCIES

26.1 Company

The Company does not have significant capital commitments as at the balance sheet date.

26.2 Group

26.2.1 Capital Expenditure Commitments

The Group does not have significant capital commitments as at the Balance Sheet date.

26.2.2 Contingent Liabilities

The Group has given corporate guarantees to the following parties on behalf of the group companies to obtain finance facilities. Based on the information currently available, Directors do not expect a liability to arise from this guarantee.

| Institution | Amount Rs. |
|--|-----------------------|
| National Development Bank | 1,475,000,000 |
| Commercial Bank of Ceylon Ltd | 500,000,000 |
| Habib Bank Ltd | 300,000,000 |
| Lanka ORIX Finance Company Ltd | 275,675,684 |
| Sampath Bank PLC | 350,000,000 |
| Pan Asia Banking Corporation | 450,000,000 |
| Standard Chartered Bank | 950,000,000 |
| | <u>4,300,675,684</u> |
| Bank guarantees obtained by Group of Companies | 1,124,229,076 |

27. ASSETS PLEDGED

| Nature of Liability | Company | Carrying Amount Pledged | | Included Under |
|------------------------|-------------------------------------|-------------------------|--------------------|-------------------------------|
| | | 31.12.2010 | 31.03.2010 | |
| | | Rs. | Rs. | |
| Diminishing Musharakah | Expolanka (Private) Limited | 600,000,000 | 575,000,000 | Property, Plant and Equipment |
| Diminishing Musharakah | Expolanka Freight (Private) Limited | <u>215,000,000</u> | <u>215,000,000</u> | Property, Plant and Equipment |



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
9 months period ended 31 December 2010

28. RELATED PARTY DISCLOSURES

Company

Details of significant related party disclosures are as follows.

| 28.1 Transaction with related entities during the period | Subsidiaries | |
|--|-------------------|-------------------|
| | 31.12.2010 Rs. | 31.03.2010 Rs. |
| Management Fees Charged | 8,658,720 | 12,160,359 |
| Technical Fees Charged | 29,035,440 | 98,350,605 |
| Secretarial Fees Charged | 4,284,000 | 1,304,862 |
| Investment Income | 436,677,760 | 83,872,756 |
| Settlement of Liabilities on behalf of the Company | 294,222 | 294,222 |
| Settlement of Liabilities by the Company on behalf Third Parties | 1,928,195 | 1,474,815 |
| Loan Received | 196,558,707 | 27,194,929 |
| Loan Settled | - | 58,070 |
| Dividend Received | 12,749,640 | - |
| Funds Received | 119,480,528 | 103,224,570 |

Amounts due from / to Related Parties are disclosed under Note 10 and 18 in the notes to the financial statements.

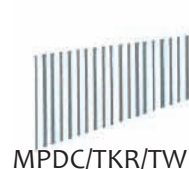
28.2 Transactions with Key Management Personnel (KMP) of the Company

The key management personnel of the Company are the members of its Board of Directors.

| Key Management Personnel Compensation | 31.12.2010 Rs. | 31.03.2010 Rs. |
|---|-------------------|--------------------|
| Short-term employee benefits | 8,380,000 | 7,800,000 |
| | <u>8,380,000</u> | <u>7,800,000</u> |
| Advance to KMP to incur expenses on behalf of the Company | 31.12.2010 Rs. | 31.03.2010 Rs. |
| As at the beginning of the year | 109,036,045 | 8,409,853 |
| Advance granted during the year | - | 100,626,192 |
| Advanced recovered during the year | (47,178,521) | - |
| As at end of the year | <u>61,857,524</u> | <u>109,036,045</u> |



5.3 Audited Financial Statements for the year ended 31st March 2010



Chartered Accountants

201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : (0) 11 2463500
Fax Gen : (0) 11 2697369
Tax : (0) 11 5578180
eysl@lk.ey.com

MPDC/TKR/TW

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EXPOLANKA HOLDINGS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Expolanka Holdings Limited (“Company”), the consolidated financial statements of the Company and its subsidiaries which comprise the balance sheets as at 31 March 2010, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2010 and the financial statements give a true and fair view of the Company's state of affairs as at 31 March 2010 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

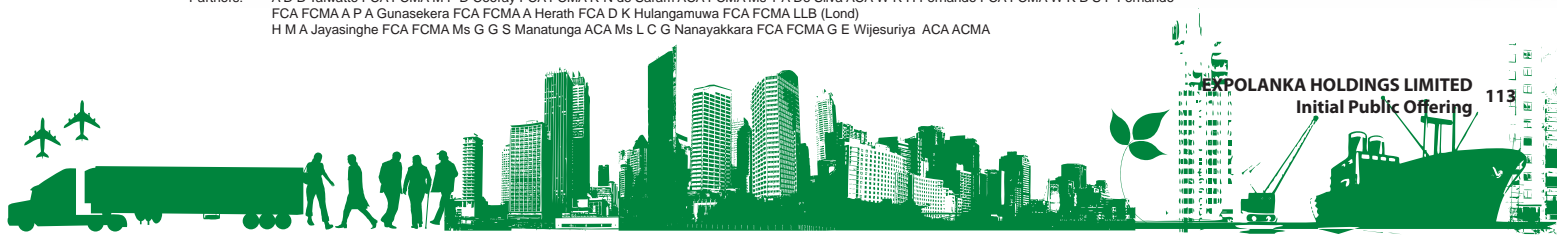
In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at 31 March 2010 and the profit and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

In our opinion, these financial statements also comply with the requirements of Sections 151(2) and 153 (2) to 153 (7) of the Companies Act No. 7 of 2007.

(Signed)
28 October 2010
Colombo

Partners: A D B Talwatte FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms Y A De Silva ACA W R H Fernando FCA FCMA W K B S P Fernando FCA FCMA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond)
H M A Jayasinghe FCA FCMA Ms G G S Manatunga ACA Ms L C G Nanayakkara FCA FCMA G E Wijesuriya ACA ACMA



Expolanka Holdings Limited and Its Subsidiaries
BALANCE SHEETS
As at 31 March 2010

| ASSETS | Note | Group | | Company | |
|--|------|-----------------------|-----------------------|----------------------|----------------------|
| | | 2010 Rs. | 2009 Rs. | 2010 Rs. | 2009 Rs. |
| Non-current Assets | | | | | |
| Property, Plant and Equipment | 3 | 2,634,120,664 | 2,612,124,456 | 124,761,616 | 119,738,979 |
| Investment Property | 4 | 226,830,125 | - | - | - |
| Intangible Assets | 5 | 35,608,625 | 50,590,995 | 25,141,296 | 41,797,089 |
| Investments in Subsidiaries | 6 | - | - | 1,761,964,963 | 1,756,704,953 |
| Investments in Joint Venture | 7 | - | - | - | 520,766 |
| Other Investments | 8 | 50,203,881 | 137,809,004 | - | 57,500,000 |
| Amounts Due from Related Parties | 11.1 | 158,373,055 | 157,555,423 | - | - |
| Deferred Income Tax Assets | 17 | 41,530,200 | 43,822,663 | - | - |
| | | <u>3,146,666,550</u> | <u>3,001,902,542</u> | <u>1,911,867,875</u> | <u>1,976,261,787</u> |
| Current Assets | | | | | |
| Other Investments | 8 | 1,051,425 | 1,421,348 | - | - |
| Inventories | 9 | 881,258,000 | 532,339,995 | - | - |
| Trade and Other Receivables | 10 | 7,636,011,181 | 4,516,688,203 | 119,253,747 | 15,637,400 |
| Loans Granted to Directors | 11 | 109,036,045 | 87,245,204 | - | - |
| Income Tax Recoverable | | 64,759,355 | 26,401,739 | - | - |
| Amounts Due from Related Parties | 12 | 929,704,506 | 959,532,774 | 240,737,159 | 286,208,125 |
| Cash and Cash Equivalents | 13 | 1,684,834,766 | 1,304,057,408 | 38,982,964 | 761,665 |
| | | <u>11,306,655,278</u> | <u>7,427,686,672</u> | <u>398,973,870</u> | <u>302,607,190</u> |
| Total Assets | | <u>14,453,321,827</u> | <u>10,429,589,214</u> | <u>2,310,841,745</u> | <u>2,278,868,977</u> |
| EQUITY AND LIABILITIES | | | | | |
| Equity Attributable to Equity Holders of Parent | | | | | |
| Stated Capital | 14 | 1,782,915,000 | 1,782,915,000 | 1,782,915,000 | 1,782,915,000 |
| Reserves | 15 | 937,159,600 | 725,692,351 | - | - |
| Retained Earnings/ (Losses) | | 673,135,152 | 77,354,226 | (175,231,443) | (204,655,260) |
| Shareholders' Funds | | 3,393,209,752 | 2,585,961,577 | 1,607,683,557 | 1,578,259,740 |
| Minority Interest | | 434,505,834 | 334,175,352 | - | - |
| Total Shareholders' Funds and Minority Interest | | <u>3,827,715,586</u> | <u>2,920,136,929</u> | <u>1,607,683,557</u> | <u>1,578,259,740</u> |
| Non-current Liabilities | | | | | |
| Loans and Ijara Payables | 16 | 1,936,964,743 | 1,269,656,709 | 613,243,830 | 461,910,877 |
| Deferred Income Tax Liabilities | 17 | 8,717,807 | 3,378,229 | - | - |
| Amounts Due to Related Parties | 20 | 3,894,924 | - | - | - |
| Non Interest Bearing Borrowings | | 221,319,599 | - | - | - |
| Other Deferred Liabilities | 18 | 177,815,850 | 115,649,548 | 7,479,537 | 6,315,687 |
| | | <u>2,348,712,923</u> | <u>1,388,684,485</u> | <u>620,723,367</u> | <u>468,226,564</u> |
| Current Liabilities | | | | | |
| Loans and Ijara Payables | 16 | 1,436,356,951 | 1,429,140,636 | 1,043,391 | 53,702,303 |
| Trade and Other Payables | 19 | 6,573,188,158 | 4,131,202,055 | 14,926,761 | 31,141,111 |
| Income Tax Liabilities | | 213,512,520 | 54,178,445 | - | - |
| Amounts Due to Related Parties | 20 | 53,835,689 | 506,246,664 | 66,464,669 | 147,539,259 |
| | | <u>8,276,893,318</u> | <u>6,120,767,800</u> | <u>82,434,821</u> | <u>232,382,673</u> |
| Total Equity and Liabilities | | <u>14,453,321,827</u> | <u>10,429,589,214</u> | <u>2,310,841,745</u> | <u>2,278,868,977</u> |

These financial statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

(Signed)

.....
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by,

(Signed)

.....
Director

(Signed)

.....
Director

The accounting policies and notes on pages 6 through 31 form an integral part of the financial statements.

28 October 2010
Colombo



Expolanka Holdings Limited and Its Subsidiaries
INCOME STATEMENTS
Year ended 31 March 2010

| | Note | 2010 Rs. | Group 2009 Rs. | 2010 Rs. | Company 2009 Rs. |
|-------------------------------------|------|---------------------------|---------------------------|--------------------------|-----------------------------|
| Revenue | 21 | 23,708,762,949 | 18,935,471,618 | 111,815,826 | 61,256,000 |
| Cost of Sales | | (19,156,092,490) | (14,514,870,713) | - | - |
| Gross Profit | | <u>4,552,670,458</u> | <u>4,420,600,905</u> | <u>111,815,826</u> | <u>61,256,000</u> |
| Other Income and Gains | 22 | 455,113,071 | 270,551,734 | 85,648,621 | 60,121,325 |
| Administrative Expenses | | (3,192,496,124) | (2,919,417,274) | (129,873,479) | (163,674,614) |
| Selling and Distribution Costs | | (491,900,168) | (486,469,777) | (863,566) | (1,398,895) |
| Other Operating Expenses | | (48,516,014) | (244,665,293) | - | - |
| Finance Cost | 23 | (348,424,467) | (351,417,237) | (37,303,585) | (68,519,208) |
| Profit / (Loss) Before Tax | 24 | <u>926,446,756</u> | <u>689,183,057</u> | <u>29,423,817</u> | <u>(112,215,392)</u> |
| Income Tax Expense | 25 | (335,379,880) | (298,624,471) | - | - |
| Profit / (Loss) for the year | | <u><u>591,066,876</u></u> | <u><u>390,558,586</u></u> | <u><u>29,423,817</u></u> | <u><u>(112,215,392)</u></u> |
| Attributable to: | | | | | |
| Equity Holders of the Parent | | 518,020,048 | 309,742,129 | 29,423,817 | (112,215,392) |
| Minority Interest | | 73,046,827 | 80,816,457 | - | - |
| | | <u>591,066,876</u> | <u>390,558,586</u> | <u>29,423,817</u> | <u>(112,215,392)</u> |
| Basic Earnings Per Share | 26 | <u>0.291</u> | <u>0.174</u> | <u>0.017</u> | <u>(0.063)</u> |

The accounting policies and notes on pages 6 through 31 form an integral part of the financial statements.



Expolanka Holdings Limited and Its Subsidiaries
STATEMENTS OF CHANGES IN EQUITY
Year ended 31 March 2010

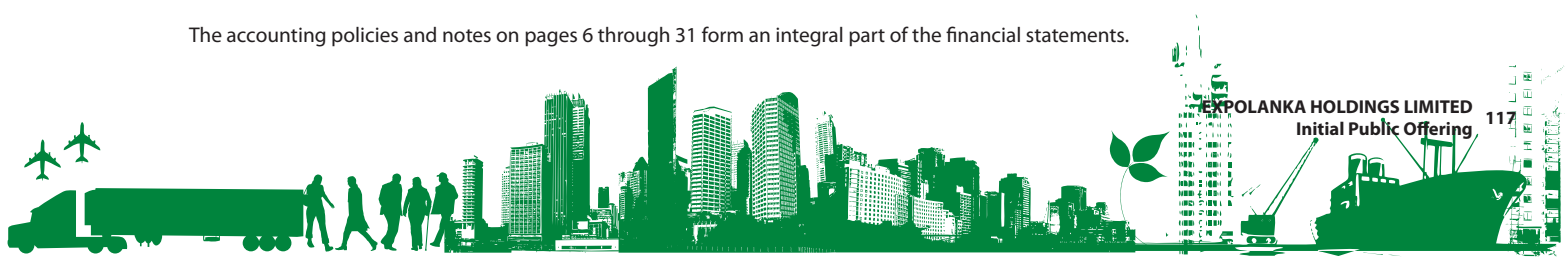
| Group | Note | Stated Capital | Revaluation Reserve | General Reserve | Exchange Fluctuation Reserve | Accumulated Profits/ (Losses) | Total | Minority Interest | Total Equity |
|---|------|----------------|---------------------|-----------------|------------------------------|-------------------------------|----------------------------|--------------------------------------|---------------|
| | | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| As at 01 April 2008 | | 1,782,915,000 | 490,056,339 | 297,484,000 | 25,730,468 | (237,529,276) | 2,358,656,531 | 278,175,566 | 2,636,832,097 |
| Dividend Paid to Minority Shareholders | | - | - | - | - | - | - | (29,616,671) | (29,616,671) |
| Profit for the Year | | - | - | - | - | 309,742,130 | 309,742,130 | 80,816,457 | 390,558,587 |
| Transferred to/from during the year | | - | (1,925,000) | 22,880,661 | - | (20,955,661) | - | - | - |
| Goodwill adjustment on Consolidation | | - | - | - | - | 26,097,033 | 26,097,033 | - | 26,097,033 |
| Share of Minority interest on new acquisition | | - | - | - | - | - | - | 4,800,000 | 4,800,000 |
| Exchange difference arising during the year | | - | - | (52,896,661) | (55,637,456) | - | (108,534,117) | - | (108,534,117) |
| As at 01 April 2009 | | 1,782,915,000 | 488,131,339 | 267,468,000 | (29,906,988) | 77,354,226 | 2,585,961,577 | 334,175,352 | 2,920,136,929 |
| Dividend Paid | | - | - | - | - | - | - | (13,427,360) | (13,427,360) |
| Profit for the Year | | - | - | - | - | 518,020,048 | 518,020,048 | 73,046,827 | 591,066,876 |
| Transferred to/from during the year | 14 | - | 130,570,667 | 39,661,953 | - | (170,232,620) | - | - | - |
| Effect of Change in Group Structure | | - | - | - | - | 247,993,498 | 247,993,498 | 40,711,014 | 288,704,512 |
| Exchange difference arising during the year | | - | - | - | 41,234,629 | - | 41,234,629 | - | 41,234,629 |
| As at 31 March 2010 | | 1,782,915,000 | 618,702,006 | 307,129,953 | 11,327,641 | 673,135,152 | 3,393,209,752 | 434,505,834 | 3,827,715,586 |
| Company | | | | | | Stated Capital | Revaluation Reserve | Accumulated Profits/ (Losses) | Total |
| As at 01 April 2008 | | | | | | Rs. | Rs. | Rs. | Rs. |
| Transferred to/from during the year | | - | - | - | - | 1,782,915,000 | 55,000 | (92,494,868) | 1,690,475,132 |
| Loss for the Year | | - | - | - | - | - | (55,000) | 55,000 | - |
| | | - | - | - | - | - | - | (112,215,392) | (112,215,392) |
| As at 31 March 2009 | | | | | | 1,782,915,000 | - | (204,655,260) | 1,578,259,740 |
| Profit for the Year | | - | - | - | - | - | - | 29,423,817 | 29,423,817 |
| As at 31 March 2010 | | | | | | 1,782,915,000 | - | (175,231,443) | 1,607,683,557 |

The accounting policies and notes on pages 6 through 31 form an integral part of the financial statements.

Expolanka Holdings Limited and Its Subsidiaries
CASH FLOW STATEMENTS
Year ended 31 March 2010

| Cash Flows From / (Used in) Operating Activities | Note | Group | | Company | |
|---|------|-----------------|---------------|---------------|---------------|
| | | 2010 Rs. | 2009 Rs. | 2010 Rs. | 2009 Rs. |
| Profit / (Loss) before Income Tax Expenses | | 926,446,756 | 689,183,057 | 29,423,817 | (112,215,392) |
| Adjustments for, | | | | | |
| Depreciation and Transfers | | 432,869,941 | 305,789,266 | 12,131,160 | 10,090,305 |
| Amortisation | | 17,045,147 | - | 8,312,130 | - |
| Income from Investments | | (12,451,121) | (1,734,852) | - | - |
| (Profit)/Loss on Sale of Property, Plant and Equipment | | (83,383,254) | (7,983,044) | 1,239,543 | (76,250) |
| Profit on Sale of Investments | | (3,958,450) | - | (1,775,865) | (2,002,638) |
| Finance Cost | | 348,424,467 | 351,417,237 | 37,303,585 | 68,519,208 |
| Fall in Value of Investments | | - | 81,263 | 520,766 | 27,908,805 |
| Deferred Disposal Income | | - | (585,654) | - | - |
| Goodwill adjustment on Consolidation | | - | 26,097,033 | - | - |
| Write off of Other Assets | | - | - | 81,550 | - |
| Provision for Bad and Doubtful Debtors | | 10,029,423 | - | 187,500 | 4,307,585 |
| Provision for Defined Benefit Plans | | 67,958,752 | 30,566,222 | 2,063,850 | 4,166,437 |
| Operating Profit / (Loss) before Working Capital Changes | | 1,702,981,661 | 1,392,830,528 | 89,488,036 | 698,060 |
| (Increase)/Decrease in Trade and Other Receivables | | (3,151,143,242) | 825,679,241 | (58,333,173) | (9,909,258) |
| Increase in Inventories | | (348,918,005) | (6,638,545) | - | - |
| Increase in Amounts Due from Related Parties | | 29,010,637 | (487,048,794) | - | (36,209,050) |
| Decrease/(Increase) in Amounts Due from Directors | | (21,790,841) | (784,632) | - | - |
| Increase/(Decrease) in Amounts Due to Related Parties | | (448,516,051) | 299,416,737 | (81,074,590) | (89,233,832) |
| Increase/ (Decrease) in Trade and Other Payables | | 2,441,986,103 | (176,904,291) | (16,214,351) | (10,833,909) |
| Net Cashflow Due to Group Structure Changes | | 288,704,512 | - | - | - |
| Cash Generated from Operations | | 514,105,615 | 1,846,550,244 | (66,134,078) | (145,487,989) |
| Finance Cost paid | | (348,424,467) | (351,417,237) | (37,303,293) | (67,030,837) |
| Income Tax Paid | | (206,771,380) | (312,571,529) | - | - |
| Defined Benefit Plan Costs paid | | (5,792,449) | (8,675,015) | (900,000) | (294,000) |
| Net Cash From / (Used in) Operating Activities | | (46,882,680) | 1,173,886,463 | (104,337,371) | (212,812,826) |
| Cash Flows From / (Used in) Investing Activities | | | | | |
| Finance Income Received | | 12,451,121 | 1,734,852 | - | - |
| Acquisition of Property, Plant and Equipment | | (754,777,949) | (370,755,161) | (11,149,902) | (12,438,045) |
| Acquisition of Intangible Assets | | (2,062,777) | (48,326,277) | - | - |
| Proceeds from Sale of Property, Plant and Equipment | | 156,464,930 | 192,735,832 | 2,768,675 | 416,670 |
| Acquisition of Other Investment | | - | - | (5,260,010) | - |
| Acquisition of Subsidiary | | - | (10,173,555) | - | (10,000,000) |
| Net Proceeds from Sale of Other Investments | | 91,933,496 | 45,632,099 | 59,275,866 | 21,446,323 |
| Net Cash Flows Used in Investing Activities | | (495,991,179) | (189,152,210) | 45,634,629 | (575,052) |
| Cash Flows From / (Used in) Financing Activities | | | | | |
| Net Proceeds From Non Interest Bearing Loans and Borrowings | | 221,319,599 | - | 3,200,000 | 28,661,639 |
| Net Proceeds From Interest Bearing Loans & Borrowings | | 427,507,025 | - | (55,861,639) | (23,000,000) |
| Principal Payments under Ijara Payables | | - | (242,131,279) | (1,167,708) | (1,512,394) |
| Dividends Paid | | (13,427,360) | (29,616,671) | - | - |
| Net Cash Flows From / (Used in) Financing Activities | | 635,399,264 | (271,747,950) | (53,829,347) | 4,149,245 |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | | 41,234,629 | (108,534,117) | - | - |
| Net Increase / (Decrease) in Cash and Cash Equivalents | | 133,760,034 | 604,452,186 | (112,532,089) | (209,238,633) |
| Cash and Cash Equivalents at the beginning of the year | 13 | 635,008,368 | 30,556,183 | (459,297,749) | (250,059,116) |
| Cash and Cash Equivalents at the end of the year | 13 | 768,768,402 | 635,008,368 | (571,829,838) | (459,297,749) |

The accounting policies and notes on pages 6 through 31 form an integral part of the financial statements.



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2010

1. CORPORATE INFORMATION

1.1 General

Expolanka Holdings Limited is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 10, Mile Post Avenue, Colombo 03 and the principal place of business is situated at No. 15 A, Clifford Avenue, Colombo 03.

1.2 Principal Activities and Nature of Operations

During the year, the principal business operations of the Company were carrying out investment activities, and providing management and administration services to other companies in the Group.

During the year, the Subsidiaries of the Group were engaged in the business of Healthcare, Manufacturing, Trading and Logistics.

1.3 Date of Authorisation for Issue

The consolidated financial statements of Expolanka Holdings Limited and its Subsidiaries for the year ended 31 March 2010 were authorized for issue, in accordance with a resolution of the Board of Directors on 28 October 2010.

2. ACCOUNTING POLICIES

2.1 GENERAL POLICIES

2.1.1 Basis of Preparation

The consolidated financial statements presented in Sri Lanka Rupees have been prepared on historical cost basis except for the valuation of certain Property, Plant and Equipment and certain marketable investments, which are stated at market values. The preparation and presentation of these financial statements is in compliance with the Companies Act No. 7 of 2007.

2.1.2 Statement of Compliance

The consolidated financial statements of Expolanka Holdings Limited and all its Subsidiaries (the 'Group') have been prepared in accordance with Sri Lanka Accounting Standards (SLAS).

2.1.3 Comparative Information

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

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



2.1.4 Consolidation Policy - Principles of Consolidation

(a) Subsidiaries

The financial statement of the Group represents the consolidation of the financial statements of Expolanka Holdings Limited and all its subsidiaries as at 31 March 2010.

All intra-group balances, transactions, income and expenses and profit and losses resulting from intra-group transaction that are recognised in assets, are eliminated in full.

Subsidiaries are consolidated from the date the Parent obtains control until such time as control ceases.

The total profits and losses for the period of the Company and of its subsidiaries included in consolidation are shown in the consolidated income statement.

All assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the consolidated balance sheet.

Minority interests represent the portion of profit or loss and net assets not held by the group and presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of minority interests are accounted for using the parent entity extension method, where the difference between the consideration and the book value of the share of the share of the net assets acquired is recognised as goodwill.

The following subsidiaries have been incorporated in Sri Lanka

| Name of the Company | Holding Percentage |
|--|---------------------------|
| Asia Pacific Institute of Information Technology Lanka (Private) Limited | 44.84% |
| Bio Extracts (Private) Limited | 100% |
| Classic Travel (Private) Limited | 100% |
| Expo Consolidators (Private) Limited | 100% |
| Expolanka (Private) Limited | 100% |
| Expolanka Commodities (Private) Limited | 100% |
| Expolanka Freight (Private) Limited | 100% |
| Expolanka International (Private) Limited | 100% |
| Expolanka Pharmaceuticals (Private) Limited | 100% |
| Expolanka Plantations (Private) Limited | 100% |
| Expolanka Teas (Private) Limited | 100% |
| Freight Care (Private) Limited | 100% |
| Globe Air (Private) Limited | 100% |
| HelloCorp (Private) Limited | 51% |
| International Airline Services (Private) Limited | 100% |
| Logistics Support Services (Private) Limited | 100% |
| Luxe Asia (Private) Limited | 100% |
| Neptune Holdings (Private) Limited | 100% |
| Neptune Papers (Private) Limited | 100% |
| Peri Logistics (Private) Limited | 60% |
| SG Logistics (Private) Limited | 100% |
| Sky Care (Private) Limited | 100% |
| UCL Logistics (Private) Limited | 100% |
| Denshun Industries (Private) Limited | 90% |
| Expo Aviation (Private) Limited | 100% |



The following subsidiaries have been incorporated outside Sri Lanka.

| Name | Country of Incorporation | Holding Percentage |
|---|---------------------------------|---------------------------|
| Airline Cargo Resources Dubai- FZCO | Dubai | 100% |
| Airline Cargo Resources Dubai LLC | Dubai | 100% |
| Expo Freight India Holdings (Private) Limited | India | 90% |
| Expolanka Bangladesh Limited | Bangladesh | 45% |
| Expolanka Freight (Proprietary) Limited | South Africa | 100% |
| Expolanka Freight FZCO | Dubai | 100% |
| Expolanka Freight Dubai LLC (Dubai/Jebel Ali/Abu Dhabi - United Arab Emirates) | Dubai | 100% |
| Expolanka Freight Limited | Kenya | 100% |
| Expolanka Freight Limited | Mauritius | 100% |
| Expolanka Madagascar SA | Madagascar | 100% |
| Expolanka Pakistan (Private) Limited | Pakistan | 25% |
| International Sky Services (India) Private Limited | India | 70% |

(b) Associate Companies

The investment in associate is accounted for using the equity method of accounting. An associate is an entity in which the company has significant influence of 20% to 50% and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associates, net of any dividends paid by such associates. The income statement reflects the share of the results of operations of each associate. Where there has been a change recognised directly in the equity of the associate, the company recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Profits and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associate.

(c) Joint Ventures

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venture has an interest. The Group recognises its interest in the joint venture using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its financial statements. The financial statements of the joint ventures are prepared for the same reporting year as the parent company and the accounting policies of the joint venture are consistent with the parent company.



Expolanka Holdings Limited and Its Subsidiaries
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Year ended 31 March 2010

Joint ventures of the Group are;

| Name | Country of Incorporation | Holding Percentage |
|---------------------------------------|---------------------------------|---------------------------|
| Airline Cargo Resources Limited | Bangladesh | 50% |
| Airline Services Limited | Bangladesh | 50% |
| Cross Freight Lines Limited | Bangladesh | 50% |
| Expo Express Services Limited | Bangladesh | 45% |
| Freight Care Aviation Limited | Bangladesh | 50% |
| Wings Classic Tours & Travels Limited | Bangladesh | 50% |

(d) Business Combination and Goodwill

Business Combinations are accounted for using the acquisition method. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Goodwill acquired in a business combination after 1st June 2005 represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill acquired in a business combination prior to 1st June 2005 in accordance with the transitional provisions of revised SLAS 25 was amortised over a period of 5 years until 30th May 2005. Thereafter, commencing 1st June 2005 such amortisation of goodwill has been discontinued and the accumulated amortisation at that date has been eliminated against the carrying value of goodwill and the balance goodwill is tested for impairment in accordance with SLAS 41.

Goodwill relating to foreign entities is the excess of the value of the purchase price, translated into Sri Lanka rupees at the rate prevalent on the date of acquisition, over the fair value of the assets as at that date.

Negative Goodwill

Negative goodwill arising on business combinations comprises the excess of the Group's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

Negative goodwill arising on business combinations are credited to the Income Statement.

(e) Financial Year

As per the Group policy, results of all subsidiaries or associates with alternate year ends are treated as follows;

| | |
|--------------|--|
| Subsidiaries | 12 month period drawn up to 31 March |
| Associates | 12 month period using the associate's year end |

In the case of associates, where the reporting dates are different to Group reporting dates, adjustments are made for any significant transactions or events up to 31 March.

Accounting policies of the subsidiaries, associates and joint venture are consistent with the parent company.



2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.2.1 Foreign Currency Translations

The financial statements are presented in Sri Lankan rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the Income Statement.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The resulting gains and losses are accounted for in the Income Statement.

The assets and liabilities of the foreign subsidiary is translated into the presentation currency of the Group at the rate of exchange ruling at the balance sheet date, and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

The exchange rates applicable during the period were as follows;

| | Balance Sheet | Income Statement |
|-----------------------------|----------------------|-------------------------|
| | 2009/10 | 2009/10 |
| | Rs. | Rs. |
| South African Rand | 15.5 | 13.72 |
| Indian Rupee | 2.54 | 2.38 |
| Kenyan Shilling | 1.53 | 1.56 |
| Malagasy Ariary | 0.05 | 0.06 |
| Mauritius Rupee | 3.86 | 3.72 |
| Bangladesh Taka | 1.68 | 1.69 |
| Pakistan Rupee | 1.37 | 1.4 |
| United Arab Emirates Dirham | 31.10 | 31.26 |

2.2.2 Taxation

a) Current Taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the commissioner general of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

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 recognised directly in equity is recognised in equity and not in the income statement.



b) Deferred Taxation

Deferred income tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

- c) Tax on dividend income from subsidiaries and associates is recognized as an expense in the Consolidated Income Statement.

2.2.3 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset.

2.2.4 Intangible Assets (Other than Goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following the initial recognition of the intangible assets, the cost model is applied requiring the assets to be carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.



The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. 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 amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function/nature of the intangible asset. Amortisation was commenced when the assets were available for use.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

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 recognised in the income statement when the asset is derecognized.

2.2.5 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formulae:-

| | |
|-------------------------------------|---|
| Raw Materials | -At actual cost on a first-in first-out basis / weighted average basis. |
| Finished Goods and Work-in-Progress | -At the cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity. |
| Other Stocks | -At actual cost. |

2.2.6 Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realise net of allowances for bad and doubtful receivables.

Other receivables and dues from Related Parties are recognised at cost less allowance for bad and doubtful receivables.



2.2.7 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known 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 in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.2.8 Property, Plant and Equipment

Plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

Land and buildings are measured at fair value less depreciation on buildings and impairment charged subsequent to the date of the revaluation.

Depreciation is calculated on a straight line basis over the useful life of the assets. The principal annual rates used by the companies in the Group are as follows:

| | | | |
|-------------------------------|--------|---|--------|
| Freehold Buildings | 2.5% | - | 10% |
| Plant and Machinery | 12.5% | - | 33.33% |
| Furniture and Fittings | 5% | - | 25% |
| Technological Equipment | 25% | | |
| Office and Factory Equipments | 10% | - | 33.33% |
| Computer and Accessories | 20% | - | 33.33% |
| Motor Vehicles | 20% | | |
| Leased Assets | 25% | | |
| Tools and Equipment | 25% | - | 33.33% |
| Air Crafts | 10% | | |
| Air Craft Equipments | 20% | | |
| Ground Handling Equipment | 33.33% | | |

Valuations are performed every 3-5 years (or frequently enough) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost.

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. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.



When each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

2.2.9 Leases – (Ijara Payables)

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged reflected in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term. The depreciation policy for depreciable leased assets is consistent with that for depreciable asset that are owned.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term

2.2.10 Investments

a) Initial Recognition

Cost of investment includes purchase cost and acquisition charges such as brokerages, fees, duties and bank regulatory fees. The Company distinguishes and presents current and non current investment in the balance sheet.

b) Measurement

Current Investment

Current investments are carried at the lower of cost and market value.

Long Term Investments

Long term investments are stated at cost. Carrying amounts are reduced to recognize a decline other than temporary, determined for each investment individually. These reductions for other than temporary declines in carrying amounts are charged to income statement.

Other Investments

Treasury bills and other mark-up bearing securities held for resale in the near future to benefit from short term market movements are accounted for at cost plus relevant proportion of the discounts or premiums.



Disposal of Investments

On disposal of an investment, the different between net disposals and proceed and the carrying amounts is recognised as income or expense.

2.2.11 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

2.2.12 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

Gratuity is a Defined Benefit Plan. The Company is liable to pay gratuity in terms of the relevant statute. In order to meet this liability, a provision is carried forward in the balance sheet, equivalent to an amount calculated based on a half month's salary of the last month of the financial year of all employees for each completed year of service, commencing from the first year of service. The resulting difference between brought forward provision at the beginning of a year net of any payments made, and the carried forward provision at the end of a year is dealt with in the income statement.

The gratuity liability is not funded nor actuarially valued.

b) Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12 % and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.2.13 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 or cash-generating unit, unless the asset or cash-generating unit does not generate cash inflows that are largely independent of those from other assets or cash-generating units. 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.



Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, 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. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot "exceed" the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to Goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 March.

Intangible Assets

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level, as appropriate.

2.2.14 Income Statement

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.



a) Sale of Goods

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

b) Rendering of Services

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

c) Finance Income

Finance Income is recognised on an accrual basis.

d) Dividends

Dividend income is recognised on a cash basis (net of dividend tax).

e) Rental Income

Rental income is recognised on an accrual basis.

g) Other Income

Other income is recognised on an accrual basis.

f) Gains and Losses

Net gains and losses of a revenue nature on the disposal of Property, Plant & Equipment and other non current assets including investments are accounted for in the income statement, after deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. On the disposal of revalued Property, Plant and Equipment, the amount remaining in the Revaluation Reserve, relating to that particular asset is transferred directly to Retained Earnings.

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.

2.3 BUSINESS SEGMENT REPORTING

A business segment is distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services that is subject to risk and returns that are different from those of other business segments. The accounting policies adopted for segment reporting are the same accounting policies adopted for preparing and presenting consolidated financial statements of the Group.

Inter Segment transfers are based on fair market prices.



2.4 FUTURE CHANGES IN ACCOUNTING POLICIES

Effect of Sri Lanka Accounting Standard issued but not yet effective

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

a) Sri Lanka Accounting Standard 44 Financial Instruments; Presentation (SLAS 44) and Sri Lanka Accounting Standard 45 Financial Instruments; Recognition and Measurement (SLAS 45)

SLAS 44 and 45 become effective for financial years beginning on or after 1 January 2011. Accordingly, the Financial Statements for the year ending 31 March 2012 will adopt SLAS 44 and 45, for the first time.

These two standards together provide comprehensive guidance on identification, classification, measurement and presentation of financial instruments (including Derivatives) into financial assets, financial liabilities and equity instruments.

In order to comply with the requirements of these standards, the Group is in the process of assessing the effect of adoption of the aforesaid two standards. Due to the complex nature of the effect of these standards the impact of adoption is not estimable as at the date of publication of these Financial Statements.

b) Sri Lanka Accounting Standard 39- Share Based Payments (SLAS 39)

SLAS 39- Share based payments, effective for periods beginning on or after 1st January 2010 will be first adopted in the year ending 31 March 2011. This standard require an expense to be recognized where the Group buys goods or services in exchange for shares or rights over shares (equity –settled transactions), or in exchange for other assets equivalent in value to a given number of shares or rights over shares (cash- settled transactions). For equity-settled share-based payment transactions, the Group is required to apply SLAS 39 to grants of shares, share options or other equity instruments that were granted after 1 January 2010.

The Group is in the process of evaluating to impact of this standard, and the impact of the same is not currently estimable as at the date of the publication of these Financial Statements.



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| 3. PROPERTY, PLANT AND EQUIPMENT | Balance | Additions/ | Disposals | Exchange | Balance |
|--|----------------------|--------------------|-------------------------|------------------------|----------------------|
| 3.1 Group | As at | Transfers | Reclassification | Gain/(Loss) | As at |
| 3.1.1 Gross Carrying Amounts | 01.04.2009 | | | Other transfers | 31.03.2010 |
| | Rs. | Rs. | Rs. | Rs. | Rs. |
| At Cost/ Cost incurred since last Revaluation | | | | | |
| Freehold Land | 790,271,012 | 143,927,294 | - | 15,895,446 | 950,093,752 |
| Freehold Buildings | 737,348,772 | 135,037,614 | (256,189,225) | (2,017,822) | 614,179,339 |
| Plant and Machinery | 181,130,062 | 87,416,219 | (2,302,121) | - | 266,244,160 |
| Furniture and Fittings | 182,720,415 | 140,300,319 | (17,555,628) | 10,729,219 | 316,194,325 |
| Office and Factory Equipment | 191,732,422 | 47,546,689 | (8,009,798) | 356,606 | 231,625,919 |
| Technological Equipment | 183,821,646 | 24,567,723 | (8,678,878) | - | 199,710,491 |
| Computer and Accessories | 159,370,335 | 87,665,211 | (8,423,292) | 14,322,716 | 252,934,970 |
| Motor Vehicles | 309,830,576 | 147,619,993 | (106,524,410) | 8,658,793 | 359,584,951 |
| Tools and Equipment | 32,958,138 | 76,563,519 | (4,342,332) | 167,576 | 105,346,901 |
| Air Crafts | 449,380,443 | - | - | (346,285) | 449,034,158 |
| Air Craft Equipments | 19,873,926 | 43,394,751 | - | - | 63,268,677 |
| Ground Handling Equipment | 86,113,827 | - | (41,723,330) | - | 44,390,497 |
| Other Assets | 12,621,009 | 16,181,245 | (7,085,679) | (1,290,160) | 20,426,415 |
| | <u>3,337,172,583</u> | <u>950,220,576</u> | <u>(460,834,692)</u> | <u>46,476,088</u> | <u>3,873,034,555</u> |
| At Valuation | | | | | |
| Plant and Machinery | 25,877,500 | - | (196,000) | - | 25,681,500 |
| Motor Vehicles | 95,302,392 | 1,333,940 | (19,132,174) | - | 77,504,158 |
| | <u>121,179,892</u> | <u>1,333,940</u> | <u>(19,328,174)</u> | <u>-</u> | <u>103,185,658</u> |
| Assets on Finance Leases | | | | | |
| Leasehold Improvements | 12,878,518 | 7,802,025 | - | - | 20,680,543 |
| Plant and Machinery | 166,574,250 | - | (86,486,929) | - | 80,087,321 |
| Air Crafts | 210,000,000 | - | - | - | 210,000,000 |
| Technological Equipment | 5,071,903 | - | - | - | 5,071,903 |
| Motor Vehicles | 79,358,160 | 27,890,000 | (10,708,742) | - | 96,539,418 |
| Ground Handling Equipment | 163,167 | - | (163,167) | - | - |
| | <u>474,045,998</u> | <u>35,692,025</u> | <u>(97,358,838)</u> | <u>-</u> | <u>412,379,185</u> |
| Total Value of Depreciable Assets | <u>3,932,398,473</u> | <u>987,246,541</u> | <u>(577,521,704)</u> | <u>46,476,088</u> | <u>4,388,599,398</u> |
| | Balance | Incurred | Reclassified/ | Exchange | Balance |
| | As at | during | Transferred | Gain/(Loss) | As at |
| | 01.04.2009 | the year | | Other transfers | 31.03.2010 |
| | Rs. | Rs. | Rs. | Rs. | Rs. |
| Capital Work In Progress | <u>2,012,356</u> | <u>12,168,832</u> | <u>(2,575,000)</u> | <u>(412,356)</u> | <u>11,193,832</u> |
| | <u>2,012,356</u> | <u>12,168,832</u> | <u>(2,575,000)</u> | <u>(412,356)</u> | <u>11,193,832</u> |
| Total Gross Carrying Amount | <u>3,934,410,829</u> | <u>999,415,373</u> | <u>(580,096,704)</u> | <u>46,063,732</u> | <u>4,399,793,230</u> |



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| 3.1.2 Depreciation | Balance As at 01.04.2009 | Charge for the year | Disposals/ Transfers | Exchange Gain/(Loss) Other transfers | Balance As at 31.03.2010 |
|---------------------------------|---|--------------------------------|---------------------------------|---|---|
| At Cost | Rs. | Rs. | Rs. | Rs. | Rs. |
| Freehold Buildings | 39,344,359 | 23,175,998 | 7,144,043 | (244,788) | 69,419,612 |
| Plant and Machinery | 105,778,777 | 25,976,317 | 44,096,734 | - | 175,851,828 |
| Furniture and Fittings | 95,667,890 | 44,970,003 | 37,278,417 | 4,656,426 | 182,572,736 |
| Office and Factory Equipment | 109,474,133 | 26,095,134 | 820,225 | (456,222) | 135,933,270 |
| Technological Equipment | 138,468,071 | 25,040,711 | (7,415,853) | - | 156,092,929 |
| Computer and Accessories | 94,738,640 | 45,423,611 | 34,444,243 | 6,656,342 | 181,262,836 |
| Motor Vehicles | 156,581,749 | 93,975,639 | (54,248,930) | 8,227,667 | 204,536,125 |
| Tools and Equipment | 22,051,630 | 11,952,415 | 40,571,697 | 23,579 | 74,599,320 |
| Air Crafts | 189,596,395 | 37,789,977 | (106,771) | - | 227,279,601 |
| Air Craft Equipments | 19,873,925 | 9,143,052 | 9,724,749 | - | 38,741,726 |
| Ground Handling Equipment | 69,900,934 | 11,784,219 | (38,817,888) | - | 42,867,265 |
| Other Assets | 7,021,772 | 5,982,046 | (5,062,306) | (422,853) | 7,518,660 |
| | <u>1,048,498,275</u> | <u>361,309,122</u> | <u>68,428,361</u> | <u>18,440,151</u> | <u>1,496,675,908</u> |
| At Valuation | | | | | |
| Plant and Machinery | 25,877,500 | - | (196,000) | - | 25,681,500 |
| Motor Vehicles | 79,737,473 | 12,037,528 | (16,371,272) | - | 75,403,729 |
| | <u>105,614,973</u> | <u>12,037,528</u> | <u>(16,567,272)</u> | <u>-</u> | <u>101,085,229</u> |
| Assets on Finance Leases | | | | | |
| Leasehold Improvements | 4,690,324 | 3,153,657 | - | - | 7,843,981 |
| Plant and Machinery | 57,961,930 | 16,576,142 | (45,639,813) | - | 28,898,259 |
| Air Crafts | 56,500,000 | 21,000,000 | - | - | 77,500,000 |
| Technological Equipment | 5,071,903 | - | - | - | 5,071,903 |
| Motor Vehicles | 43,933,320 | 13,822,492 | (9,158,526) | - | 48,597,286 |
| Ground Handling Equipment | 15,645 | - | (15,645) | - | - |
| | <u>168,173,122</u> | <u>54,552,291</u> | <u>(54,813,984)</u> | <u>-</u> | <u>167,911,429</u> |
| Total Depreciation | <u>1,322,286,370</u> | <u>427,898,941</u> | <u>(2,952,895)</u> | <u>18,440,151</u> | <u>1,765,672,566</u> |



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2010

3. PROPERTY, PLANT AND EQUIPMENT (Contd.)

3.1.3 Net Book Values

| | 2010 | 2009 |
|---|----------------------|----------------------|
| | Rs. | Rs. |
| At Cost | | |
| Freehold Land | 950,093,752 | 790,271,012 |
| Freehold Buildings | 544,759,727 | 698,004,413 |
| Plant and Machinery | 90,392,332 | 75,351,285 |
| Furniture and Fittings | 133,621,589 | 87,052,525 |
| Office and Factory Equipment | 95,692,649 | 82,258,288 |
| Technological Equipment | 43,617,562 | 45,353,575 |
| Computer and Accessories | 71,672,134 | 64,631,694 |
| Motor Vehicles | 155,048,826 | 153,248,827 |
| Tools and Equipment | 30,747,581 | 10,906,508 |
| Air Crafts | 221,754,557 | 259,784,048 |
| Air Craft Equipments | 24,526,951 | 1 |
| Ground Handling Equipment | 1,523,232 | 16,212,893 |
| Other Assets | 12,907,755 | 5,599,236 |
| | <u>2,376,358,647</u> | <u>2,288,674,305</u> |
| At Valuation | | |
| Motor Vehicles | 2,100,429 | 15,564,919 |
| | <u>2,100,429</u> | <u>15,564,919</u> |
| Assets on Finance Leases | | |
| Leasehold Improvements | 12,836,562 | 8,188,194 |
| Plant and Machinery | 51,189,062 | 108,612,320 |
| Air Crafts | 132,500,000 | 153,500,000 |
| Technological Equipment | - | - |
| Motor Vehicles | 47,942,132 | 35,424,840 |
| Ground Handling Equipment | - | 147,522 |
| | <u>244,467,756</u> | <u>305,872,876</u> |
| Capital Work In Progress | | |
| | 11,193,832 | 2,012,356 |
| | <u>11,193,832</u> | <u>2,012,356</u> |
| Total Carrying Amount of Property, Plant and Equipment | | |
| | <u>2,634,120,664</u> | <u>2,612,124,456</u> |

3.1.4 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 790,469,974/- (2009 Rs. 370,755,161/-) of which Rs. 35,692,025/- (2009 - Rs. 82,340,572/-) was acquired by means of finance leases. Cash payments amounting to Rs. 754,777,949 /- (2009 - Rs. 370,755,161/-) were made during the year for purchase of Property, Plant and Equipment.



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2010

| 3.2 Company | Balance As at 01.04.2009 | Additions | Disposals | Balance As at 31.03.2010 |
|--|---|---|---------------------|---|
| | Rs. | Rs. | Rs. | Rs. |
| 3.2.1 Gross Carrying Amounts | | | | |
| At Cost or Valuation | | | | |
| Freehold Land | 86,830,000 | - | - | 86,830,000 |
| Buildings on Freehold Land | 9,947,000 | - | - | 9,947,000 |
| Motor Vehicles | 3,387,391 | 4,031,864 | (1,482,609) | 5,936,646 |
| Office Equipment | 26,708,480 | 11,889,273 | (2,640,710) | 35,957,043 |
| Furniture and Fittings | 4,011,596 | - | (86,182) | 3,925,414 |
| Package and Software | 8,787,913 | 1,261,420 | (4,055,000) | 5,994,333 |
| Leasehold Improvements | 3,023,005 | 5,503,120 | - | 8,526,125 |
| | <u>142,695,385</u> | <u>22,685,677</u> | <u>(8,264,501)</u> | <u>157,116,561</u> |
| Assets on Finance Leases | | | | |
| Motor Vehicles | 6,721,864 | 1,750,000 | (3,961,864) | 4,510,000 |
| | <u>6,721,864</u> | <u>1,750,000</u> | <u>(3,961,864)</u> | <u>4,510,000</u> |
| Total Value of Depreciable Assets | <u>149,417,249</u> | <u>24,435,677</u> | <u>(12,226,365)</u> | <u>161,626,561</u> |
| Capital Work In Progress | Balance As at 31.03.2009 | Incurred during the Year | Transfers | Balance As at 31.03.2010 |
| | Rs. | Rs. | Rs. | Rs. |
| Software Work in Progress | - | 1,900,000 | - | 1,900,000 |
| | <u>-</u> | <u>1,900,000</u> | <u>-</u> | <u>1,900,000</u> |
| Total Gross Carrying Amount | <u>149,417,249</u> | <u>26,335,677</u> | <u>(12,226,365)</u> | <u>163,526,561</u> |

3. PROPERTY, PLANT AND EQUIPMENT (Contd.)

| 3.2.2 Depreciation | Balance 01.04.2009 | Charge for the year | Disposals | Balance 31.03.2010 |
|--|-------------------------------|--------------------------------|--------------------|-------------------------------|
| | Rs. | Rs. | Rs. | Rs. |
| At Cost or Valuation | | | | |
| Buildings on Freehold Land | 1,036,146 | 497,350 | - | 1,533,496 |
| Motor Vehicles | 2,173,362 | 4,138,407 | (759,131) | 5,552,638 |
| Office Equipment | 17,913,684 | 7,351,647 | (2,238,674) | 23,026,657 |
| Furniture and Fittings | 1,984,148 | 497,859 | (46,681) | 2,435,326 |
| Package and Software | 732,326 | 1,408,012 | - | 2,140,338 |
| Leasehold Improvements | 2,565,237 | 416,253 | - | 2,981,490 |
| | <u>26,404,903</u> | <u>14,309,528</u> | <u>(3,044,486)</u> | <u>37,669,945</u> |
| Assets on Finance Leases | | | | |
| Motor Vehicles | 3,273,367 | 1,519,373 | (3,697,740) | 1,095,000 |
| | <u>3,273,367</u> | <u>1,519,373</u> | <u>(3,697,740)</u> | <u>1,095,000</u> |
| Total Value of Depreciable Assets | <u>29,678,270</u> | <u>15,828,901</u> | <u>(6,742,226)</u> | <u>38,764,945</u> |



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2010

| 3.2.3 Net Book Values | 2010 | 2009 |
|---|--------------------|--------------------|
| | Rs. | Rs. |
| At Cost or Valuation | | |
| Freehold Land | 86,830,000 | 86,830,000 |
| Buildings on Freehold Land | 8,413,504 | 8,910,854 |
| Motor Vehicles | 384,008 | 1,214,029 |
| Office Equipment | 12,930,386 | 8,794,796 |
| Furniture and Fittings | 1,490,088 | 2,027,448 |
| Package and Software | 3,853,995 | 8,055,587 |
| Leasehold Improvements | 5,544,635 | 457,768 |
| | <u>119,446,616</u> | <u>116,290,482</u> |
| Assets on Finance Leases | | |
| Motor Vehicles | 3,415,000 | 3,448,497 |
| | <u>3,415,000</u> | <u>3,448,497</u> |
| Capital Work In Progress | | |
| Software Work in Progress | 1,900,000 | - |
| | <u>1,900,000</u> | <u>-</u> |
| Total Carrying Amount of Property, Plant and Equipment | <u>124,761,616</u> | <u>119,738,979</u> |

| 3.3 The useful lives of the assets are estimated as follows | 2010 | 2009 |
|--|-------------|-------------|
| Building | 20Years | 20Years |
| Motor Vehicles | 5 Years | 5 Years |
| Furniture and Fittings | 8 Years | 8 Years |
| Office Equipment | 8 Years | 8 Years |
| Technical Equipment | 4 Years | 4 Years |
| Leasehold Improvements | 5 Years | 5 Years |
| Computer Software | 4 Years | 4 Years |

3.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs 11,149,902/- (2009 - Rs. 15,198,046/-). Cash payments amounting to Rs. 11,149,884/- (2009 - Rs. 12,438,045/-) were made during the year for purchase of Property, Plant and Equipment.

3.4.1 Property, Plant and Equipment include fully depreciated assets having a gross carrying amounts of Rs. 14,274,699/- (2009- Rs. 1,578,143/-)

3.4.2 The fair value of motor vehicles was determined by means of a revaluation during the financial year 2004/2005 by Messrs A.Y. Denial and Son, an independent valuer in reference to market based evidence. The results of such revaluation were incorporated in these financial statements from its effective date which is April 01, 2004. The surplus arising from the revaluation net of deferred taxes, was transferred to a revaluation reserve.

The carrying amount of revalue assets that would have been included in the financial statements had the assets been carried at cost less depreciation is as follows:

| Class of Asset | Cost | Cumulative Depreciation If assets were carried at cost | Net Carrying Amount 2010 | Net Carrying Amount 2009 |
|-----------------------|------------------|---|---------------------------------|---------------------------------|
| | Rs. | Rs. | Rs. | Rs. |
| Motor Vehicles | <u>1,790,000</u> | <u>1,790,000</u> | <u>-</u> | <u>358,000</u> |



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2010

| 4. INVESTMENT PROPERTY | 2010 | 2009 |
|--|---------------------------|--------------------------|
| | Rs. | Rs. |
| Cost | | |
| Transferred from Property, Plant and Equipment - Freehold Land | 198,661,125 | - |
| - Buildings | 33,140,000 | - |
| Balance as at end of the year | <u>231,801,125</u> | <u>-</u> |
| Depreciation | | |
| Transferred from Property, Plant and Equipment - Buildings | <u>4,971,000</u> | <u>-</u> |
| Balance as at end of the year | <u>4,971,000</u> | <u>-</u> |
| Net Book Value | <u><u>226,830,125</u></u> | <u><u>-</u></u> |
| | | |
| 5. INTANGIBLE ASSETS | 2010 | 2009 |
| 5.1 Group | Rs. | Rs. |
| Non Current | | |
| Computer Software (Note 5.1.1) | 35,608,625 | 41,889,511 |
| Project Development Expenses | - | 8,701,484 |
| | <u>35,608,625</u> | <u>50,590,995</u> |
| 5.1.1 Computer Software | | |
| At the beginning of the year | 41,889,511 | 92,422 |
| Acquired during the year | 2,062,777 | 41,797,089 |
| Retired during the year | <u>(8,343,663)</u> | <u>-</u> |
| | <u>35,608,625</u> | <u>41,889,511</u> |
| | | |
| 5.2 Company | 2010 | 2009 |
| | Rs | Rs |
| Cost | | |
| As at 1 April | 41,797,089 | - |
| Acquired / Incurred during the year | - | 41,797,089 |
| Retired/Transferred during the year | <u>(8,343,663)</u> | <u>-</u> |
| As at 31 March | <u>33,453,426</u> | <u>41,797,089</u> |
| | | |
| Amortisation | | |
| As at 1 April | - | - |
| Amortisation during the year | <u>8,312,130</u> | <u>-</u> |
| As at 1 April | <u>8,312,130</u> | <u>-</u> |
| | | |
| Net Book Value | <u><u>25,141,296</u></u> | <u><u>41,797,089</u></u> |



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2010

6. INVESTMENTS IN SUBSIDIARIES

| 6.1 Group | Holding % | | 2010 Rs. | 2009 Rs. |
|------------------------------|-----------|------|-------------|-------------|
| | 2010 | 2009 | | |
| Non-Quoted | | | | |
| Expolanka Freight (Tanzania) | - | - | - | - |

6. INVESTMENTS IN SUBSIDIARIES

| 6.1 Company | Holdings | | Carrying Value 2010 Rs. | Directors' Valuation 2010 Rs. | Carrying Value 2009 Rs. | Directors' Valuation 2009 Rs. |
|--|----------|------|----------------------------------|--|----------------------------------|--|
| | % | % | | | | |
| Non - Quoted | 2010 | 2009 | | | | |
| SG Logistics (Private) Limited | 100 | 100 | 79,104,942 | 79,104,942 | 79,104,942 | 79,104,942 |
| Bio Extracts (Private) Limited | 100 | 100 | 6,250,000 | 6,250,000 | 6,250,000 | 6,250,000 |
| Classic Travel (Private) Limited | 100 | 100 | 25,597,538 | 25,597,538 | 25,597,538 | 25,597,538 |
| Denshun Industries (Private) Limited | 90 | 90 | 89,045,615 | 89,045,615 | 89,045,615 | 89,045,615 |
| Expo Aviation (Private) Limited | 100 | 100 | 155,497,625 | 155,497,625 | 155,497,625 | 155,497,625 |
| Expo International (Private) Limited | 100 | 100 | 333,607,365 | 333,607,365 | 333,607,365 | 333,607,365 |
| Expolanka Commodities (Private) Limited | 100 | 100 | 174,558,639 | 174,558,639 | 174,558,639 | 174,558,639 |
| Expolanka Freight (Private) Limited | 100 | 100 | 292,098,014 | 292,098,014 | 292,098,014 | 292,098,014 |
| Expolanka Limited | 100 | 100 | 371,111,461 | 371,111,461 | 371,111,461 | 371,111,461 |
| Expolanka Pharmaceuticals (Private) Limited | 100 | 100 | 407,668 | 407,668 | 407,668 | 407,668 |
| Expolanka Plantations (Private) Limited | 100 | 100 | 30 | 30 | 30 | 30 |
| Expolanka Teas (Private) Limited | 100 | 100 | 97,604,797 | 97,604,797 | 97,604,797 | 97,604,797 |
| Freight Care (Private) Limited | 100 | 100 | 4,423,590 | 4,423,590 | 4,423,590 | 4,423,590 |
| Globe Air (Private) Limited | 100 | 100 | 17,214,477 | 17,214,477 | 17,214,477 | 17,214,477 |
| International Airline Services (Private) Limited | 100 | 100 | 10,027,726 | 10,027,726 | 10,027,726 | 10,027,726 |
| Neptune Converters (Private) Limited | 80 | 80 | - | - | 27,098,733 | - |
| Neptune Holdings (Private) Limited | 100 | - | 10 | - | - | - |
| Neptune Papers (Private) Limited | 100 | 100 | 70,671,636 | 70,671,636 | 70,671,636 | 70,671,636 |
| Skycare (Private) Limited | 100 | 100 | 1,679,053 | 1,679,053 | 1,679,053 | 1,679,053 |
| UCL Logistics (Private) Limited | 100 | 100 | 17,631,222 | 17,631,222 | 17,631,222 | 17,631,222 |
| Expo Consolidators (Private) Limited | 100 | 0 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| Peri Logistics (Private) Limited | 60 | 0 | 173,555 | 173,555 | 173,555 | 173,555 |
| Accessories (Private) Limited | 100 | 100 | - | - | 8,401,720 | - |
| Luxe Asia (Private) Limited | 100 | - | 5,000,000 | 5,000,000 | - | - |
| Logistic Support Service (Private) Limited | 100 | - | 260,000 | 260,000 | - | - |
| Provision for Fall in Value of Investments - Accessories (Private) Limited | | | - | - | (8,401,720) | - |
| - Neptune Converters (Private) Limited | | | - | - | (27,098,733) | - |
| Total Carrying Value of Investments in Subsidiaries | | | 1,761,964,963 | 1,761,964,953 | 1,756,704,953 | 1,756,704,953 |



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2010

| 7. INVESTMENTS IN JOINT VENTURE Company | Holding | | Carrying | Directors' | Carrying | Directors' |
|--|---------|------|----------|------------|----------------|----------------|
| | % | % | Value | Valuation | Value | Valuation |
| | 2010 | 2009 | 2010 | 2010 | 2009 | 2009 |
| Jointly controlled entity | | | Rs. | Rs. | Rs. | Rs. |
| Expo Century Logistics (Private) Limited | | 49 | - | - | 2,450,000 | 520,766 |
| Provision for Fall in Value of Investments | | | - | - | (1,929,234) | - |
| | | | <u>-</u> | <u>-</u> | <u>520,766</u> | <u>520,766</u> |

| 8. OTHER INVESTMENTS | Group | | Company | |
|--|-------------------|--------------------|----------|-------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Summary | | | | |
| Non Current | Rs. | Rs. | Rs. | Rs. |
| Investments in Equity Securities (Note 8.1 b) | 38,591,926 | 135,993,089 | - | - |
| Investments in Fixed Deposits | 11,611,955 | 1,815,915 | - | - |
| Investments in Equity Securities (Note 8.1 a) | - | - | - | 57,500,000 |
| | <u>50,203,881</u> | <u>137,809,004</u> | <u>-</u> | <u>57,500,000</u> |
| Current | | | | |
| Investments in Equity Securities | 1,051,425 | 1,421,348 | - | - |
| | <u>1,051,425</u> | <u>1,421,348</u> | <u>-</u> | <u>-</u> |
| Total Carrying Value of Other Investments | <u>51,255,306</u> | <u>139,230,352</u> | <u>-</u> | <u>57,500,000</u> |

| 8.1 Investments in Equity Securities - Non Current | Carrying | Market | Carrying | Market |
|--|----------|----------|-------------------|-------------------|
| Group | Value | Value | Value | Value |
| a) Quoted | 2006 | 2010 | 2010 | 2009 |
| | Rs. | Rs. | Rs. | Rs. |
| Amana Takaful Limited | - | - | 57,500,000 | 57,500,000 |
| Total Investments in Quoted Equity Securities | <u>-</u> | <u>-</u> | <u>57,500,000</u> | <u>57,500,000</u> |

| b) Non-Quoted | Carrying | Directors' | Carrying | Directors' |
|--|-------------------|-------------------|-------------------|-------------------|
| | Value | Valuation | Value | Valuation |
| | 2010 | 2010 | 2009 | 2009 |
| | Rs. | Rs. | Rs. | Rs. |
| Lanka Commodity Brokers (Private) Limited | - | 17,025,000 | 1,200,000 | 1,200,000 |
| Amana Investment Limited | | 18,206,166 | 18,201,167 | 18,201,167 |
| SLFFA Cargo Services Limited | | 357,411 | 357,411 | 357,411 |
| Asia Pacific Golf course Limited | | 500,000 | 500,000 | 500,000 |
| International Sky Services (Private) Limited | - | 508 | 446 | 446 |
| Others | - | 2,500,303 | 2,511,826 | 2,511,826 |
| Airline Cargo Resources India (Private) Limited | | 2,538 | 2,229 | 2,229 |
| Total Investments in Non Quoted Equity Securities | <u>38,591,926</u> | <u>38,591,926</u> | <u>22,773,079</u> | <u>22,773,079</u> |
| Total Carrying Value of Non Current Investments | <u>38,591,926</u> | | <u>80,273,079</u> | |

| 8.2 Investments in Equity Securities - Non Current | No of Shares | | Carrying | Market | Carrying | Market |
|--|--------------|------------------|----------|----------|-------------------|-------------------|
| Company | 2010 | 2009 | Value | Value | Value | Value |
| a) Quoted | | | 2010 | 2010 | 2009 | 2009 |
| | | | Rs. | Rs. | Rs. | Rs. |
| Amana Takaful Limited | - | 5,000,000 | - | - | 57,500,000 | 57,500,000 |
| Total Investments in Quoted Equity Securities | <u>-</u> | <u>5,000,000</u> | <u>-</u> | <u>-</u> | <u>57,500,000</u> | <u>57,500,000</u> |



Expolanka Holdings Limited and Its Subsidiaries
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Year ended 31 March 2010

9. INVENTORIES

| | Group | | Company | |
|------------------------|--------------------|--------------------|----------------|-------------|
| | 2010 | 2009 | 2010 | 2009 |
| | Rs. | Rs. | Rs. | Rs. |
| Raw Materials | 57,954,189 | 60,913,681 | - | - |
| Packing Materials | 120,203,877 | 98,917,464 | - | - |
| Work in Progress | 11,751,633 | 14,648,951 | - | - |
| Finished Goods | 588,409,469 | 286,323,808 | - | - |
| Consumables and Spares | 18,081,542 | 16,865,579 | - | - |
| Stationeries | 755,787 | 54,670,512 | - | - |
| Good in Transit | 84,101,503 | - | - | - |
| | <u>881,258,000</u> | <u>532,339,995</u> | <u>-</u> | <u>-</u> |

10. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---------------------------------------|----------------------|----------------------|--------------------|-------------------|
| | 2010 | 2009 | 2010 | 2009 |
| | Rs. | Rs. | Rs. | Rs. |
| Trade Debtors | 5,006,989,434 | 3,096,505,484 | - | - |
| Less: Provision for Doubtful Debts | (140,284,210) | (130,254,787) | - | - |
| | <u>4,866,705,224</u> | <u>2,966,250,697</u> | <u>-</u> | <u>-</u> |
| Other Debtors | 1,648,288,483 | 968,520,561 | 115,180,297 | 11,508,969 |
| Deposits, Advances and Prepayments | 1,097,328,118 | 559,817,850 | 3,456,279 | 3,434,676 |
| Loans to Company Officers (Note 10.1) | 23,689,356 | 22,099,095 | 617,171 | 693,755 |
| | <u>7,636,011,181</u> | <u>4,516,688,203</u> | <u>119,253,747</u> | <u>15,637,400</u> |

10.1 Loans to Company Officers

| | | | | |
|-------------------------------------|-------------------|-------------------|----------------|----------------|
| Balance as at beginning of the year | 22,099,095 | 18,164,217 | 693,755 | 366,131 |
| Loans granted during the year | | 6,106,443 | 528,441 | 911,528 |
| Less: Repayments | 1,590,261 | (2,171,565) | (605,025) | (583,904) |
| Balance as at end of the year | <u>23,689,356</u> | <u>22,099,095</u> | <u>617,171</u> | <u>693,755</u> |

11. LOANS TO COMPANY DIRECTORS

| Group | 2010 | 2009 |
|-------------------|--------------------|-------------------|
| | Rs. | Rs. |
| Mr. Shafik Kassim | 24,470,807 | 27,294,088 |
| Mr. Osman Kassim | 92,004 | 92,014 |
| Mr. Farook Kassim | 3,440,542 | 4,325,193 |
| Mr. H. Yusoof | 51,469,939 | 55,442,109 |
| Other Directors | 29,562,753 | 91,800 |
| | <u>109,036,045</u> | <u>87,245,204</u> |



Expolanka Holdings Limited and Its Subsidiaries
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| 12. AMOUNTS DUE FROM RELATED PARTIES | Relationship | Group | | Company | |
|---|-------------------|--------------------|--------------------|--------------------|--------------------|
| | | 2010 Rs. | 2009 Rs. | 2010 Rs. | 2009 Rs. |
| 12.1 Non Current | | | | | |
| Expack Corrugated Cartons (Private) Limited | Affiliate Company | <u>158,373,055</u> | <u>157,555,423</u> | - | - |
| | | <u>158,373,055</u> | <u>157,555,423</u> | - | - |
| Airline Resources (Private) Limited | Affiliate Company | 110,012 | 53,599,754 | - | - |
| Airline Services | Affiliate Company | 177,216 | 42,415 | - | - |
| Bio Extracts (Private) Limited | Subsidiary | - | - | 2,875 | 2,875 |
| Business Exports (Private) Limited | Affiliate Company | 102,355 | 93,963 | - | - |
| Ceylon Packaging (Private) Limited | Affiliate Company | - | 849,430 | - | - |
| Classic Marketing (Private) Limited | Affiliate Company | 371,903 | 371,903 | - | - |
| Classic Papers (Private) Limited | Affiliate Company | 21,291,329 | 30,079,687 | 19,889 | 2,875 |
| Classic Enterprice (Pvt) Ltd | Affiliate Company | 3,000,000 | - | - | - |
| Classic Vacations (Private) Limited | Affiliate Company | - | 1,058,625 | - | 8,625 |
| Colombo Reality (Private) Limited | Affiliate Company | - | 5,396,591 | - | - |
| Congo Brazza | Affiliate Company | 6,797,495 | - | - | - |
| Denshun Industries (Private) Limited | Subsidiary | - | - | 5,385,552 | 6,421,783 |
| Expack Corrugated Cartons (Private) Limited | Affiliate Company | 565,339,115 | 407,862,455 | 74,934,050 | 74,749,411 |
| Expo Africa Holdings | Affiliate Company | - | 226,618 | - | - |
| Expo Aviation (Private) Limited | Subsidiary | - | 965,868 | 18,514 | 79,602,007 |
| Expolanka Freight Nepal (Pvt) Ltd | Affiliate Company | 8,855 | - | - | - |
| Expo Consolidators (Private) Limited | Affiliate Company | - | - | 5,238,184 | - |
| Expo Express Services (Private) Limited | Affiliate Company | 1,780,609 | 2,472,697 | - | - |
| Expo Express Services-Vietnam | Affiliate Company | 64,223,937 | 149,592,036 | - | - |
| Expo Express Services Limited | Affiliate Company | 16,710,074 | - | - | - |
| Expo Vina Express Services Limited | Affiliate Company | 5,984,625 | 2,052,991 | - | - |
| Expolanka Corporate | Affiliate Company | 181,698 | - | - | - |
| Expolanka Exsotist | Affiliate Company | 8,000,000 | - | - | - |
| Expolanka Freight (Dubai) | Affiliate Company | 81,831,625 | - | - | - |
| Expolanka Freight (Dubai) - Abudabi | Affiliate Company | 11,429,140 | 34,715,947 | - | - |
| Expolanka Freight (Ghana) | Affiliate Company | - | 10,606,167 | - | - |
| Expolanka Freight Ltd - Pakistan | Affiliate Company | 398,527 | - | - | - |
| Expolanka Freight (Jordan) | Affiliate Company | 4,097,696 | - | - | - |
| Expolanka Freight (Kabul) | Affiliate Company | 3,983,872 | - | - | - |
| Expolanka Freight (Private) Limited | Subsidiary | - | - | 95,043,306 | 8,875,574 |
| Expolanka Freight (Rwanda) | Affiliate Company | - | 9,089,517 | - | - |
| Expolanka Freight (Tanzania) | Affiliate Company | - | 13,220,345 | - | - |
| Expolanka Freight (Uganda) | Affiliate Company | - | 10,471,802 | - | - |
| Expolanka Freight Limited-Vietnam | Affiliate Company | 42,329,682 | 54,889,864 | - | - |
| Expolanka Investment Limited | Affiliate Company | 53,092 | 39,827 | - | - |
| Expolanka Limited | Subsidiary | - | - | 4,688,775 | 35,893,836 |
| Expolanka Pharmaceuticals (Private) Limited | Subsidiary | - | - | - | 127,420 |
| Expolanka Plantations (Private) Limited | Subsidiary | - | - | 4,927,470 | 4,117,470 |
| Expolanka Produce (Private) Limited | Affiliate Company | - | 8,952,325 | - | - |
| Expolanka Services (Private) Limited | Affiliate Company | 15,690,569 | 15,596,651 | - | - |
| Expolanka Teas (Private) Limited | Subsidiary | - | - | 22,588,594 | 23,109,664 |
| Freight Air (Private) Limited | Affiliate Company | - | 1,292,369 | - | - |
| Freightcare (Private) Limited | Subsidiary | - | - | - | 51,382 |
| Hellocorp (Private) Limited | Affiliate Company | - | - | 3,180,350 | 2,527,724 |
| Exponesia Trading | Affiliate Company | - | 431,599 | - | - |
| Infodata (Private) Limited | Affiliate Company | - | 2,697,627 | - | - |
| Ionosphere Lanka | Affiliate Company | 16,000,000 | - | - | - |
| Island Water (Private) Limited | Affiliate Company | 55,952 | 42,462 | - | - |
| Logistic Support Service (Private) Limited | Affiliate Company | - | 764,090 | 750 | - |
| Luxe Asia (Private) Limited | Subsidiary | - | - | 16,264 | - |
| Neptune Converters (Private) Limited | Subsidiary | - | - | - | 4,307,585 |
| Neptune Holdings (Private) Limited | Subsidiary | - | - | 8,557,490 | - |
| Neptune Estates (Private) Limited | Affiliate Company | - | 3,166,070 | - | - |
| Neptune Papers (Private) Limited | Subsidiary | - | - | 16,134,346 | 9,914,779 |
| Pulsar Shipping (Private) Limited | Affiliate Company | 1,457,073 | 1,333,360 | 750 | - |
| Expolanka Freight Cambodia Limited | Affiliate Company | - | - | - | - |
| S G Logistics (Private) Limited | Subsidiary | - | - | - | 40,802,700 |
| SDV Bangladesh (Pvt) Ltd | Affiliate Company | 57,958,531 | - | - | - |
| Silver Wings (Private) Limited | Affiliate Company | 216,110 | 156,758 | - | - |
| Sky Air (Private) Limited | Affiliate Company | 565,865 | 565,865 | - | - |
| Steam Ship and Allied Limited | Affiliate Company | 80,635 | 72,243 | - | - |
| Travel Express (Private) Limited | Affiliate Company | 6,480,579 | 6,330,578 | - | - |
| Ubizsport (Private) Limited | Affiliate Company | 8,625 | 8,625 | - | - |
| World Spices and Teas (Private) Limited | Affiliate Company | 8,987,710 | 9,088,508 | - | - |
| Albogari Trading Co. Limited | Affiliate Company | - | 2,169,269 | - | - |
| Expo Aviation - Dubai | Affiliate Company | - | 31,905,096 | - | - |
| Global Management | Affiliate Company | - | 14,474,410 | - | - |
| Hellocorp (Private) Limited | Affiliate Company | - | 2,527,724 | - | - |
| Orchid Air (Private) Limited | Affiliate Company | - | 780,886 | - | - |
| UCL Logistics Limited (Bangladesh) | Affiliate Company | - | 18,843,765 | - | - |
| Wings Classic Tours and Travels (Private) Limited | Affiliate Company | - | 22,503 | - | - |
| Expolanka Exsotist | Affiliate Company | - | 38,400,921 | - | - |
| Tropical Green (Private) Limited | Affiliate Company | - | 10,156,048 | - | - |
| Expolanka Freight Nepal (Private) Limited | Affiliate Company | - | 2,054,521 | - | - |
| Provision for doubtful receivables | | (16,000,000) | - | - | (4,307,585) |
| | | <u>929,704,506</u> | <u>959,532,774</u> | <u>240,737,159</u> | <u>286,208,125</u> |



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| 13. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT | Group | | Company | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2010 Rs. | 2,009 Rs. | 2010 Rs. | 2009 Rs. | | |
| Components of Cash and Cash Equivalents | | | | | | |
| 13.1 Favourable Cash and Cash Equivalents Balances | | | | | | |
| Cash and Bank Balances | 1,684,834,766 | 1,304,057,408 | 38,982,964 | 761,665 | | |
| | <u>1,684,834,766</u> | <u>1,304,057,408</u> | <u>38,982,964</u> | <u>761,665</u> | | |
| 13.2 Unfavourable Cash and Cash Equivalent Balances | | | | | | |
| Bank Overdrafts | (916,066,364) | (669,049,040) | (610,812,802) | (460,059,414) | | |
| Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement | <u>768,768,402</u> | <u>635,008,368</u> | <u>(571,829,838)</u> | <u>(459,297,749)</u> | | |
| 14. STATED CAPITAL | | | | | | |
| | Number | Rs. | Number | Rs. | | |
| Fully Paid Ordinary Shares | 1,782,915,000 | 1,782,915,000 | 1,782,915,000 | 1,782,915,000 | | |
| | <u>1,782,915,000</u> | <u>1,782,915,000</u> | <u>1,782,915,000</u> | <u>1,782,915,000</u> | | |
| 15. RESERVES | | | | | | |
| | Group | Company | 2010 | 2009 | | |
| | 2010 | 2,009 | 2010 | 2009 | | |
| | Rs. | Rs. | Rs. | Rs. | | |
| (a) Capital Reserve | | | | | | |
| Revaluation Reserve (Note 14.1) | 618,702,006 | 488,131,339 | - | - | | |
| | <u>618,702,006</u> | <u>488,131,339</u> | <u>-</u> | <u>-</u> | | |
| (b) Revenue Reserves | | | | | | |
| Exchange Fluctuation Reserve | 11,327,641 | (29,906,988) | - | - | | |
| General Reserve (Note 14.2) | 307,129,953 | 267,468,000 | - | - | | |
| | <u>318,457,594</u> | <u>237,561,012</u> | <u>-</u> | <u>-</u> | | |
| Total Reserves | <u>937,159,600</u> | <u>725,692,351</u> | <u>-</u> | <u>-</u> | | |
| 15.1 Revaluation Reserve | | | | | | |
| On: Property, Plant and Equipment | | | | | | |
| Balance as at 1 April 2009 | 488,131,339 | 490,056,339 | - | 55,000 | | |
| Transfers during the year | 130,570,667 | (1,925,000) | - | (55,000) | | |
| Balance as at 31 March 2010 | <u>618,702,006</u> | <u>488,131,339</u> | <u>-</u> | <u>-</u> | | |
| 15.2 General Reserve | | | | | | |
| Balance as at 1 April 2009 | 267,468,000 | 297,484,000 | - | - | | |
| Transferred during the year | 39,661,953 | (30,016,000) | - | - | | |
| Balance as at 31 March 2010 | <u>307,129,953</u> | <u>267,468,000</u> | <u>-</u> | <u>-</u> | | |
| 16. LOANS AND IJARA PAYABLES | | | | | | |
| 16.1 Group | 2010 | 2010 | 2010 | 2009 | 2009 | 2009 |
| | Amount | Amount | Total | Amount | Amount | Total |
| | Repayable | Repayable | | Repayable | Repayable | |
| | Within 1 Year | After 1 Year | | Within 1 Year | After 1 Year | |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Finance Leases | 382,616,587 | 47,774,124 | 430,390,711 | 78,575,038 | 72,839,371 | 151,414,409 |
| Bank Loans | 396,345,290 | 555,161,971 | 951,507,261 | 420,817,954 | 417,232,332 | 838,050,286 |
| Bank Overdrafts (Note 12.2) | 305,253,562 | 610,812,802 | 916,066,364 | 669,049,040 | - | 669,049,040 |
| Other Loans | 352,141,512 | 723,215,846 | 1,075,357,358 | 260,698,604 | 779,585,006 | 1,040,283,610 |
| | <u>1,436,356,951</u> | <u>1,936,964,743</u> | <u>3,373,321,694</u> | <u>1,429,140,636</u> | <u>1,269,656,709</u> | <u>2,698,797,345</u> |



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16. LOANS AND IJARA PAYABLES (Contd.)

| 16.2 Company | 2010 Amount Repayable Within 1 Year Rs. | 2010 Amount Repayable After 1 Year Rs. | 2010 Total Rs. | 2009 Amount Repayable Within 1 Year Rs. | 2009 Amount Repayable After 1 Year Rs. | 2009 Total Rs. |
|------------------------------|--|---|-------------------------------|--|---|-------------------------------|
| Ijara Payables (Note 16.2.1) | 1,043,391 | 2,431,028 | 3,474,419 | 1,040,664 | 1,851,463 | 2,892,127 |
| Other Loans | - | - | - | 52,661,639 | - | 52,661,639 |
| Bank Overdrafts (Note 12.2) | - | 610,812,802 | 610,812,802 | - | 460,059,414 | 460,059,414 |
| | <u>1,043,391</u> | <u>613,243,830</u> | <u>614,287,221</u> | <u>53,702,303</u> | <u>461,910,877</u> | <u>515,613,180</u> |

| 16.2.1 Ijara Payables | As at 01.04.2009 Rs. | New Leases Obtained Rs. | Repayments Rs. | As at 31.03.2010 Rs. | Current As at 31.03.2010 Rs. | Non-Current As at 31.03.2010 Rs. |
|---|-------------------------------------|--|---------------------------|-------------------------------------|---|---|
| Gross Liability | 3,599,268 | 2,605,920 | (1,723,424) | 4,481,764 | 1,595,016 | 2,886,748 |
| Finance Charges Allocated to future periods (707,141) | | (855,920) | 555,716 | (1,007,345) | (551,625) | (455,720) |
| Net Liability | <u>2,892,127</u> | <u>1,750,000</u> | <u>(1,167,708)</u> | <u>3,474,419</u> | <u>1,043,391</u> | <u>2,431,028</u> |

17. DEFERRED INCOME TAX

17.1 DEFERRED INCOME TAX ASSETS

| | Group | | Company | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2010 Rs. | 2009 Rs. | 2010 Rs. | 2009 Rs. |
| Balance as at the beginning of the year | 43,822,663 | 27,622,847 | - | - |
| Income arisen during the year | (2,292,463) | 16,199,816 | - | - |
| Balance as at the end of the year | <u>41,530,200</u> | <u>43,822,663</u> | <u>-</u> | <u>-</u> |

17.2 DEFERRED INCOME TAX LIABILITIES

| | | | | |
|-------------------------------------|------------------|------------------|----------|----------|
| Balance as at beginning of the year | 3,378,229 | 1,166,936 | - | - |
| Provision made during the year | 8,150,198 | 2,211,293 | - | - |
| Reversal made during the year | (2,810,620) | - | - | - |
| Balance as at the end of the year | <u>8,717,807</u> | <u>3,378,229</u> | <u>-</u> | <u>-</u> |

18. OTHER DEFERRED LIABILITIES

| | Group | | Company | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 2010 Rs. | 2009 Rs. | 2010 Rs. | 2009 Rs. |
| Retirement Benefit Obligation-Gratuity | | | | |
| Balance as at beginning of the year | 114,868,676 | 92,977,468 | 6,315,687 | 2,443,250 |
| Charge for the year | 69,446,238 | 32,542,479 | 2,063,850 | 4,166,437 |
| Transfers during the year | (855,770) | (1,976,257) | - | - |
| Payments during the year | (5,792,449) | (8,675,015) | (900,000) | (294,000) |
| Exchange Loss | 149,156 | - | - | - |
| Balance as at end of the year | <u>177,815,850</u> | <u>114,868,676</u> | <u>7,479,537</u> | <u>6,315,687</u> |
| Deferred Disposal Income - Expo Aviation (Private) Limited | | 780,872 | - | - |
| | <u>177,815,850</u> | <u>115,649,548</u> | <u>7,479,537</u> | <u>6,315,687</u> |

19. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|----------------------|----------------------|---------------------|---------------------|
| | 2010 Rs. | 2009 Rs. | 2010 Rs. | 2009 Rs. |
| Trade Payables | 4,926,426,385 | 3,210,034,040 | 7,576,998 | 12,150,146 |
| Sundry Creditors including Accrued Expenses | 1,646,761,773 | 921,168,015 | 7,349,763 | 18,990,965 |
| | <u>6,573,188,158</u> | <u>4,131,202,055</u> | <u>14,926,761</u> | <u>31,141,111</u> |



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20. AMOUNTS DUE TO RELATED PARTIES

| 20.1 Non-current | Relationship | Group | | Company | |
|---|-------------------|-------------------|--------------------|-------------------|--------------------|
| | | 2010 Rs. | 2009 Rs. | 2010 Rs. | 2009 Rs. |
| Mr. Osman Kassim | Director | 3,894,924 | - | - | - |
| | | <u>3,894,924</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 20.2 Current | | | | | |
| APIIT Malaysia | Affiliate Company | 6,525,713 | - | - | - |
| Ceylon Packaging Limited | Affiliate Company | - | 1,322,357 | - | - |
| Classic Papers (Private) Limited | Affiliate Company | - | - | 3,471,086 | 482,630 |
| Classic Vacations (Private) Limited | Subsidiary | - | - | 408,378 | - |
| Cross Freight Lines Limited | Affiliate Company | 1,618,243 | 4,483,542 | - | - |
| Expacorrugated Limited | Affiliate Company | 7,707,912 | 8,774,113 | - | - |
| Expo Aviaton (Private) Limited | Subsidiary | - | - | - | 34,051,472 |
| Expolanka Commodities (Private) Limited | Subsidiary | - | - | 4,658,465 | 335,000 |
| Expolanka Freight - Afghanistan | Affiliate Company | 486,057 | - | - | - |
| Expolanka Freight (Private) Limited-India | Affiliate Company | 217,592 | 5,049,170 | - | - |
| Expolanka Freight (Private) Limited-Egypt | Affiliate Company | 22,256 | 336,725 | - | - |
| Expolanka Corporate | Affiliate Company | - | 2,025,313 | - | - |
| Expolanka Investment (Private) Limited | Affiliate Company | 19,670 | 10,000 | - | - |
| Expolanka International (Private) Limited | Subsidiary | - | - | 24,762,858 | 362,859 |
| Expolanka Investment (Private) Limited | Affiliate Company | - | - | 19,670 | 10,000 |
| Expolanka Limited | Subsidiary | - | - | - | 31,205,061 |
| Expolanka Pharmaceuticas (Private) Limited | Subsidiary | - | - | 18,750 | - |
| ExpoLanka Produce (Private) Limited | Affiliate Company | - | 1,286,742 | - | - |
| Expolanka Pakistan (Pvt) Ltd | Affiliate Company | 35,713 | 53,318 | - | - |
| Freight Air (Private) Limited | Affiliate Company | 343,422 | 343,422 | - | - |
| Freight Care (Private) Limited | Subsidiary | - | 214,517 | 127,939 | - |
| Freight Care Aviation Services (Private) Limited | Affiliate Company | 1,268,968 | - | - | - |
| Globe Air (Private) Limited | Subsidiary | - | - | 4,185,500 | 3,900,500 |
| Infodata (Private) Limited | Affiliate Company | 277,344 | 277,344 | - | - |
| International Airlines Services (Private) Limited | Subsidiary | - | - | 45,237 | 20,237 |
| Nissho Iwai (Private) Limited | Affiliate Company | 9,266,069 | 9,266,074 | - | - |
| Pulsar Shipping Agencies (Private) Limited | Affiliate Company | 24,390,627 | 21,986,368 | - | - |
| SG Logistics (Private) Limited | Subsidiary | - | - | 22,506,036 | 72,260,000 |
| Skycare (Private) Limited | Subsidiary | - | - | 1,980,000 | - |
| UCL Logistics (Private) Limited | Subsidiary | - | - | 4,280,750 | 4,911,500 |
| Universal Freight | Affiliate Company | 12,351 | 20,491 | - | - |
| Airlines Cargo Resources | Affiliate Company | - | 23,030 | - | - |
| Alhogari Trading Company Limited | Affiliate Company | - | 369,969,004 | - | - |
| Expo Kenya | Affiliate Company | - | 350,631 | - | - |
| Expo Consolidators | Affiliate Company | - | 137,240 | - | - |
| Globe Management | Affiliate Company | - | 78,871,731 | - | - |
| | | <u>52,191,937</u> | <u>504,801,131</u> | <u>66,464,669</u> | <u>147,539,259</u> |

20.3. Loans from Directors

| | | | | |
|------------------|-------------------|--------------------|-------------------|--------------------|
| Mr. Osman Kassim | 1,643,752 | 1,370,453 | - | - |
| Others | - | 75,080 | - | - |
| | <u>1,643,752</u> | <u>1,445,533</u> | <u>-</u> | <u>-</u> |
| | <u>53,835,689</u> | <u>506,246,664</u> | <u>66,464,669</u> | <u>147,539,259</u> |

21. REVENUE

| 21.1 Summary | Group | | Company | |
|---------------------------------------|-----------------------|-----------------------|--------------------|-------------------|
| | 2010 Rs. | 2009 Rs. | 2010 Rs. | 2009 Rs. |
| Sales of Goods | 9,836,837,838 | 11,153,337,766 | - | - |
| Rendering of Services | 13,871,925,111 | 7,782,133,851 | 111,815,826 | 61,256,000 |
| | <u>23,708,762,949</u> | <u>18,935,471,618</u> | <u>111,815,826</u> | <u>61,256,000</u> |
| 21.2 Business Segment Analysis | | | | |
| Healthcare | 132,938,869 | 118,458,466 | - | - |
| Manufacturing | 664,114,202 | 686,697,277 | - | - |
| Education | 374,502,745 | - | - | - |
| Trading | 7,471,008,941 | 8,657,962,733 | 111,815,826 | 61,256,000 |
| Logistics | 15,066,198,192 | 9,472,353,142 | - | - |
| | <u>23,708,762,949</u> | <u>18,935,471,618</u> | <u>111,815,826</u> | <u>61,256,000</u> |

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21.2.1 The group operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different market.

22. OTHER INCOME AND GAINS

| | Group | | Company | |
|---|--------------------|--------------------|-------------------|-------------------|
| | 2010 Rs. | 2009 Rs. | 2010 Rs. | 2009 Rs. |
| Bad Debts Recovery | 696,000 | 7,985,213 | - | - |
| Commission Income | 23,517,510 | 34,331,094 | - | - |
| Container Yard Service Income | 570,865 | 17,763,080 | - | - |
| Dividend Income | 3,327,840 | 1,734,852 | 83,872,756 | 45,158,921 |
| Duty Rebate | 2,027,727 | - | - | - |
| EDRS Income | 12,673,455 | - | - | - |
| Exchange Gain | 5,653,736 | 59,309,758 | - | 255,920 |
| Finance Income | - | 9,670,241 | - | - |
| Incentive Income | 117,967,503 | 23,364,864 | - | - |
| Income on Handling at Stores | 26,437,640 | 12,119,303 | - | - |
| Income on Sale of Cargo Drive Software | 3,020,000 | 1,445,180 | - | - |
| Insurance Claim Received | 23,839,902 | - | - | - |
| Investment Income | 12,451,121 | 3,964,633 | - | - |
| Machinery Hire Income | 7,868,548 | 8,588,539 | - | - |
| Management Fees | 1,848,093 | 1,200,000 | - | - |
| Navinna Estate Profit | 2,963,273 | 1,400,413 | - | - |
| NBT Revenue | 1,253,426 | - | - | - |
| Prime Mover Service Income | - | 1,131,113 | - | - |
| Profit on Disposal of Investments | 3,958,450 | 7,797,203 | 1,775,865 | 14,630,234 |
| Profit on Disposal of Property, Plant and Equipment | 83,383,254 | 7,983,044 | - | 76,250 |
| Refuse Tea Sales | 2,818,319 | 2,389,961 | - | - |
| Rental Income | 39,840,865 | 20,647,979 | - | - |
| Sundry Income | 77,660,603 | 45,462,134 | - | - |
| Weighing Bridge Service Income | 1,334,941 | 2,263,130 | - | - |
| | <u>455,113,071</u> | <u>270,551,734</u> | <u>85,648,621</u> | <u>60,121,325</u> |

23. FINANCE COST

| | Group | | Company | |
|--------------------------------------|--------------------|--------------------|-------------------|-------------------|
| | 2010 Rs. | 2009 Rs. | 2010 Rs. | 2009 Rs. |
| Mark-up on Loans and Borrowings | 241,694,511 | 181,182,456 | 37,303,585 | 68,519,208 |
| Finance Charges on Lease Liabilities | 106,729,956 | 170,234,781 | - | - |
| | <u>348,424,467</u> | <u>351,417,237</u> | <u>37,303,585</u> | <u>68,519,208</u> |



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24. PROFIT / (LOSS) BEFORE TAX

Stated after Charging

| | Company | |
|---|-----------------------------|-----------------------------|
| | 2010 | 2009 |
| | Rs. | Rs. |
| Included in Administrative Expenses | 47,804,641 | 52,776,643 |
| Employees Benefits including the following | 2,063,850 | 4,166,437 |
| Defined Benefit Plan Costs - Gratuity | 5,893,838 | 5,445,613 |
| Defined Contribution Plan Costs - EPF and ETF | 12,131,160 | 10,090,308 |
| Depreciation | 7,800,000 | 9,000,000 |
| Directors' Emoluments | 794,286 | 723,315 |
| Auditors' Remuneration (Fees and Expenses) | 264,735 | 1,227,814 |
| Donations | <u> </u> | <u> </u> |
| Included in Selling and Distribution Costs | <u>48,296</u> | <u>284,403</u> |
| Advertising Costs | | |

25. INCOME TAX EXPENSE

| | Group | | Company | |
|--|--------------------|--------------------|-----------------------------|-----------------------------|
| | 2010 | 2009 | 2010 | 2009 |
| | Rs. | Rs. | Rs. | Rs. |
| Current Income Tax | | | | |
| Current Tax Expense on Ordinary Activities for the Year | 328,382,857 | 306,899,198 | - | - |
| Under Provision of Current taxes in respect of prior years | 4,059,911 | - | - | - |
| 10 % of Withholding Tax on inter-company Dividends | 15,219,774 | 7,925,444 | - | - |
| Deferred Income Tax | | | | |
| Deferred Taxation Charge/(Reversal) | (12,282,661) | (16,200,171) | - | - |
| | <u>335,379,880</u> | <u>298,624,471</u> | <u> </u> | <u> </u> |

25.1 A reconciliation between tax expense and the product of accounting profit /(loss)

| | Company | |
|--|---------------------|----------------------|
| | 2010 | 2009 |
| | Rs. | Rs. |
| Accounting Profit / (Loss) before Income Tax | 29,423,817 | (112,215,392) |
| Aggregate Disallowable Items | 46,837,424 | 37,334,980 |
| Aggregate Allowable Expenses | (11,206,955) | (71,323,316) |
| Aggregate Allowable Income | (85,648,621) | (45,158,921) |
| Taxable Loss | <u>(20,594,335)</u> | <u>(191,362,649)</u> |
| Tax losses carried forward | 337,053,166 | 145,690,517 |
| Tax losses incurred during the year | 20,594,335 | 191,362,649 |
| Tax losses brought forward | <u>357,647,501</u> | <u>337,053,166</u> |

25.2

26. EARNINGS PER SHARE

26.1

26.2 The following reflects the income and share data used in the basic Earnings Per Share computations.

| | Group | | Company | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2010 | 2009 | 2010 | 2009 |
| | Rs. | Rs. | Rs. | Rs. |
| Profit/(Loss) attributable to Ordinary Shareholders for basic Earnings Per Share | <u>518,020,048</u> | <u>309,742,130</u> | <u>29,423,817</u> | <u>(112,215,392)</u> |
| Number of Ordinary Shares used as the denominator: | Number | Number | Number | Number |
| Weighted average number of ordinary shares in issue applicable to basic Earnings Per Share | <u>1,782,915,000</u> | <u>1,782,915,000</u> | <u>1,782,915,000</u> | <u>1,782,915,000</u> |



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2010

27. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There were no circumstance which required adjustments to or disclosures in the financial statements.

28. COMMITMENTS AND CONTINGENCIES

28.1 Company

28.2 Group

28.2.1 Capital Expenditure Commitments

The Group does not have significant capital commitments as at the Balance Sheet date.

28.2.2 Contingent Liabilities

The Group had guaranteed to the following parties on behalf of the group companies. Based on the information currently available, Directors do not expect a liability to arise from this guarantee.

Guarantees:

| Name of the Company | Description | Institution | Amount Rs. |
|-------------------------------------|---------------------|----------------------------------|-----------------------|
| Expolanka Freight (Private) Limited | Corporate Guarantee | Habib Bank Limited | 300,000,000 |
| Expolanka (Private) Limited | Corporate Guarantee | Habib Bank Limited | 300,000,000 |
| Group of Companies | Corporate Guarantee | Standard Chartered Bank | 1,300,000,000 |
| Group of Companies | Corporate Guarantee | PAN Asia Banking Corporation PLC | <u>450,000,000</u> |

29. ASSETS PLEDGED

| Nature of Liability | Company | Carrying Amount Pledged | | Included Under |
|----------------------------|-------------------------------------|--------------------------------|--------------------|-------------------------------|
| | | 2010 | 2009 | |
| | | Rs. | Rs. | |
| Diminishing Musharakah | Expolanka (Private) Limited | 575,000,000 | 575,000,000 | Property, Plant and Equipment |
| Diminishing Musharakah | Expolanka Freight (Private) Limited | <u>215,000,000</u> | <u>215,000,000</u> | Property, Plant and Equipment |



Expolanka Holdings Limited and Its Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2010

30. RELATED PARTY DISCLOSURES

Company

Details of significant related party disclosures are as follows.

30.1 Transaction with related entities during the year

| | Subsidiaries | |
|--|---------------------|-------------|
| | 2010 | 2009 |
| | Rs. | Rs. |
| Management Fees Charged | 12,160,359 | 11,940,000 |
| Technical Fees Charged | 98,350,605 | 25,061,000 |
| Secretarial Fees Charged | 1,304,862 | 1,255,000 |
| Investment Income | 83,872,756 | 45,158,921 |
| Settlement of Liabilities on behalf of the Company | 294,222 | 1,149,894 |
| Settlement of Liabilities by the Company on behalf Third Parties | 1,474,815 | 280,400 |
| Loan Received | 27,194,929 | - |
| Loan Settled | 58,070 | 59,653,333 |
| Funds Received | <u>103,224,570</u> | <u>-</u> |

Amounts due from / to Related Parties are disclosed under Note 11 and 19 in the notes to the financial statements.

30.2 Transactions with Key Management Personnel of the Company

The key management personnel of the Company are the members of its Board of Directors.

| | 2010 | | 2009 | |
|---------------------------------------|--------------------|------------------|------------------|------------------|
| | Rs. | | Rs. | |
| Key Management Personnel Compensation | | | | |
| Short-term employee benefits | 7,800,000 | 9,000,000 | 9,000,000 | 9,000,000 |
| | <u>7,800,000</u> | <u>9,000,000</u> | <u>9,000,000</u> | <u>9,000,000</u> |
| Advance to Directors | | | | |
| | | | | |
| As at the beginning of the year | 8,409,853 | 3,374,293 | 3,374,293 | 3,374,293 |
| Advance granted during the year | 100,626,192 | 5,035,560 | 5,035,560 | 5,035,560 |
| As at end of the year | <u>109,036,045</u> | <u>8,409,853</u> | <u>8,409,853</u> | <u>8,409,853</u> |

The above advances have been given to the KMP for the purpose of enabling them to perform their duties as officers of the Company.

Advances are approved by the Board of Directors and are unsecured and recovered from monthly compensation at varying amounts.



5.4 TRANSFERS TO RESERVES

The transfers of Rs. 170,232,620 to reserves in the Financial Year Ended 31st March 2010 consist of the following items

| Description | Rs. |
|--|-------------|
| Transfer from APIIT Lanka (Private) Limited, which was incorporated into the Group Structure in the period | 146,046,281 |
| Loss realization at the time of sale of re-valued assets | -13,144,990 |
| Transfer to General Reserves of Expolanka Freight India (Private) Limited | 37,032,000 |



VI. DECLARATIONS

STATUTORY DECLARATION BY THE DIRECTORS

We the undersigned, who are named in the Prospectus as Directors of Expolanka Holdings Limited, hereby declare and confirm that we have read the provisions of the CSE listing rules and of the Companies Act No. 07 of 2007 and any amendments to it relating to the issue of this Prospectus and those provisions have been complied with.

This Prospectus has been seen and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquires and to the best of our knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate.

Where representations regarding the future performance of Expolanka Holdings Limited have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to Expolanka Holdings Limited and making assumptions that are considered to be reasonable at the present point in time in our best judgment.

| | |
|------------------------------|--------------------------------|
| (Sgd.) Osman Kassim | on this 11th day of April 2011 |
| (Sgd.) Hanif Yusoof | on this 11th day of April 2011 |
| (Sgd.) Sattar Kassim | on this 11th day of April 2011 |
| (Sgd.) Shafik Kassim | on this 11th day of April 2011 |
| (Sgd.) Farook Kassim | on this 11th day of April 2011 |
| (Sgd.) Harsha Amarasekera | on this 11th day of April 2011 |
| (Sgd.) Dr. Sivakumar Selliah | on this 11th day of April 2011 |
| (Sgd.) Sanjay Kulatunga | on this 11th day of April 2011 |

DECLARATION BY THE LEAD MANAGERS AND FINANCIAL ADVISORS TO THE ISSUE

We, John Keells Capital, a division of John Keells Holdings PLC being the Lead Managers and Financial Advisors to the Initial Public Offer of Expolanka Holdings Limited, hereby declare and confirm to the best of our knowledge and belief, based on the information provided to us by the company, the Prospectus constitutes full and true disclosure of all material facts about the Issue and Expolanka Holdings Limited, whose Ordinary Voting Shares are being issued.

| | |
|-------------------------------------|--|
| (Sgd.) Ronnie Peiris Director | (Sgd.) Ajit Gunewardene Director |
|-------------------------------------|--|

DECLARATION BY THE JOINT MANAGERS AND FINANCIAL ADVISORS TO THE ISSUE

We, CT Capital (Pvt) Ltd, being the Joint Managers and Financial Advisors to the Initial Public Offer of Expolanka Holdings Limited, hereby declare and confirm to the best of our knowledge and belief that the Prospectus constitutes full and true disclosure of all material facts about the Issue and Expolanka Holdings Limited, whose Ordinary Voting Shares are being issued.

| | |
|---|------------------------------------|
| (Sgd.) Cecilia Muttukumaru Director | (Sgd.) Sanjay Niles Director |
|---|------------------------------------|



DECLARATION BY THE ENTITY

An application has been made to the Colombo Stock Exchange for permission to deal in and for a listing for all of the Ordinary Shares issued by the Company and those Ordinary Shares which are the subject of this Issue. Such permission will be granted when the Company has been admitted to the official list of the Colombo Stock Exchange. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this Prospectus.

Admission to the official list is not to be taken as an indication of the merits of the Company or of the securities issued.

The Common Seal of Expolanka Holdings Limited of Sri Lanka is affixed on 11th day of April 2011 at Colombo in the presence of Osman Kassim, Chairman and Shafik Kassim, Director.

(Sgd.)
Osman Kassim
Chairman

(Sgd.)
Shafik Kassim
Director



ANNEX A

DETAILED PROCEDURE FOR APPLICATION

The Application process is set out under the following sub headings:

- Eligible Applicants
- Procedure for Applications
- Payment Procedure – Mode of Payment
- Foreign Currency Remittances
- Remittances by Foreign Nationals resident in Sri Lanka
- Banking of Payments
- Basis of Allotment of Shares
- CDS Lodgments
- Rejection of Applications
- Refund Cheques/Return of Application monies

A.1 ELIGIBLE APPLICANTS

Applications are invited for the purchase of One Hundred Seventy Two Million (172,000,000) Shares from the following categories of applicants:

- Citizens of Sri Lanka who are resident in or outside Sri Lanka and are above 18 years of age
- Foreign Citizens above 18 years of age (irrespective of whether they are resident in Sri Lanka or overseas)
- Companies, Corporations or Institutions incorporated or established within Sri Lanka
- Corporate bodies incorporated or established outside Sri Lanka
- Approved Provident Funds and Contributory Pension Schemes (in this case Applications should be in the name(s) of the Trustee(s)/Board of Management in order to facilitate the opening of the CDS account)
- Regional and country funds approved by the SEC

Applications will NOT be accepted from individuals less than 18 years of age or in the names of sole proprietorships, partnerships, un-incorporated trusts and non-corporate bodies.

A.2 PROCEDURE FOR APPLICATION

- (a) Prospectus and Application Forms will be available free of charge from the Collection Points mentioned in Annex B to the Prospectus.
- (b) Applications should be made on the Application Forms issued with the Prospectus. (Exact size photocopies of Application Forms too would be accepted). Applicants using photocopies are requested to inspect this Prospectus which is available at the Collection Points mentioned in Annex B to the Prospectus.

Only one application should be made for the benefit of any person or body corporate. If an applicant has applied under more than one Application Form, including joint applicants applying under a different application will be construed as multiple applications.

The Company/Managers to the Issue reserve the right to decide on and reject multiple applications at their discretion.

Care must be taken to follow the instructions given with the Application Form.



Applications which are incomplete in any way and/or not in accordance with the terms and conditions set out in this Prospectus will be rejected at the absolute discretion of the Company/Managers to the Issue.

APPLICATIONS WHICH DO NOT INDICATE THE CDS ACCOUNT NUMBER OF THE APPLICANT SHALL BE REJECTED.

- (c) Applications should be made for a minimum of One Thousand (1,000) shares or Rupees Fourteen Thousand (Rs.14,000/-) or in multiples thereof. Applications for less than One Thousand (1,000) shares or for a number which is not a multiple of One Thousand (1,000) shares will be rejected.
- (d) If the ownership of shares is required in the name of one individual, full details should be given under the heading “Principal Applicant”. In the case of joint applicants the maximum number that may be registered shall be three (03), the signatures and particulars in respect of all joint applicants must be given under the relevant headings. Joint applicants should note that they all should either be residents of Sri Lanka or non-residents.
- (e) In the case of companies/incorporated bodies, the Application Form must be executed in accordance with the Articles of Association/Incorporating Statute.
- (f) Sri Lankan citizens should indicate their National Identity Card (NIC) Number in the Share Application Form. The Passport Number will not be accepted. Foreign citizens must state the Passport Number together with the name of the issuing country in the space provided.

Corporate entities must provide the Company Registration Number.

An Application Form which does not state the residency and nationality will be rejected.

An Application Form which does not state the NIC, Passport or Company Registration number as the case may be in the manner set out above will be rejected.

- (g) All Applicants are required to state their residency and nationality in the appropriate cages provided in the Application Form.
- (h) In case of Applications made under Power of Attorney (POA) a copy of the said POA certified by a Notary Public to be a true copy of the original should be lodged with the Registrars to the Issue along with the Application Form. The original POA should not be attached.
- (i) Applicants who wish to apply through their Margin Trading Account should submit the Application in the name of the “Margin Provider/Applicant’s Name’ signed by the Margin Provider. The Shares shall be uploaded to the CDS Margin Trading Account; the relevant CDS Account Number relating to the Margin Trading Account should be indicated in the space provided for in the Application Form.

A copy of the Margin Trading Agreement must be submitted along with the Application.



- (j) As per the Directive of the Securities and Exchange Commission made under Circular No.13/2010 on November 22, 2010, and the Circular No. 13/2010 issued by CDS on November 30, 2010, securities of new listings would have to be in de-matting form (consequently no Share Certificates shall be issued) with effect from January 01, 2011. As such, for successful applicants, the Offered Shares allotted will only be directly uploaded to the respective CDS account, given in the Application Form before the expiry of eighteen (18) Market Days from the Closure Date of the Offering as required by the CSE Listing Rules. Applicants are informed that a share certificate will not be issued for any share allotted on the issue, hence are strictly advised to state their CDS account number in the Application Form to facilitate direct lodgment.

If the CDS account number is not indicated in the Application Form, or the number indicated in the Form is found to be inaccurate/incorrect, the application will be rejected and no allotments will be made.

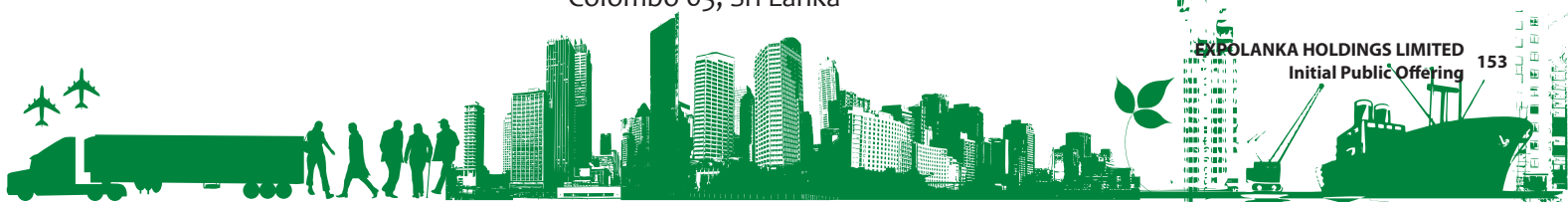
Applicants who do not have CDS accounts, are advised to open a CDS account, before applying for Shares with any Member/Trading Member of the CSE as set out in Annex B.

In order to preserve the confidentiality of shareholder information and to ensure that securities are not made available for trading for those shareholders who do not want to trade the securities, the CDS would provide a mechanism where securities can be “locked” in the CDS account. The CDS would maintain two balances for each CDS account, namely a trading balance and a locked balance. The trading balance would be visible to the CDS participant and all dealings and trading would be permitted on the said trading balance, as done presently. The locked balance will not be visible to the CDS participant and all dealings on such locked balance would be suspended thereby maintaining the confidentiality of the information and also safeguarding the account holder from an unauthorised sale by a broker. The applicants would have to fill in a separate section in the IPO Application Form if they wish to lock their shares. If the applicant has not specified that his/her shares need to be deposited to his/her ‘locked’ balance, please note that the said shares would be deposited to applicant’s ‘trading’ balance. At the option and request of an account holder the CDS would transfer a named quantity of shares from the locked balance to the trading balance of a CDS account and/or from the trading balance to the locked balance.

A written confirmation, upon the completion of crediting the respective CDS account will be sent to the shareholder within two (02) Market Days of crediting the CDS accounts by ordinary post to the address provided by each shareholder in their respective Applications.

- (k) Applications made by individuals less than 18 years of age or those in the names of sole proprietorships, partnerships, unincorporated trusts and non-corporate bodies will be rejected.
- (l) Applications by growth or balanced unit trusts under the Unit Trust Investor Category should conform to the criteria defined by the SEC directive dated 10th March 2011.
- (m) The Application Forms properly filled in accordance with the instructions thereof, along with the applicable remittance for full amount payable on application should be enclosed in an envelope marked on the top left hand corner in capital letters “EXPOLANKA HOLDINGS LIMITED – INITIAL PUBLIC OFFERING” and be dispatched by post or courier or by hand to the Registrars to the Issue at the following address:

SSP Corporate Services (Private) Limited
P V 931
101, Inner Flower Road
Colombo 03, Sri Lanka



All Applications and other connected documents should reach the office of the Managers/ Registrars to the Issue by 4.30 p.m. on the date of closure of the Issue. Applications received by post up to 4.30 p.m. on the day succeeding the closure of the Issue will also be accepted. Any applications received after the above deadlines shall be rejected even though the courier or postmark is dated prior to the closure date.

Applications delivered by hand after the Issue is closed will be rejected.

If the CDS account number is not indicated in the Application Form, or the number indicated in the Form is found to be inaccurate/incorrect, the application will be rejected and no allotments will be made.

A.3 PAYMENT PROCEDURE - MODE OF PAYMENT

Payment should be made separately in respect of each Application by way of a cheque or bank draft or an unconditional bank guarantee from Licensed Commercial Banks for the full amount payable on application. Cheques and Bank drafts should be made payable to “Expolanka Holdings Limited – Initial Public Offering” and crossed “Account Payee Only”

Although cheques may be drawn on any branch of a commercial bank operating in Sri Lanka, in the event that cheques are not realised within three (03) Market Days from the day of presenting the same to the bank for clearing, the Directors reserve the right to reject the Applications and refund such monies. Shares will not be allotted in respect of such applications. Investors residing in outstation areas from which Cheque clearance may take over two (02) Market Days are advised to make Payments via Bank Drafts to avoid any delays.

Cheques must be honoured on first presentation to the Bank for the Application to be valid. The Directors reserved the rights to reject Applications which are not supported by Cheques that will not be honoured on the first presentation.

Each Application Form should be accompanied by only **one** cheque or bank draft or (in respect of the amounts stated below) by bank guarantees issued for the **full amount** indicated on the Application Form. **An Application Form accompanied by two or more cheques, bank drafts or (as applicable) bank guarantees may be rejected at the outset.**

If the CDS account number is not indicated in the Application Form, or the number indicated in the Form is found to be inaccurate/incorrect, the application will be rejected and no allotments will be made.

Payment for applications for values of Rs.100,000,000/- and above should only be by an unconditional bank guarantee. Cheques and bank drafts will not be accepted for values above and inclusive of Rs.100,000,000/-.

Cash will not be accepted.

Cheques or bank drafts accompanying Application Forms made for less than One Thousand (1,000) shares or for a number which is not in multiples of One Thousand (1,000) shares [as mentioned in Section A.2(c)] will not be sent for clearing and shall be returned via ordinary post at the risk of the applicant, or in the case of joint applicants, to the first named applicant.

Applicants residing in areas from which cheque clearance may take over two (02) days could also make payment via bank drafts to avoid any delays.



Remittances on Applications will be deposited in a separate bank account in the name of “Expolanka Holdings Limited – Initial Public Offering”. Cheques will not be banked until the Market Day after the closure of the subscription list.

A.4 FOREIGN CURRENCY REMITTANCES

This section is applicable to

- Foreign citizens (irrespective of whether they are resident in Sri Lanka or overseas) who are above 18 years of age.
- Corporate bodies incorporated or established outside Sri Lanka
- Regional or country funds approved by the SEC
- Citizens of Sri Lanka who are above 18 years of age and resident overseas

The above mentioned applicants should make their payments using one of the following methods (as applicable)

- (a) A Foreign Investor may invest through a **Securities Investment Account (SIA)** maintained with any commercial bank in Sri Lanka. The procedure for arranging payments through a SIA is presented below.
- A Foreign Investor may use the services of a custodian bank as an intermediary when investing in the Sri Lankan Securities market.
 - The intermediary may open a SIA on the investor’s behalf and if the investor so requires the intermediary will also assist with the opening of a CDS Account for the investor.
 - In respect to regional or country funds investing for the first time in Sri Lanka the intermediary will facilitate the approval process regulated by the SEC.
 - Payment for shares should be made through a cheque or bank draft or an unconditional bank guarantee against the funds in the SIA and made payable to “**Expolanka Holdings Limited Initial Public Offering**”.
- (b) A Foreign Investor may invest through inward remittances of foreign currency held in a **Foreign Currency Banking Unit (FCBU)** account of the applicant maintained with any commercial bank in Sri Lanka.
- The applicant should forward the Application Form supported by an unconditional bank guarantee drawn on the applicant’s FCBU account pending allotment of shares.
 - Upon allotment of shares, foreign currency to the extent of the Sri Lankan Rupee equivalent value of shares allotted would be called on the bank guarantee drawn on the applicant’s FCBU account. The requisite funds would then be credited to a SIA opened in favour of the applicant via the aforementioned FCBU account.
 - This procedure would protect a prospective investor from any losses accruing due to fluctuating exchange rates.



- (c) In addition to (a) and (b) above, a foreign citizen resident in Sri Lanka under the **Resident Guest Scheme may invest through the Resident Guest Foreign Currency Account (RGFCA)** maintained with any commercial bank in Sri Lanka. An investor who wishes to avail him/herself of this facility should make the payment for shares through a bank draft or an unconditional bank guarantee against the funds in the RGFCA and made payable to **“Expolanka Holdings Limited – Initial Public Offering”**.
- (d) Non-resident Sri Lankans may make their investments through Rupee Accounts for **Non Resident Sri Lankan Investment (RANSI)** maintained with a commercial bank in Sri Lanka.
- Sri Lankan citizens who have left the country to take up employment, business or profession and continue to reside abroad and those citizens of Sri Lanka who have made their permanent place of abode outside Sri Lanka are eligible to operate a RANSI with commercial banks.
 - Remittances by non-resident Sri Lankans in connection with this share Application Form must be made via bank drafts purchased out of funds in the RANSI. There are no exchange control restrictions on remittance of funds that may be available in a RANSI.
 - Where a RANSI holder is also the holder of a Non Resident Foreign Currency (NRFC) account, movement of funds between a RANSI and a NRFC account holder is freely permitted, so long as the account holder continues to reside abroad and does not cease to be a citizen of Sri Lanka. Therefore funds in the NRFC account could be transferred to a RANSI through which investment in shares could be made.

Cheques or bank drafts or bank guarantees from Licensed Commercial Banks should be endorsed by the issuing custodian bank, to the effect that such payment has been made against funds available in the applicant’s SIA/FCBU account. The endorsement must be clearly indicated on the cheque or bank draft or bank guarantee. Alternatively a document detailing the endorsement could be submitted along with the payment and Application.

Bank drafts or bank guarantees drawn on a RGFCA or bank drafts drawn on a RANSI account should also be endorsed in line with the above.

Applications supported by foreign currency remittances should be made in conformity with requisite declarations accompanied by the documentation stipulated by the Controller of Exchange.

A.5 REMITTANCES BY FOREIGN NATIONALS RESIDENT IN SRI LANKA

Foreign citizens resident in Sri Lanka who are also citizens of Sri Lanka may make payments through Sri Lanka Rupee accounts. A certified copy of the Sri Lankan citizenship certificate shall be attached to the Application form.

Foreign citizens residing in Sri Lanka having valid residence visas should note that they may not make remittances via cheque or bank drafts or bank guarantees drawn on Sri Lanka Rupee accounts held in Sri Lanka but may do so via SIA/FCBU account/RGFCA (as applicable) as detailed in section A4. Applications made by foreign citizens not in accordance with the foregoing shall be rejected.

A.6 BANKING OF PAYMENTS

All cheques or bank drafts or bank guarantees received in respect of Applications will not be banked or called on until the Market Day after the date of closure of the subscription list, in terms of the CSE Listing Rules.



A.7 BASIS OF ALLOTMENT OF SHARES

The basis of allotment will be decided by the Board of Directors of the Company as soon as practicable so as to ensure compliance with the Listing Rules. These allotments will be made in a fair manner. Upon the allocation being decided an announcement will be made to the CSE.

A.8 SUCCESSFUL APPLICANTS AND CDS LODGEMENT

The Offered Shares allotted will be directly uploaded to the respective CDS account given in the Application Form before the expiry of eighteen (18) Market Days from the Closure Date of the Offering as required by the CSE Listing Rules.

A written confirmation informing successful applicants on their allotment of shares will be dispatched not later than ten (10) Market Days from the closure of the Issue.

Application Forms stating third party CDS accounts instead of their own CDS account numbers, except in the case of margin trading accounts, will be rejected.

Please see A.2 (j) for further details.

A.9 REJECTION OF APPLICATIONS

Application Forms, which are incomplete in any way and/or not in accordance with the terms and conditions specified in this Prospectus, will be rejected.

A.10 REFUND CHEQUES / RETURN OF APPLICATION MONIES

Where an Application is accepted in part

- (i) Where an application is accepted in part the balance of the monies received on Application will be refunded by a cheque or by a direct transfer via the Sri Lanka Inter Bank Payment System (SLIPS) [as applicable]. Please refer paragraph (iii) for instructions on SLIPS transfers.
- (ii) Refund payments due on applications will be made on or before the expiry of ten (10) Market Days from the date of closure of the Issue (excluding the date of closure) as required by the CSE Listing Rules. Applicants will be entitled to penalty payment (AWPLR published by the Central Bank of Sri Lanka plus a premium of 0.5% on any refunds not made within this period.

The company will take all steps within its control to ensure that the refunds are processed and disbursed in time to avoid a situation of a penalty. The penalty clause is included in order to comply with the regulatory requirement of the CSE and all Shariah compliant investors are advised that in the unlikely event of such a penalty being paid to them that these funds should be utilized for charity.

- (iii) If the applicant has provided accurate and complete details of the applicant's bank account in the relevant section of the Application Form for a direct transfer via SLIPS, the refund of payment will be made to the bank account specified by the applicant through the Sri Lanka Inter Bank Payment System (SLIPS) and a payment advice shall be issued to the applicant. If the applicant has not provided details of the bank account in the relevant section of the Application Form or has provided inaccurate or incomplete details of the bank account, the refund payment will be made by a cheque. Please note that SLIPS Transfers are subject



to a maximum limit of Rs.5,000,000/- imposed by the Central Bank of Sri Lanka with effect from October 29, 2010 as per Operating Instruction Circular No.11/2010 dated October 25, 2010. Consequently even though the Applicant has requested for SLIPS transfer for refund amounts and submitted accurate and complete details of the Bank Account in the Application Form, Refund Amounts exceeding Rs.5,000,000/- will be made by a Cross Cheque in favour of the Applicant and sent by ordinary post at the risk of the Applicant. In the case of a Joint Application, a Cross Cheque will be drawn in favour of the Applicant whose name appears first in the Application Form.

- (iv) Where a refund is made by a cheque it will be by an Account Payee crossed cheque in favour of the applicant and sent by post at the risk of the applicant. In the case of a Joint Application, a crossed cheque will be drawn in favour of the applicant whose name appears first in the Application Form.
- (v) Requests for cancellation of crossing on the refund cheque in instances where the applicant does not maintain a current account, should be addressed to the Registrars to the Issue in writing stating the cheque number and the fact that the applicant does not maintain a current account. The refund cheque and a clear photocopy of the applicant's NIC should accompany the letter.
- (vi) In the event of a cheque delivered by hand by a third party to the Registrars to the Issue for cancellation of crossing, a letter stating the NIC number of such third party authorised by the applicant should also be presented with the cheque.
- (vii) Cheques on which the crossings have been cancelled by the Registrars to the Issue should preferably be collected in person or by a third party authorised by the applicant. Where an applicant has requested the delivery of a cheque on which the crossing has been cancelled via post, the cheque will be sent at the risk of the applicant.

Where an application is rejected

Where an Application is rejected, cheque or bank draft or bank guarantee received in respect of the Application will be returned via ordinary post at the risk of the applicant. In the case of joint applicants, application monies will be returned to the first named applicant.

If the CDS account number is not indicated in the Application Form, or the number indicated in the Form is found to be inaccurate/incorrect, the application will be rejected and no allotments will be made.

Where the Application Form is accepted and the cheque or bank draft or bank guarantee is not honoured at the first presentation, the application will also be rejected and the cheque or bank draft or bank guarantee will be returned via ordinary post at the risk of the applicant. In the case of joint applicants, application monies will be returned to the first named applicant.



ANNEX B

COLLECTION POINTS

Copies of the Prospectus and the Application Form can be obtained free of charge from the following collection points:

- Lead Managers and Financial Advisors to the Issue** : John Keells Capital
A division of John Keells Holdings PLC
130 Glennie Street, Colombo 02
Tel: 011 2306000 Fax: 011 2306160
- Joint Managers and Financial Advisors to the Issue** : CT Capital (Private) Limited
#4-03 Majestic City
10 Station Road Colombo 04
Tel: 011 2584843 Fax: 011 2580181
- Registrars to the Issue** : SSP Corporate Services (Private) Limited
P V 931
101, Inner Flower Road
Colombo 03, Sri Lanka
Tel: 011 2573894, 011 2576871,
Fax: 011 2573609

Members of the CSE

Acuity Stockbrokers (Private) Limited

Level 6, Acuity House
53, Dharmapala Mawatha
Colombo 03

Tel: 011 2206206
Fax: 011 2206298-9
E-mail: sales@acuitystockbrokers.com
Kandy Branch Tel: 081 2205609

Asha Phillip Securities Limited

Level 4, "Millennium House"
46/58, Navam Mawatha
Colombo 02

Tel: 011 2429100
Fax: 011 2429199
E-mail: apsl@ashaphillip.net
Jaffna Branch Tel: 021 2221614
Kandy Branch Tel: 081 4474118
Kurunegala Branch Tel: 037 4691844
Matara Branch Tel: 041 2223240
Negombo Branch Tel: 031 2227474

Asia Securities (Private) Limited

Level 21, West Tower

World Trade Centre
Echelon Square
Colombo 01

Tel: 011 2423905, 011 5320000
Fax: 011 2336018
E-mail: enquiry@asiacapital.lk
Kandy Branch Tel: 081 4474432
Kurunegala Branch Tel: 037 4691845
Matara Branch Tel: 041 5677525
Negombo Branch Tel: 031 5315001

Assetline Securities (Private) Limited

282, Kaduwela Road
Battaramulla

Tel: 011 4700111, 011 2307366
Fax: 011 4700112, 011 2307365
E-mail: dpgsl@slt.net.lk
Kandy Branch Tel: 081 4481638/9
Kurunegala Branch Tel: 037 4690384/5
Matara Branch Tel: 041 4390766/7



Bartleet Mallory Stockbrokers (Private) Limited

Level "G",
"Bartleet House"
65, Braybrooke Place
Colombo 02

Tel: 011 5220200
Fax: 011 2434985
E-mail: info@bartleetstock.com
Jaffna Branch Tel: 021 2221800
Kandy Branch Tel: 081 5622779
Matara Branch Tel: 041 5410005/6
Negombo Branch Tel: 031 5677838

Ceylinco Stockbrokers (Private) Limited

"Ceylinco House"
Level 9
69, Janadhipathi Mawatha
Colombo 01

Tel: 011 4714300, 011 4714388-9, 077 7891871, 077
7896064
Fax: 011 2387228
E-mail: info@ecsbl.com
Kurunegala Branch Tel: 037 2220297

D N H Financial (Private) Limited.

Level 16, West Tower
World Trade Centre
Colombo 01

Tel: 011 5732222
Fax: 011 5736264
E-mail: info@dnhfinancial.com

John Keells Stockbrokers (Private) Limited

130, Glennie Street
Colombo 02

Tel: 011 2326003, 011 2338066-7, 011 2342066-7,
011 2446694-5, 011 2439047-8, 011 4710721-4
Fax: 011 2342068, 011 2326863
E-mail: jkstock@keells.com

Capital TRUST Securities (Private) Limited

42, Sir Mohamed Macan Marker Mawatha
Colombo 03

Tel: 011 5335225
Fax: 011 5365725
E-mail: inquiries@capitaltrust.lk
Kandy Branch Tel: 081 5626839
Kurunegala Branch Tel: 037 5671403
Matara Branch Tel: 041 5623200
Negombo Branch Tel: 031 5675291

**CT Smith Stockbrokers (Private)
Limited**

4-14, Majestic City
10, Station Road
Colombo 04

Tel: 011 2552290-4
Fax: 011 2552289
E-mail: ctssales@sltnet.lk

J B Securities (Private) Limited

150, St Joseph Street
Colombo 14

Tel: 011 2490900, 077 2490900, 077
2490901
Fax: 011 2430070, 011 2446085, 011 2447875
E-mail: jbs@jb.lk



Lanka Securities (Private) Limited

228/2, Galle Road
Colombo 04

Tel: 011 4706757, 011 2554942

Fax: 011 4706767

E-mail: lankasec@sltnet.lk

Kandy Branch Tel: 081 4939206

Kurunegala Branch Tel: 037 4934067

Negombo Branch Tel: 031 4929671

NDB Stockbrokers (Private) Limited

5th Floor, NDB Building

40, Navam Mawatha

Colombo 02

Tel: 011 2314170-8

Fax: 011 2314180

E-mail: mail@ndbs.lk

SC Securities (Private) Limited

2nd Floor,

55, D.R. Wijewardena Mawatha

Colombo 10

Tel: 011 4711000

Fax: 011 2394405

E-mail: cscres@sltnet.lk

Kandy Branch Tel: 081 4474299

Matara Branch Tel: 041 2220090

Somerville Stockbrokers (Private) Limited

137, Vauxhall Street

Colombo 02

Tel: 011 2329201-5, 011 2332827, 011 2338292-3

Fax: 011 2338291

E-mail: ssb@web-lk.com

Richard Pieris Securities (Pvt) Limited

No. 69, Hyde Park Corner

Colombo 02

Tel: 94 777281281

Email: jayantha@rpsecurities.com



Trading Members

Capital Alliance Securities (Private) Limited

Level 5, "Millennium House"
46/58, Navam Mawatha
Colombo 02

Tel: 011 2317777
Fax: 011 2317788
Kurunegala Branch Tel: 037 222034/5
Matara Branch Tel: 041 4390610
Negombo Branch Tel: 031 2227843/4

First Guardian Equities (Private) Limited

32nd Floor, East Tower
World Trade Centre
Colombo 01

Tel: 011 5884400
Fax: 011 5884401
E-mail: info@firstguardianequities.com

Heraymila Securities Limited

Level 8, South Wing,
Millennium House,
46/58, Navam Mawatha
Colombo 02

Tel: 011 2359100
Fax: 011 2305522

IIFL Securities Ceylon (Private) Limited

27th Floor, East Tower
World Trade Centre
Colombo 01

Tel: 011 2333000
Fax: 011 2333383
E-mail: priyani.ratnagopal@iiflcap.com

SMB Securities (Private) Limited

47, Dharmapala Mawatha
Colombo 03

Tel: 011 5539593
Fax: 011 2339292
E-mail: smbsecurities@gmail.com

SKM Lanka Holdings (Private) Limited

377/3, Galle Road
Colombo 03

Tel: 011 2372413-4
Fax: 011 2372416
E-mail: info@skmlankaholdings.com

Taprobane Securities (Private) Limited

2nd Floor
10, Gothami Road
Colombo 08

Tel: 011 5231000
Fax: 011 5328177
E-mail: info@taprobane.lk, dinal@taprobane.lk

TKS Securities (Private) Limited

14, Reid Avenue
Colombo 07

Tel: 011 2675200
Fax: 011 2682553
E-mail: ralph@tks.lk

Claridge Stock Brokers (Pvt) Limited

No. 10, Gnanartha Pradeepa Mawatha
Colombo 08

Tel: 94 2697974
Fax: 94 112 677576

Arrenga Capital (Pvt) Ltd

No. 410/115, Bouddhaloka Mawatha,
Colombo 07

Tel: 011 2689107/0777 847720
Fax: 011 2689106
Email: rohan@ascot.lk

New World Securities (Pvt) Ltd

2nd Floor, 45/2, Braybrooke Street,
Colombo 2

Tel: 011 2358700/20
Fax: 011 2358701
Email: info@nws.lk



NDB Bank Branches

| BRANCH | ADDRESS | TELEPHONE NUMBER |
|----------------------------------|--|-------------------|
| Ampara | NO 103F, D S SENANAYAKA STREET, AMPARA. | 063 -2223209 |
| Anuradhapura | NO 522/C, MAITHRIPALA SENANAYAKE MW, NEW TOWN ANURADHAPURA. | 025 4581142-3 |
| Athurugiriya – Extension Office | NO 70/20 C, MAIN STREET ATHURUGIRIYA. | 011 2563325 |
| Avissawella | NO. 93, RATNAPURA ROAD, AVISSAWELLA. | 036 2233610/1 |
| Badulla | NO 242, LOWER STREET, BADULLA. | 055 2231419 -20 |
| Batticaloa | NO 42/1, TRINCO ROAD, BATTICALOA. | 065 2227944-45 |
| Boralesgamuwa - Extension Office | NO 49, COLOMBO ROAD, BORALESGAMUWA. | 011 2509701 |
| Call Centre – Navam Mawatha | NO 40, NAVAM MAWATHA, COLOMBO 02. GROUND FLOOR. | 011 2 448 888 |
| Chilaw | NO 50-52, SKYLINE BUILDING COLOMBO ROAD, CHILAW. | 032 2220107/8 |
| Colombo 7 | NO 103A, DHARMAPALA MAWATHA, COLOMBO 07. | 011 2448448 |
| Galle | NO 1/A, ABEYSEKARA BUILDING,WAKWELLA ROAD, GALLE. | 091 2224136/38/39 |
| Gampaha | NO 153, COLOMBO ROAD, GAMPAHA. | 033 2225051/3 |
| General Information | NO 40, NAVAM MAWATHA, COLOMBO 02. | 011 2 448 448 |
| Havelock Town | NO 117, HAVELOCK RD, COLOMBO 05. | 011 2591140/1 |
| Homagama | NO 64, HIGHLEVEL ROAD, HOMAGAMA. | 011 2894880-1 |
| Horana | NO 135, PANADURA ROAD, HORANA. | 034 2265171 |
| Jaffna | NO 62/6, STANLEY ROAD, JAFFNA. | 021 - 2221180-1 |
| Kadawatha | NO 147, KANDY ROAD, KADAWATHA. | 011 2926453/4 |
| Kalutara | NO 290. GALLE ROAD, KALUTARA SOUTH. | 034 2229680-2 |
| Kandana | NO 54, NEGOMBO ROAD, KANDANA. | 011 2228601/2 |
| Kandy | NO 133, KOTUGODELLA VEEDIYA, KANDY. | 081 2202776/7 |
| Kegalle | NO 261/1, KANDY ROAD, KEGALLE. | 035-2232536-7 |
| Kiribathgoda | NO 139/1, KANDY ROAD, KIRIBATHGODA. | 011 2907511-2 |
| Kohuwala | NO 118, S DE S JAYASINGHE MAWATHA, KOHUWELA. | 011 2814224/5 |
| Kollupitiya | NO 712, GALLE ROAD, COLOMBO 03. | 011 2504961/2 |
| Kotahena | NO 295, GEORGE R DE SILVA MW, COLOMBO 13. | 011 2436169/70 |
| Kuliyapitiya | NO 133, MAIN STREET, KULIYAPITIYA. | 037 2281255-6 |
| Kurunegala | NO 6, RAJAPIHILLA MW, KURUNEGALA. | 037 2231952/3 |
| Maharagama | NO 108 A, HIGHLEVEL ROAD, MAHARAGAMA. | 011 2745091-2 |
| Malabe | NO 760, KADUWELA ROAD, MALABE. | 011 2762345-6 |
| Matara | NO 60, UYANWATTE RD, MATARA. | 041 2231542/3 |
| Moratuwa | NO 255, GALLE ROAD, IDAMA, MORATUWA. | 011 2642021-2 |
| Mount Lavinia | NO 270, GALLE ROAD, MT LAVINIA. | 2739176-2737144 |
| Narahenpita | NARAHENPITA ECONOMIC CENTRE AT NO. 42, KIRIMANDALA MAWATHA, COLOMBO 05. | 011 2369580 |
| Nawam Mawatha | NO 42 DHPL BLDG, NAWAM MW, COLOMBO 02. | 011 2314640/41 |
| Negombo | NO 456, MAIN STREET, NEGOMBO. | 031 2220246/7 |
| Nugegoda | NO 152, NAWALA RD, NUGEGODA. | 011 2820885/887 |
| Panadura | NO 319, GALLE ROAD, PANADURA. | 038-2241893/4 |
| Pelawatta | NO 730A, PANNIPITYA ROAD, PELAWATTE, BATTARAMULLA. | 011 2786708/9 |
| Pettah | NO 202, MAIN STREET, COLOMBO 01. | 011 2331204-5 |
| Piliyandala | NO 21, SECOND CROSS STREET, PILIYANDALA. | 011 2604600 |
| Puttalam | NO 104, KURUNEGALA ROAD, PUTTALAM. | 032-2265529 |
| Rajagiriya | NO 505, SRI JAYAWARDENAPURA MW., ETHUL KOTTE, KOTTE. | 011 2885790/792 |
| Ratmalana – Extension Office | NO 143 / C, MOUNT CITY SHOPPING COMPLEX, GALLE ROAD, RATMALANA. | 011 2719361 |
| Ratnapura | NO 32 A, ZAVIA ROAD, RATNAPURA. | 045 2230910-11 |
| Trincomalee | NO 91 AND 93, NORTH COAST ROAD, TRINCOMALEE. | 026 2226771/2 |
| Vavuniya | NO 2, 1ST CROSS STREET, VAVUNIYA. | 024 2225780-1 |
| Wattala | NO 378A, NEGOMBO ROAD, WATTALA. | 011 2981519/20 |
| Wellawatta | NO 302, GALLE ROAD, COLOMBO 06. | 011 2361903/4 |
| Wennappuwa | NO 56/C, MAIN STREET, WENNAPPUWA. | 031 2245431/2 |



ANNEX C

CUSTODIAN BANKS

Bank of Ceylon

Head Office,
11th Floor,
04, Bank of Ceylon Mawatha,
Colombo 01
Tel: 011 2317777, 011 2448348, 011 2338742/55, 011 2544333

Citi Bank, N A

65 C, Dharmapala Mawatha,
P.O. Box 888,
Colombo 07
Tel: 011 2447316/8, 011 2447318, 011 2449061, 011 2328526, 011 4794700

Deutsche Bank AG

P.O. Box 314,
No. 86, Galle Road,
Colombo 03
Tel: 011 2447062, 011 2438057

The Hong Kong and Shanghai Banking

Corporation Limited
24, Sir Baron Jayathilake Mawatha,
Colombo 01
Tel: 011 2325435, 011 2446591, 011 2446303,
011 2346422

Standard Chartered Bank

37, York Street,
P. O. Box 112,
Colombo 01
Tel: 011 4794400, 011 2480000

State Bank of India

16, Sir Baron Jayathilake Mawatha,
Colombo 01
Tel: 011 2326133-5, 011 2439405-6, 011 2447166, 011 2472097

Union Bank of Colombo Limited

15A, Alfred Place,
Colombo 03
Tel: 011 2370870

National Savings Bank

255, Galle Road,
Colombo 03
Tel: 011 2573008-15

Public Bank Berhad

No: 340, R A De Mel Mawatha,
Colombo 03
Tel: 011 2576289, 011 7290200-07

Banque Indosuez

C/O Hatton National Bank Limited,
Cinnamon Garden Branch,
251, Dharmapala Mawatha,
Colombo 07
Tel: 011 2686537, 011 2689176

Commercial Bank of Ceylon PLC

Commercial House,
21, Bristol Street,
P.O. Box 853,
Colombo 01
Tel: 011 2445010-15, 011 238193-5, 011 430420, 011 336700

Hatton National Bank PLC

HNB Towers,
479, T.B. Jayah Mawatha,
Tel: 011 2664664

People's Bank

Head Office, 5th Floor,
Sir Chittampalam A Gardiner Mawatha,
Colombo 02
Tel: 011 2781481, 011 237841-9, 011 2446316-15, 011 2430561

Sampath Bank PLC

110, Sir James Peiris Mawatha,
Colombo 02
Tel: 011 5331441

Seylan Bank PLC

Level 8, Ceylinco Seylan Towers,
90, Galle Road,
Colombo 03
Tel: 011 2456789, 011 4701812,
011 4701819, 011 4701829

Nations Trust Bank PLC

256, Sri Ramanathan Mawatha,
Colombo 15
Tel: 011 4313131

Pan Asia Banking Corporation PLC

Head Office,
450, Galle Road,
Colombo 03
Tel: 011 2565565



ANNEX D

FINANCIAL SUMMARY

a. EXPOLANKA (PRIVATE) LIMITED FINANCIAL SUMMARY - EXPOLANKA (PRIVATE) LIMITED

| Balance Sheet as at 31st March | 2009 | 2010 |
|---------------------------------------|----------------------|----------------------|
| | Rs. | Rs. |
| ASSETS | | |
| Non Current Assets | 790,978,734 | 757,079,116 |
| Current Assets | 489,202,781 | 684,179,106 |
| Total Assets | 1,280,181,515 | 1,441,258,222 |
| EQUITY AND LIABILITIES | | |
| Total Equity | 526,316,516 | 542,756,708 |
| Non Current Liabilities | 211,016,802 | 395,220,374 |
| Current Liabilities | 542,848,197 | 503,281,140 |
| Total Equity and Liabilities | 1,280,181,515 | 1,441,258,222 |

| FINANCIAL SUMMARY - EXPOLANKA (PRIVATE) LIMITED | 2009 | 2010 |
|---|-------------------|-------------------|
| Income Statement for the Financial Year ended 31st March | Rs. | Rs. |
| Turnover | 2,090,180,879 | 1,584,971,387 |
| Gross Profit | 151,600,250 | 147,444,035 |
| Profit from Operating Activities | 67,875,124 | 88,046,094 |
| Net Profit for the Year | 13,524,041 | 16,440,192 |

b. EXPOLANKA FREIGHT (PRIVATE) LIMITED FINANCIAL SUMMARY - EXPOLANKA FREIGHT (PRIVATE) LIMITED

| Balance Sheet as at 31st March | 2009 | 2010 |
|---------------------------------------|----------------------|----------------------|
| | Rs. | Rs. |
| ASSETS | | |
| Non Current Assets | 253,947,453 | 243,609,170 |
| Current Assets | 998,910,539 | 1,316,412,105 |
| Total Assets | 1,252,857,992 | 1,560,021,275 |
| EQUITY AND LIABILITIES | | |
| Total Equity | 506,928,327 | 546,160,338 |
| Non Current Liabilities | 165,211,023 | 211,101,046 |
| Current Liabilities | 580,718,642 | 802,759,891 |
| Total Equity and Liabilities | 1,252,857,992 | 1,560,021,275 |

| FINANCIAL SUMMARY - EXPOLANKA FREIGHT (PRIVATE) LIMITED | 2009 | 2010 |
|---|-------------------|-------------------|
| Income Statement for the Financial Year ended 31st March | Rs. | Rs. |
| Turnover | 506,059,304 | 448,900,113 |
| Gross Profit | 463,019,576 | 424,814,972 |
| Profit from Operating Activities | 103,549,484 | 96,712,508 |
| Net Profit for the Year | 24,937,614 | 46,232,018 |

