

AUDIT COMMITTEE REPORT

The members of the Audit Committee of your Company are appointed by the Board. The Audit Committee comprises of Maithri Wickremesinghe, Chairman and Pradipta Mohapatra, two directors who qualify as Independent Non-Executive Directors under the standards prescribed by the Colombo Stock Exchange and Mr. Imtiaz Esufally a Non-Executive Director.

The main role and responsibilities of the Audit Committee include:-

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

The internal auditors report to the Audit Committee which meets with the internal auditors both with and without the management present.

The Audit Committee met four times during the financial year ended 31st March 2013. The Audit Committee invited Mr. Husein Esufally the CEO, Mr. Malinga Arakularatne CFO, and Mr. Prasanna Balachandran Head of Risk Management to attend its meetings although it reserved the right to request any of the individuals to withdraw. The Audit Committee inter alia engaged in the following activities during the financial year under review;

- Review of the un-audited quarterly financial statements and discussion of these financial statements with management.
- Review of the audited financial statements for the year and discussion of those financial statements with the management and external auditors.
- Discussion with the Company's external auditors the results of the external auditors examinations and the judgment of the external auditors concerning the quality as well as the acceptability of the Company's accounting principles.
- Discussion of the management letter issued by the external auditors and monitoring follow up action by the management.
- Discussion with the external auditors of their independence from the Company and the Company's management including a consideration of the compatibility of non-audit services provided by the external auditors with their independence.
- Review of the internal audit plan for the Company and of the unlisted subsidiaries which do not have their own dedicated audit committees and monitoring the performance of the internal auditors and their adherence to the internal audit plan.

- Review of the internal audit reports and monitoring follow up action by the management of the Company and its unlisted subsidiaries which do not have their own dedicated audit committees.
- Commissioning follow up reviews and reviewing the reports.
- Review of the minutes of the reports of the audit committees of the subsidiaries of the Company which have their own dedicated audit committees.
- Review of the Compliance Report.
- Establish a format for Risk Reporting for the group and review the Risk Report.

The Committee reviewed the effectiveness of the external audit and recommended to the Board the re-appointment of Messrs Ernst & Young Chartered Accountants as the external auditors of the Company for the ensuing financial year, subject to the approval of the shareholders at the Annual General Meeting.



Maithri Wickremesinghe,
Chairman

22 May 2013