



**Sri Lanka Computer Emergency Readiness
Team | **Coordination Centre****

Annual Report 2018

TABLE OF CONTENTS

1	ABOUT SRI LANKA CERT CC.....	4
1.1	INTRODUCTION	4
1.2	ESTABLISHMENT	4
1.3	WORKFORCE.....	4
1.4	CONSTITUENCY.....	4
2	VISION & Mission.....	5
2.1	VISION	5
2.2	MISSION.....	5
3	CHAIRMAN'S REVIEW	5
4	BOARD OF DIRECTORS.....	5
5	ACTIVITIES & OPERATIONS.....	7
5.1	RESPONSIVE SERVICES.....	7
5.2	AWARENESS SERVICES.....	7
5.3	CONSULTANCY SERVICES.....	8
5.4	MANAGED SERVICES.....	8
5.5	DIGITAL FORENSICS INVESTIGATIONS	9
5.6	RESEARCH & POLICY DEVELOPMENT.....	10
6	OPERATIONAL PERFORMANCE (ROUTINE RESPONSIBILITIES & PROJECTS).....	10
6.1	INCIDENT HANDLING SUMMARY.....	10
6.2	CONSULTANCY SERVICES.....	12
6.3	TRAINING / EDUCATION SERVICES.....	13
6.4	PUBLICATIONS	15
6.5	OPERATIONAL SUPPORT PROJECTS.....	15
6.6	SPECIAL PROJECTS.....	15
6.7	CYBER SECURITY MANGED SERVICES	16
7	ACHIEVEMENTS	16
7.1	NATIONAL CYBER SECURITY STRATEGY	16

7.2	RESEARCH AND POLICY DEVELOPMENT	17
7.3	CERTIFICATION & MEMBERSHIP.....	18
7.4	TRAINING FOR STAFF.....	18
8	INTERNATIONAL COLLABORATION.....	18
8.1	EVENT PARTICIPATION.....	18
8.2	OTHER ACTIVITIES	18
8.3	INTERNATIONAL INCIDENT COORDINATION	19
9	FUTURE PLANS.....	19
9.1	FUTURE PROJECTS.....	19
9.2	FUTURE OPERATIONS.....	19
10	AUDIT COMMITTEE REPORT.....	19
11	REPORT OF THE AUDITOR GENERAL.....	19
12	FINANCIAL HIGHLIGHTS.....	20
13	CONCLUSION	21
	ANNEX A	22

1 ABOUT SRI LANKA CERT|CC

1.1 INTRODUCTION

The Sri Lanka Computer Emergency Readiness Team | Coordination Centre (Sri Lanka CERT|CC) is the national centre for cyber security in Sri Lanka, mandated to protect the nation's information infrastructure and to coordinate protective measures against, and respond to cyber security threats and vulnerabilities.

1.2 ESTABLISHMENT

As the national CERT of Sri Lanka, Sri Lanka CERT|CC acts as the central hub for cyber security of the nation. It is the single trusted source of advice on the latest threats and vulnerabilities affecting computer systems and networks, and a source of expertise to assist the nation and member organizations, in responding to and recovering from Cyber-attacks.

Sri Lanka CERT|CC was established on 1st of July 2006 as a subsidiary of Information and Communication Technology Agency of Sri Lanka (ICTA). ICTA is the Government Agency responsible for the development of IT Infrastructure and Policy in Sri Lanka.

Sri Lanka CERT|CC is directly under the Ministry of Digital Infrastructure and Information Technology since August 2018.

1.3 WORKFORCE

The Sri Lanka CERT|CC has a total staff strength of thirteen (13) team members consisting of the Chief Executive Officer, Director Operations, Principal Information security Engineer, Senior Information security Engineer, Research and Policy Development Specialist, Associate Information security Engineer, Four (04) Information security Analysts, Associate Information security Analyst, an officer in charge of Human Resources and Administrative work and a driver/office assistant. This team is supported by six (06) undergraduate interns.

All the staff are highly skilled and experienced in different areas of information security and have achieved corresponding Information security certifications which are widely recognized in the industry, such as SANS GCIH, Microsoft MCSE, EC-Council Certified Ethical Hacker (CEH) and Certified Hacking Forensics Investigator (CHFI), Cisco CCNA and CCSP and CISSP by International Information Systems Security Certification Consortium; (ISC)².

1.4 CONSTITUENCY

Sri Lanka CERT|CC's constituency encompasses the entire cyber community of Sri Lanka (private and public-sector organizations, and the general public). Sri Lanka CERT|CC maintains a good rapport with government and private sector establishments and extends assistance to the general public as permitted by available resources. In accordance with its mandate, Sri Lanka CERT | CC

gives priority to requests for assistance from government. Based on the availability of human resources and necessary skills, requests from private sector are handled free of charge or on a paid basis, depending on the type of service provided.

2 VISION & MISSION

2.1 VISION

“To be Sri Lanka’s flagship organization and trusted source of advice on threats and vulnerabilities to Information Systems through proactive prevention and effective action.”

2.2 MISSION

- To be the single and the most trusted point of contact for Information security in Sri Lanka.
- To protect Information Technology users in the Public and Private Sector Organizations and the General Public by providing up-to-date information on potential threats and vulnerabilities and by undertaking computer emergency response handling services.
- To act as the most authoritative national source for all ICT security related issues across the nation.
- To link with other CERTS and CSIRTS around the world to share the knowledge and know-how relating to Information security.

3 CHAIRMAN’S REVIEW

Sri Lanka CERT has been at the forefront in spearheading the nation’s information and cyber security initiatives for the past two decades, managing a range of thrust areas strategically selected to improve the cyber resilience of our digital systems. These key areas will lead to the establishment of a trusted cyber security ecosystem that will enable our citizens to realize the benefits of digitalization and to facilitate growth.

Over the years, we have been implementing measures to improve the cyber resiliency through progressive policies, strong values and a commitment to achieving excellence.

During the year 2018, Sri Lanka CERT observed a surge in Cybersecurity activities both locally and globally. The rapid changes in technology, especially in areas such as Artificial Intelligence and Machine learning, enabled the threat actors to significantly increase their malicious activities against digital infrastructure systems globally. The rapid growth of the Internet and the services offered through Internet during the past few years has offered new opportunities to many industrial sectors. However, the same has expanded the adverse impact on the digital systems globally, which in turn has posed formidable challenges in protecting Sri Lanka’s cyberspace.

These changes in the cyber threat landscape forced Sri Lanka CERT to introduce additional precautionary measures to mitigate the threats post by these cyber threat actors.

The year 2018 also became significant to Sri Lanka CERT due to two milestone events in the history of the organization.

Sri Lanka CERT, which was established in August 2005 as a subsidiary of Information & Communication Technology Agency, became a separate legal entity operating under the direct purview of the Ministry of Digital Infrastructure and Information Technology. This was pursuant to a decision of the Cabinet of Ministers (27th February 2008). An interim board was appointed for the transfer of shares to Secretary to the Treasury and facilitate smooth transition of other assets, files etc. from ICTA to Sri Lanka CERT and to enable Sri Lanka CERT to function effectively as an entity. A joint Committee from ICTA and Sri Lanka CERT was established, chaired by Secretary to Ministry to manage this transition and take important decisions, including extension of staff contracts.

Another momentous milestone was the adoption of Sri Lanka's first ever National Information and Cyber Security Strategy, pursuant to a decision of the Cabinet of Ministers in October 2018. The National Information and Cyber Security Strategy (NCSS) was launched soon thereafter in November 2018 at the Cyber Security Week (CSW) Conference. This strategy will govern the main activities of Sri Lanka CERT for the period 2019 – 2023.

Sri Lanka CERT has identified the activities related to six (06) key areas in the NCSS 2019 – 2023 Plan for improving the Cyber Resilience of Sri Lanka. Strengthening these key areas will enable the safe use of our digital systems thus improving the effectiveness and efficiency in many e-Services offered by the Government.

In our quest to fulfill the vision of our esteemed organization in taking our nation to new heights in terms of Cyber Security, we have placed the empowerment of people with knowledge and skills as our priority. At Sri Lanka CERT, we believe countering the cyber threats and protecting our cyberspace can only be achieved by investing in capacity building and continuously nurturing talent in order to foster nation's productivity and growth.

Supporting Law Enforcement through Digital Forensics, conducting Network and Web Applications/Site Security Assessments, sharing Cyber Threat information with Service Providers and conducting awareness programmes were the other routine activities carried out by Sri Lanka CERT.

In conclusion, on behalf of the interim Board of Directors and all employees of the Sri Lanka CERT, I thank all our stakeholders for the support extended to us during the year. I also wish to thank all staff of the Sri Lanka CERT for their unstinted commitment and cooperation throughout the year, and, in particular, during this challenging period. Finally, I thank my colleagues on the Board for their guidance and support extended to me during the year.



Jayantha Fernando
Acting Chairman

4 BOARD OF DIRECTORS

1. Anil Raveendra Waidyalankara, Sri Lanka Police
2. Bamunawita Gamage Lalith Deepthi Kumara, Sri Lanka institute of Information Technology (SLIIT)
3. Aruna Ruvan Weerasinghe, University of Colombo School of Computing
4. Jayantha Theobald Fernando, Information and Communication Technology Agency

Alternate Directors

Wijesundara Mudiyansele Malitha Nayanajith Wijesundara, SLIIT
(Alternate Director to B Gamage Lalith Deepthi Kumara)

5 ACTIVITIES & OPERATIONS

5.1 RESPONSIVE SERVICES

These are services which are triggered by events that are capable of causing adverse effects on constituents' Cyber Systems. Examples are Spam, Virus infections and unusual events detected by an Intrusion Detection System.

Sri Lanka CERT handles information security incidents. This service involves responding to a request or notification by a constituent on an unusual event that has been detected, which may affect the performance, availability or stability of the services or cyber systems belonging to that constituents.

5.2 AWARENESS SERVICES

These services are designed to educate our constituents on the importance of information security and related topics ranging from information security fundamentals and best practices to recent issues, such as the latest cyber threats and attacks.

Alerts & Advisory

This service provides early warning signals to the constituents regarding Computer viruses, hoaxes, security vulnerabilities, exploits and other security issues, and where possible, to provide short-term recommendations for dealing with the consequences of such attacks.

Currently, alerts are posted on Sri Lanka CERT | CC website. Constituents may also join the mailing list by subscribing to receive alerts via e-mail.

Seminars & Conferences

These services are provided with the intention of raising awareness about the most current information security issues, security standards and best practices. The aim is to help constituents to significantly reduce the probability of being victims of a cyber-attack. Seminars can even be tailored to address specific information security related issues through special requests.

Workshops

These services are aimed at increasing the constituents' awareness of information security. However, unlike seminars, these are more technically oriented and targeted at IT professionals, who perform daily tasks related to information security. Workshops will be arranged regularly, or on request, by Sri Lanka CERT | CC for its constituents addressing general topics. If desired, constituents may submit specific information security related topics, so that the workshops are tailored to their needs.

Knowledge Base

The Knowledge Base is a passive service offered by Sri Lanka CERT | CC to interested constituents through documents, articles, news items, etc. published on the Sri Lanka CERT | CC website and the media. The aim of this service is to provide a range of knowledge resources to the constituency, enabling anyone from a home user to an IT professional to find useful information to help boost their understanding of information security.

5.3 CONSULTANCY SERVICES

These services are aimed at providing constituents with means of determining the adequacy of their information security systems, and to take necessary steps to strengthen its defences.

Technical Assessments

This service is aimed at reviewing and analysing the security infrastructure and procedures adopted within an organization based on the experience of Sri Lanka CERT | CC's information security Team and certain predefined parameters. The end result is a detailed report on the weaknesses of the client organization's current ICT infrastructure, where improvements need to be made and how such improvements should be implemented.

Advisory for National Policy

This service is performed by Sri Lanka CERT | CC as an obligation to the nation. As the primary authority on information security in Sri Lanka, Sri Lanka CERT | CC is responsible for developing, introducing and enforcing information security standards to its constituents.

5.4 MANAGED SERVICES

Sri Lanka CERT | CC's managed security services offering is designed to strengthen the security posture of the organisation or business by providing the expertise and support that is needed to detect, prevent and remediate any cyber security related threats to your IT infrastructure.

Vulnerability Assessments

Sri Lanka CERT | CC's vulnerability assessment service helps an organization to improve its security posture by identifying vulnerabilities before they become security incidents. Our experts use a proven combination of industry tools, best practices and in-house techniques to probe the network/ devices for vulnerabilities and hence identify potential areas of risk.

Penetration Testing

Sri Lanka CERT | CC provides an internal and/or an external penetration testing service that involves simulating real-world attacks to provide a current view of vulnerabilities and threats to the client's network infrastructure.

These assessments begin with a discovery process to develop a baseline profile of accessible services, ports and systems as targets for further internal or external penetration testing.

The process involves an in-depth analysis including manual probing to:

- Test identified components to gain access to the networks
- Network devices such as firewalls, routers, and switches
- Network services such as web, DNS, email, ftp, etc.
- Determine possible impact or extent of access by attempting to exploit vulnerabilities

A detailed report will be provided with findings and recommendations

System Hardening

The purpose of system hardening is to eliminate as many security risks as possible. This is typically done by assessing the systems against the security best practices. There may be continuous changes to the information systems of the organization. As a result, it may introduce new vulnerabilities due to misconfiguration, and/or unnecessary software/services etc. A detailed report will be provided with findings and recommendations.

On-site and off-site consultation

This service mainly focuses on incident response. The main purpose of this service is to ensure that the client is not unduly burdened with day to day information security related incidents.

- Over the phone consultancy
- On-site incident handling
- Timely response and mitigation to incidents occurring at customer premises
- Review of security policies and processes

5.5 DIGITAL FORENSICS INVESTIGATIONS

Sri Lanka CERT | CC digital forensics team has been offering the service since year 2010 and has well experienced digital forensics investigators. Sri Lanka CERT|CC is equipped with globally acceptable tools and adheres to globally recognized digital forensics procedures.

Furthermore, Sri Lanka CERT | CC conducts digital forensics training programs and technical workshops for both local and international audiences. Sri Lanka CERT | CC has successfully conducted tailor-made digital forensics training programs for public and private sector organization based on client requirements.

5.6 RESEARCH & POLICY DEVELOPMENT

Sri Lanka CERT | CC Research and Policy Development division was established with the intention of:

- Developing strategies and formulating policies related to information security and cyber security for the nation
- Conducting national level surveys on the various domains related to information and cyber security
- Conducting research on cyber threats and issuing alerts on possible threats
- Coordinating special projects related to information security and cyber security.

6 OPERATIONAL PERFORMANCE (ROUTINE RESPONSIBILITIES & PROJECTS)

6.1 INCIDENT HANDLING SUMMARY

Sri Lanka CERT|CC being the national contact point for all cyber security related matters, receives numerous incident reports/complaints relating to the country's national cyber-space from both domestic and international partners.

The types of incidents received by Sri Lanka CERT|CC include incidents related to social networks, email compromise, phishing, web site compromise, scams, malicious software issues and ransomware, privacy violations, financial frauds, compromised unique IP's extracted from the information collected by automated systems operated by international organizations.

This report presents an analysis of the cyber security related data collected by the Sri Lanka CERT|CC during the year of 2018. Based on the said date, following observations can be made;

- Financial frauds targeting local importers and exporters have seen an increase over the past several years. Financial frauds on local importers and exporters have increased more than 300% when compared to 2017.
- There has been an increase in the spread of ransomware and malicious software during the year of 2018, where sensitive data belonging to both individuals as well as corporate businesses have been made unavailable through encrypting, erasing or modifying data.
- A significant number of phishing attacks targeting financial sector organizations were recorded in 2018.
- Majority of the reported incidents fall in to the category of social media related incidents. Among the social media incidents, Facebook related incidents were the highest.

In addition, Sri Lanka CERT was able to conduct digital forensics investigations for the following types of investigations during the year 2018.

- Credit card frauds
- Image enhancements for identifying objects on videos and images
- Mobile phone investigations

- Recovery of deleted information
- Email frauds

Cyber-security related incidents reported to Sri Lanka CERT have decreased in the year 2018 compared to previous years. In 2018, a total of 2598 incidents were reported to Sri Lanka CERT while it was 3907 during the year 2017. This may be due to several reporting options for the people to report such incidents.

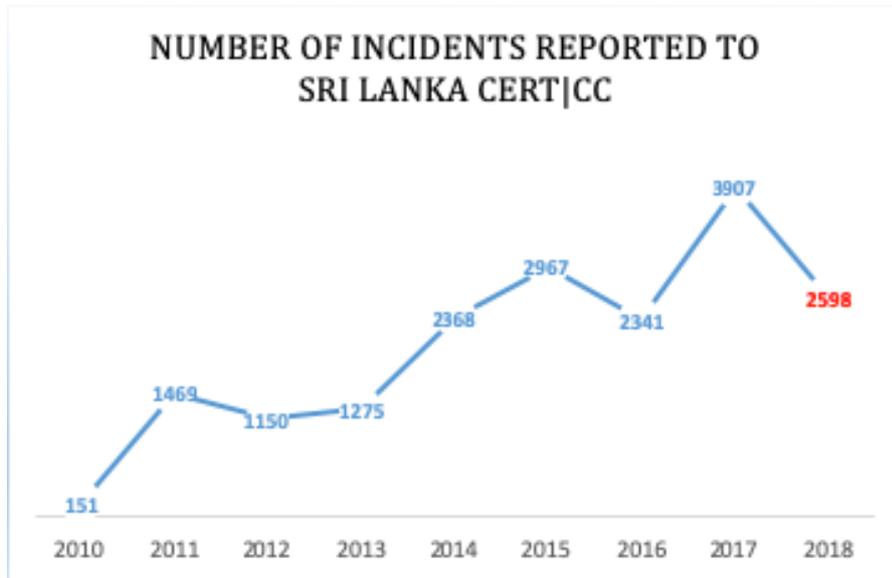


Figure 1. Growth of the number of incidents reported

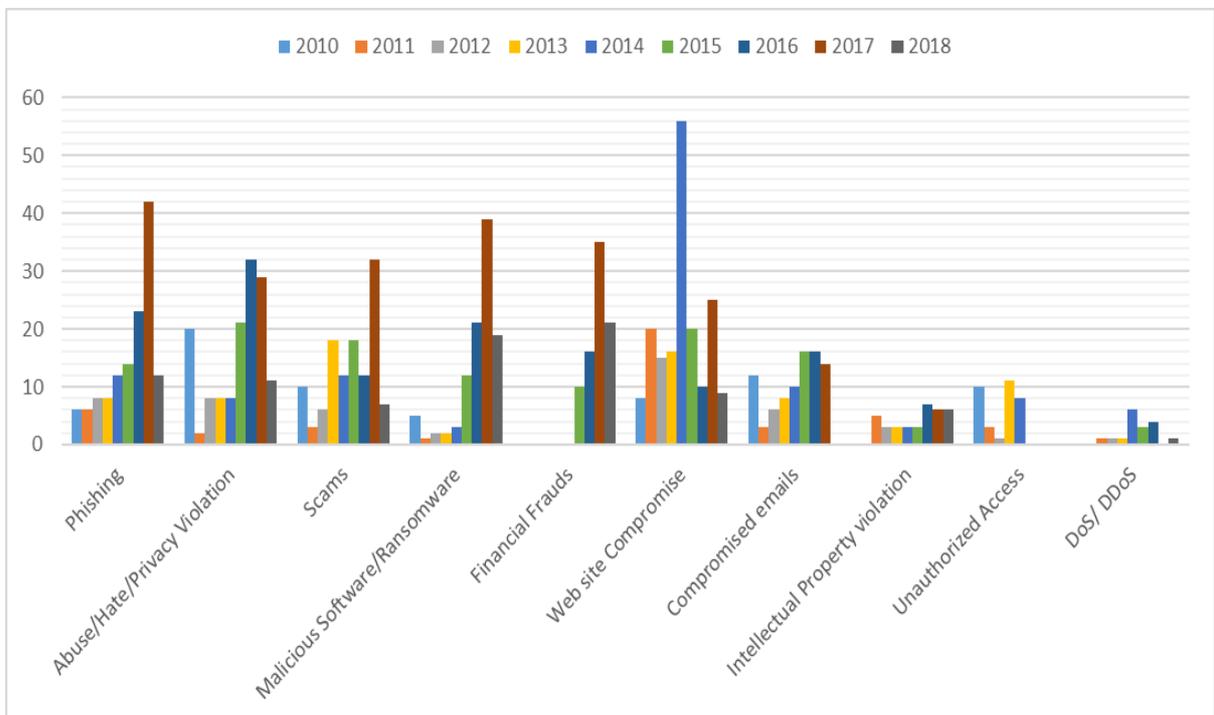


Figure 2. Growth of the types of cyber security incidents

Type of Incident	Number of Incidents
Phishing	12
Abuse/Hate/Privacy Violation	11
Ransomwarex	08
Scams	07
Malicious Software issues	11
Financial Frauds	21
Web site Compromise	09
Hate/ Threat emails	07
Intellectual Property violation	06
Unauthorized Access	-
DoS/DDoS	01
Social Media related incidents	2505
Total	2598

Table 1. Types of incidents

6.2 CONSULTANCY SERVICES

Sri Lanka CERT|CC continues to provide consultancy services to government and non-government agencies.

Typical consultancy services provided during the period include;

- Security assessments for more than 140 government ministries/departments/statutory boards web sites.
- Security assessments for several public sector systems
- Security assessments for several private organizations.
- Consultancy for a government bank for conducting Security Assessments for their systems
- Consultancy for a government bank for procurement of SOC solution
- Consultancy for a government bank for procurement of ATP solution
- Forensics investigation for suspected data deletion for a private company
- Security assessment for LGC2
- Security assessments for few nationally important applications developed through ICTA
- Security assessments for few nationally important applications developed through the line ministry

6.3 TRAINING / EDUCATION SERVICES

Sri Lanka CERT|CC continues to conduct and facilitate training programs and education sessions targeting various audiences. This includes Chief Innovation Officers (CIOs), System Administrators, Banking and Telecom Sector Staff, Law enforcement authority staff, Tri-forces, Students, Engineers and the General Public.

1. Awareness Program and Training Sessions

- Two Information security Policy Development Sessions at SLIDA
- Two Government CIO - IS Policy Development workshop
- Cyber Security, IT Security & Licensing Guidelines Breakfast Session for Government CIOs
- Training on Information security delivered for law enforcement officers
- Train the trainer program for Court Management Assistants
- Bar Association ICT course-session on cyber security
- SLAS class 1 officer program on Cyber Security
- Cyber security awareness program for Colombo District school principals
- Awareness session for parents of the SOS children village
- Open Source Investigation training for law enforcement
- Internet Safety Session for 100 School Principals at Viharamahadevi Balika Kiribathgoda
- Awareness session on Internet threats and mitigations at Lyceum International School AL teachers
- Training for executive staff of MAS holdings
- Awareness Session on Cyber Crime & Social Media
- EDUCSIRT Training Program
- Diploma - Gender Based Socialization, session on cyber security
- ICC Sri Lanka Event - on cyber security
- CEB engineer's awareness session on SCADA security
- Cyber Security Training for SLAS officers
- INSSL presentation on Fake news and mitigation
- Training for parents of grade 8-10 students
- Digital Forensic Workshop for law enforcement
- Two awareness sessions for government officers on the importance of website security. Approximately 150 senior and middle level management staff were participated.
- PGIM Lecture Series
- Family Health Bureau, session on cyber security
- Social Media and Internet related complaints handling training for law enforcement
- Cyber Security training for Immigration Officers

2. Awareness through Electronic/Print Media

Sri Lanka CERT|CC published newspaper articles on Lankadeepa, Dinamina, Sunday Times, Ada, Daily mirror, Rivira, The Island, Ada irida, etc. Furthermore, monthly updates in the form of voice recordings were provided to Sirasa, Ceylon Today, LakFM voice, SLBC, Rivira, HiruFM, Swarnawahini, ShriFM, VFM, etc and presented in live TV/radio programs in ITN, Rupavahini, SiyathaTV, RanONE FM, Shradda Radio, Siyatha radio, Sirisa, RidmaFM, Derana Radio and SithaFM.

3. Annual Cyber Security Week 2018

Since 2008, Sri Lanka CERT|CC has been conducting an annual security awareness programme titled Cyber Security Week (CSW). This international event attracted the attention of the local as well as regional information security professionals. Cyber Security Week 2018 was held in the month of November 2018, and featured a series of events including the following;

- Hacking Challenge, 10th October 2018 at Lavender Room, BMICH
Hacking Challenge is a contest for IT Professionals to attack or defend an actual network within a given timeframe. The participants were Technical Security Professionals, Network Administrators, System Administrators and students following information security post-graduate courses.
- Cyber Security Quiz: 17th October 2018 at Lavender Room, BMICH
This competition is open only to students of Sri Lankan Universities and other tertiary education institutions. The objective of the quiz is to assess the knowledge and to identify and reward the aspiring young information security professionals.
- 11th Annual National Cyber Security Conference - Wednesday 7th November 2018 at Hilton Colombo,
- Highlights
 - Theme: “National Importance of Cyber Security”
 - Number of participants: More than 350 participants
 - Presented the “National Information and Cyber Security Strategy (2019-2023)”
 - Chief guest: Hon. Attorney General of Sri Lanka
- Workshops – Monday 5th, Tuesday 6th and Thursday 8th November 2018 at DLC, SLIDA
 - Android Mobile Application Security (Hands On)-by Sri Lanka CERT|CC
 - Network Forensics Analysis using Wireshark (by Thailand Bank Association Resource person)
 - Incident response and Internet security (by ICANN)
- Supporting events
 - Workshop on Cybersecurity Risk by Palo Alto Networks-8th November 2018
 - Knowledge Sharing Workshop on the Latest Cybersecurity Incidents and their Impact by CERT- Estonia (13th November 2018)

- Lanka Network Operators Group" Workshop, Tutorials & Conference (01 & 02 November 2018)

6.4 PUBLICATIONS

Website

The Sri Lanka CERT|CC website publishes security related awareness bulletins for the public through News Alerts, Glossaries, Case Studies, Statistics and FAQs.

E-mails

Sri Lanka CERT|CC disseminates security related information through e-mails to its subscribers.

Newsletters

Sri Lanka CERT|CC continues to publish and circulate The Cyber Guardian e-newsletter to a large number of students, through the SchoolNet- the network connecting secondary schools in Sri Lanka.

Newspapers/media

Sri Lanka CERT|CC continues to educate the general public through the electronic and print media about emerging cyber security threats and vulnerabilities with recommendations on how to safeguard themselves against these attacks.

6.5 OPERATIONAL SUPPORT PROJECTS

It was able to conduct a project to acquire cyber security investigation/assessment resources and enhance the capabilities of staff during the year 2018. This project was funded by government of Sri Lanka.

6.6 SPECIAL PROJECTS

Project Name	Description and Activities
Government Website Audit	<ul style="list-style-type: none"> • Vulnerability assessments for 120 government websites
National Certification Authority (In progress)	<ul style="list-style-type: none"> • Procurement of two data centre locations for production and backup sites were completed • Procurement of auditor is ongoing • Implementation and testing are ongoing
National Security Operations Center (In progress)	<ul style="list-style-type: none"> • This project was transferred to CERT from ICTA • Procurements are in progress.

Table 2. Special Projects

6.7 CYBER SECURITY MANGED SERVICES

Sri Lanka CERT was delivering cyber security managed services for three government organizations and one private sector organization during the year of 2018.

7 ACHIEVEMENTS

7.1 NATIONAL CYBER SECURITY STRATEGY

The government of Sri Lanka, committed to keep the nation safe, secure and prosperous, by introducing Sri Lanka's first Information and Cyber Security Strategy which will be implemented over period of five years from 2019 to 2023. Sri Lanka CERT developed the National Information and Cyber Security Strategy of Sri Lanka with the support of stakeholders and obtained the cabinet approval for the strategy on 16th October 2018.



Figure 3. Cabinet approval for the strategy

Our strategy aims to create a resilient and trusted cyber security ecosystem that will enable Sri Lankan citizens to realize the benefits of digital technology, and facilitate growth, prosperity and a better future for all Sri Lankans.

Our strategy is underpinned by six pillars,

- (1) establishment of a governance framework to implement national information and cyber security strategy,
- (2) enactment and formulation of legislation, policies, and standards to create a regulatory environment to protect individuals and organizations in the cyber space,
- (3) development of a skilled and competent workforce to detect, defend and respond to cyberattacks,

(4) collaboration with public authorities to ensure that the digital government systems implemented and operated by the them have the appropriate level of cyber security and resilience,

(5) raising awareness and empowering citizens to defend themselves against cybercrimes, and

(6) development of public-private, local-international partnerships to create a robust cyber-security ecosystem.

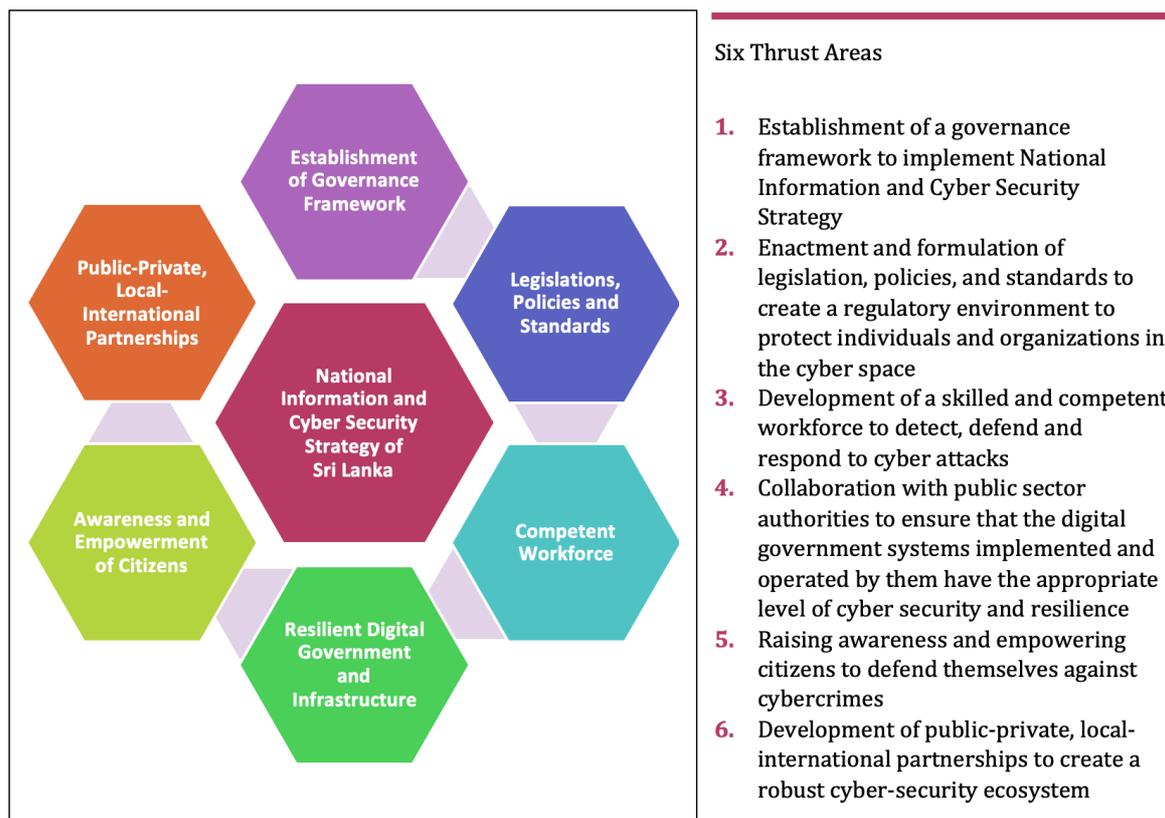


Figure 4. Six thrust areas of the Strategy

Sri Lanka CERT is in the process of the implementation of the National Information and Cyber Security Strategy.

7.2 RESEARCH AND POLICY DEVELOPMENT

Sri Lanka CERT strengthened its research arm by recruiting a research team. The team conducted several surveys, such as, Youth's Survey on Social Media Awareness and Public Service Managers Information and Cyber Security Readiness Survey. It has planned to conduct several research and policy development activities aligned with the national information and cyber security strategy.

7.3 CERTIFICATION & MEMBERSHIP

Sri Lanka CERT continues to maintain memberships with following professional organizations;

- (ISC)2 Colombo Sri Lanka Chapter the local representative organization of International Information Systems Security Certification Consortium.
- Membership for Threat Intelligence from ShadowServer.
- Membership of FIRST
- Membership of APCERT
- Membership of CAMP, Korea

7.4 TRAINING FOR STAFF

Sri Lanka CERT was able to provide following training and conference participation for its staff

- Network Security and Penetration Testing Training (Malaysia)
- Mobile hacking and security (Malaysia)
- SEC504: Hacker Tools, Techniques, Exploits, and Incident Handling (Singapore)
- Workshop on International Law (Germany)
- Underground Economy Conference (France)
- KISA training (Korea)
- CyFy Conference 2018 (India)
- CEH training (Sri Lanka)
- RedHat RHCSA training (Sri Lanka)
- RedHat RHCE training (Sri Lanka)

8 INTERNATIONAL COLLABORATION

8.1 EVENT PARTICIPATION

- Cybercrime cooperation exercise (Moldova)
- KISA Conference (Serbia)
- UNCCPCJ meeting (Austria)
- FIRST AGM and Conference (Malaysia)
- COE - TC-Y meeting and Octopus conference (France)
- CAMP Annual General Meeting (Korea)
- APCERT AGM and Conference (China)
- BIMSTEC meeting (India)

8.2 OTHER ACTIVITIES

- Reporting of malicious IP address details received from International counterparts to local ISPs. The International counterparts consists of CERT Bund - Germany, Microsoft, Shadow Server and APCERT Data Exchanger.
- Continuing with network monitoring project "Tsubame" with JPCERT|CC

8.3 INTERNATIONAL INCIDENT COORDINATION

- APCERT Cyber Security Drill
 - Worked as a member of the organizing committee of APCERT Cyber Security Drill 2018
 - Participated for the drill
- Engagements with CERTs in the Asia Pacific region. Sri Lanka CERT has regular operational engagements with CERTs/Information security organizations in—other regions of the world and commercial establishments and solution providers (such as Facebook, Google, Yahoo) to resolve phishing and identity theft incidents.

9 FUTURE PLANS

9.1 FUTURE PROJECTS

- Implementation of National Information and Cyber Security Strategy (In progress).
- Development and Implementation of a Security Operations Centre (In progress).
- Establishment of the National Certification Authority (In progress).
- Establishment of sector based CSIRT's (e.g. Telco-CERT).
- Cyber Security Week 2019.
- Cyber Security project with European Union (Cyber4D)

9.2 FUTURE OPERATIONS

This section details the changes anticipated in Sri Lanka CERT with regard to staff, equipment and capabilities:

- Sri Lanka CERT shall recruit undergraduate students on internships basis to enhance the information security capabilities of the younger generation.
- Sri Lanka CERT shall continue to operate as a skilled small group of professionals.
- Sri Lanka CERT shall continue to invest on developing the capacity of the staff.

10 AUDIT COMMITTEE REPORT

There was no audit committee appointed for the year 2018.

11 REPORT OF THE AUDITOR GENERAL

Audited Financial Statement of 2018 along with Auditor General's Report for the year 2018 is attached as Annex A.

12 FINANCIAL HIGHLIGHTS

Expenses		
Recurrent Expenses	Rs.	Rs.
Personnel Emoluments	46,856,845.00	
Communication	2,405,203.00	
Rent of Premises & Electricity	5,358,455.00	
Office Expenses	519,725.00	
Maintenance	513,265.00	
Insurance	178,541.00	
Consumables	619,606.00	
Travelling - Foreign	2,475,236.00	
Professional Fees	518,011.00	
Secretarial Fees	153,000.00	
Bank Charges	47,500.00	
Audit Fee	529,875.00	
Refreshments	99,599.00	
		60,274,861.00
Capital Expenses		
Project Expenses	16,165,506.00	
Project Expenses - UKHC	6,736,059.00	
		22,901,565.00
		83,176,426.00

Revenue		
Grant Income from the Treasury		
Grant Income for Operational Expenses	60,274,860.00	
Grant Income for Capital Expenses	14,169,299.00	
		74,444,159.00
Project Income - UKHC		8,136,768.00
Earned Revenue		
Cyber Security Week 2018	7,819,610.00	
Manage Security Services & Others	5,290,158.00	
		13,109,768.00
		95,690,695.00

Note:

1. Recurrent and capital budget was handled by ICTA during the period for January to July 2018
2. Recurrent budget allocation August to December 2018 - 32.5M
3. UKHC - UK High Commission

13 CONCLUSION

During the period, Sri Lanka CERT|CC has observed that cyber criminals are targeting small and medium businesses for conducting financial frauds. Most of them happened through compromising email accounts.

Sri Lanka CERT|CC was able to carry out a large number of information and cyber security training and awareness sessions during the year 2018, and the demand for such programs are increasing. All the events organized by Sri Lanka CERT during the period were very successful, well attended and were high in demand. Sri Lanka CERT will continue to conduct the Annual Cyber Security Week and the Annual National Conference on Cyber Security as planned.

Sri Lanka CERT is in the process of implementing the National Information and Cyber Security Strategy of Sri Lanka with the involvement of relevant stakeholders. To implement some of the proposed activities of the strategy, Sri Lanka CERT|CC has partnered with NI-CO (Northern Ireland Cooperation Overseas) of European Union to conduct a program called Cyber Resilience for Development (Cyber4D) which is jointly funded by the Foreign and Commonwealth Office of UK, Dutch Ministry of Foreign Affairs, and Estonian Information System Authority.

It is expected to operationalize few national level information security related projects during the year 2019 to support the implementation of the National Information and Cyber Security Strategy.

In addition to securing Sri Lanka's cyberspace, Sri Lanka CERT is committed to building a secure information environment in the Asia Pacific region/world with the help of all the CERTs and information security organizations through APCERT/FIRST.

ANNEX A

Audited Financial Statement and Auditor General's Report 2018



ජාතික විගණන කාර්යාලය

தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

CMU/A/CERT/01/2018/03

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

15 August 2021

Chairman

Sri Lanka CERT (Private) Limited



Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Sri Lanka CERT (Private) Limited for the year ended 31 December 2018 in terms of Section 12 of the National Audit Act, No.19 of 2018.

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Sri Lanka CERT (Private) Limited (“Company”) for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of Profit & Loss, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium sized Entities.



1.2 Basis for Qualified Opinion

- (a) As per the financial statements of the company, the cost of property, plant and equipment as at 31 December 2018 was Rs.13, 414,282. However, the Company had not properly maintained fixed assets register and detail schedules. Therefore, the audit was unable to ascertain the accuracy, existence and valuation of such balance.
- (b) As per section 17.19 of the SLFRS for SMEs, the useful life of the assets shall be reviewed at least at each financial year end and if expectation differs from previous estimates, the changers shall be accounted in accordance with section 10.15 – 10.18 of SLFRS for SMEs. However, value of the fully depreciated property, plant and equipment amounting Rs.12,218,381 still in use, had not been reviewed and accounted accordingly.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's

ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

National Audit Act, No. 19 of 2018 and Companies Act, No. 7 of 2007 include specific provisions for following requirements.

- Except for the effect of the matters described in the Basis for Qualified Opinion paragraph, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163 (2) (d) of the Companies Act, No. 7 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.
- The financial statements of the Company comply with the requirement of section 151 of the Companies Act, No. 07 of 2007.
- The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- The financial statements presented includes all the recommendations except paragraph 1.2.1 in this report made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

- to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal course of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.
- to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for;

Reference to law/ direction	Description
(a) Public Enterprises Circular No. PED/12 dated 2 June 2003 - Guidelines for Good Governance.	
(i) Guidelines 9.2	The Company does not have an organization Chart registered with an approved cadre.
(ii) Guidelines 9.3.1	The Company does not have Scheme of recruitment and promotion for each post.

- to state that the Company has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No.19 of 2018 except for;
 - (a) As per progress report of the Company, the approved cost of the cyber security and infrastructure development project was Rs.16.10 million and as per the Ministry progress report it was Rs.15 million. Further, a sum of Rs.17.6 million had been incurred exceeding the approved cost.
- to state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018 .



3. Other Matters

- (a) Without an approval, the Company had incurred a sum of Rs. 8,520,000 as allowances of the Chief Executive Officer of the Company during the year under review.
- (b) The Company had been made a gratuity provision amounting to Rs. 12,424,250. However, the Company had failed to invest funds separately to meet the gratuity obligations the when arises.

W.P.C. Wickramaratne

Auditor General



SRI LANKA CERT (PRIVATE) LIMITED

FINANCIAL STATEMENTS 2018



SRI LANKA CERT (PRIVATE) LIMITED
STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31ST DECEMBER 2018
 (ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>NOTE</u>	<u>2018</u> Rs	<u>2017</u> Rs
Grant Income	4	60,514,040	52,477,226
Operational Expenses			
Personnel Emoluments	5	(46,856,845)	(34,293,944)
Project Infrastructure & Support Services	6	(13,657,195)	(18,183,282)
Net Surplus/(Deficit) on Grant Activities		-	-
Other Revenue	7	12,514,270	9,254,445
Net Surplus/(Deficit) before Taxation		12,514,270	9,254,445
Less : Taxation		-	-
Net Surplus/(Deficit) after Taxation		<u>12,514,270</u>	<u>9,254,445</u>



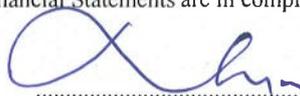
SRI LANKA CERT (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2018
 (ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>NOTE</u>	<u>2018</u> Rs	<u>2017</u> Rs
<u>Assets</u>			
<u>Non-Current Assets</u>			
Property, Plant & Equipment	8	20,000	259,180
		<u>20,000</u>	<u>259,180</u>
<u>Current Assets</u>			
Prepayments	9	1,299,312	-
Other Receivables	10	56,064,349	43,541,568
Cash & Cash Equivalents	11	15,527,028	6,965,400
		<u>72,890,689</u>	<u>50,506,968</u>
Total Assets		<u><u>72,910,689</u></u>	<u><u>50,766,147</u></u>
<u>Equity & Liabilities</u>			
Stated Capital	12	20	20
Accumulated Surplus		47,365,424	34,851,154
Total Equity		<u>47,365,444</u>	<u>34,851,174</u>
Deferred Revenue for Grant Assets	13	20,000	259,180
<u>Non-Current Liabilities</u>			
Retirement Benefit	14	12,424,250	10,839,022
<u>Current Liabilities</u>			
Trade & Other Payables	15	13,100,995	4,816,772
		<u>13,100,995</u>	<u>4,816,772</u>
Total Equity & Liabilities		<u><u>72,910,689</u></u>	<u><u>50,766,147</u></u>

The Accounting Policies and notes on pages 5 through 19 form an integral part of the Financial Statements.

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



Chief Executive Officer



Nexia Management Services (Pvt) Ltd

The board of directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the board by;



Chairman



Director

DATE OF APPROVAL BY THE BOARD

09-11-2020



Financial Statements 2018



SRI LANKA CERT (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2018
 (ALL FIGURES ARE IN SRI LANKAN RUPEES)

	Stated Capital	Accumulated Surplus	Total
As at 31st December 2016	20	25,596,709	25,596,729
Surplus for the Year	-	9,254,445	9,254,445
As at 31st December 2017	20	34,851,154	34,851,174
Surplus for the Year	-	12,514,270	12,514,270
As at 31st December 2018	20	47,365,424	47,365,444

The accounting policies and notes form an integral part of the Financial Statements.
 Figures in brackets indicate deductions.



SRI LANKA CERT (PRIVATE) LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31ST DECEMBER 2018****(ALL FIGURES ARE IN SRI LANKAN RUPEES)**

	Note	<u>2018</u> Rs	<u>2017</u> Rs
Cash Flows from Operating Activities			
Surplus/(Deficit) for the Year		12,514,270	9,254,445
Adjustments for;			
Depreciation & Amortization		239,180	642,856
Provision for Gratuity		1,585,228	2,757,922
Deferred Revenue for Grant Assets Adjustment		(239,180)	(642,856)
		<u>14,099,498</u>	<u>12,012,367</u>
Working Capital Changes			
(Increase) / Decrease in Prepayments		(1,299,312)	3,492,154
Increase / (Decrease) in Other Payables		8,284,223	1,324,624
Increase / (Decrease) in Receivables		(12,522,782)	(12,529,273)
		<u>8,561,628</u>	<u>4,299,872</u>
Cash & Cash Equivalents as at the beginning of the Year		6,965,400	2,665,528
Net Cash Generated (Used in) during the Year		8,561,628	4,299,872
Cash & Cash Equivalents as at the End of the Year	(A)	<u><u>15,527,028</u></u>	<u><u>6,965,400</u></u>
(A) Analysis of Cash & Cash Equivalents as at the end of the year			
Bank Balances		15,507,619	6,945,400
Petty Cash		19,409	20,000
		<u>15,527,028</u>	<u>6,965,400</u>



SRI LANKA CERT (PVT) LTD**NOTES TO THE FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2018**1. CORPORATE INFORMATION****1.1. General**

Sri Lanka CERT (Pvt) Ltd was established in June 2006 as an affiliate of ICTA to be the National Centre for Cyber Security. Sri Lanka CERT|CC is separated from ICT Agency of Sri Lanka in August 2018 with an independent operational body under Ministry of Digital Infrastructure & Information Technology. Sri Lanka CERT |CC has been mandated to be the focal point for preventing, protecting against and responding to cyber security threats and vulnerabilities in Sri Lanka's ICT infrastructure and to liaise with all government organizations, private sector, academia and non-government organizations to disseminate information relevant to potential Cyber Security threats and providing assistance to mitigate such incidents.

1.2. Principle Activities and Nature of Operations
Sri Lanka CERT activities include:

- Responsive services such as incident handling that involves responding to a request or notification by a constituent that an unusual event has been detected, which may be affecting the performance, availability or stability of the services or cyber systems belonging to that constituent.
- Awareness services, such as conducting of cyber security awareness programs for the general public including school children, and the conduct of seminars, conferences and workshops for professionals in both the state and private sectors and maintaining an up to date knowledge base relating to cyber security in the Sri Lanka CERT website.
- Provision of consultancy services such as digital forensics investigations, vulnerability assessments, network security assessments, and information security policy development and implementation.

1.3. Date of Authorization for Issue

The financial statements of Sri Lanka CERT (Pvt) Ltd for the year ended December 31, 2018 was authorized for issuance by the directors on 09th November 2020.

2. BASIS OF PREPARATION

The financial statements which have been presented in Sri Lankan Rupees and on a historical cost basis.



SRI LANKA CERT (PVT) LTD**NOTES TO THE FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2018**2.1. Statement of compliance**

The financial statements of the company have been prepared and presented in compliance with the Sri Lanka Accounting Standards for Small and Medium sized Entities laid down by the Institute of Chartered Accountants of Sri Lanka, and comply with the requirements of Companies Act No 7 of 2007

2.1. Use of Estimates & Judgments

- The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.
- The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.
- The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**3.1 Foreign Currency Translation**

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 translated at the functional currency rate of exchange ruling at the Statement of Financial Position date. All differences are taken to Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at dates of the initial translations. 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.

3.2. Other Receivables

Other Receivables and dues from related parties are recognized at Cost.



SRI LANKA CERT (PVT) LTDNOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018**3.3 Cash & Cash Equivalents**

Cash & cash equivalents are 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. Investment with short maturities i.e. three months or less from the date of acquisition is also treated as cash equivalents.

3.4 Financial Instruments**(a) Initial Recognition and Measurement**

The Company recognizes a financial asset or a financial liability in its statement of financial position when the entity become party to the contractual provisions of the instrument.

Company initially measures its financial assets at fair value plus in case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Company initially measures its and liabilities at fair value minus in case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liabilities.

Despite the above paragraph, at initial recognition, the company measures trade receivables at their transaction price as defined in SLFRS 15.

(b) Classification of Financial Assets

- Financial assets are classified as subsequently measured at amortised cost, Fair Value through other comprehensive income or fair value through profit or loss based on
- The company's business model for managing the financial assets and
- The contractual cash flow characteristics of the financial assets

(i) Financial Assets measured at Amortized cost

A Financial asset is measured at amortised cost if both the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and



SRI LANKA CERT (PVT) LTDNOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018Financial Assets measured at Amortized cost (Cont'd)

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

(c) Classification of Financial liabilities

Financial liabilities are subsequently measured at amortized cost, except for,

- Financial liabilities at fair value through profit or loss.
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies
- Financial guarantee contracts
- Commitments to provide a loan at a below-market interest rate

(d) Reclassification

- (i) Financial assets are reclassified when and only when the company changes its business model for managing financial assets.

If the company reclassifies financial assets, such reclassification is applied prospectively from the reclassification date and previously recognized gains, losses (including impairment gains or losses) are not restated.

Guidance in paragraphs 5.6.1 to 5.6.7 to SLFRS 09 – Financial instruments are applied in the event of a reclassification of financial assets.

- (ii) Financial liabilities are not reclassified

(e) Amortised cost Measurement

Interest revenue is calculated by using the effective interest method by applying effective interest rate to the gross carrying value originated credit impaired financial assets

- Purchased or Originated credit impaired financial assets.
- Financial assets that are not purchased or originated credit impaired financial assets but subsequently have become credit impaired financial assets.



SRI LANKA CERT (PVT) LTDNOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018**3.4.1. Impairment****(a) Impairment**

The company recognizes a loss allowance for expected credit losses on a financial asset.

Where on the reporting date the credit risk on the financial instrument has increased significantly since initial recognitions, loss allowances at an amount equal to the lifetime expected credit losses is made.

Where on the reporting date the credit risk on the financial instrument has not increased significantly since initial recognitions, loss allowances is measured for that financial instrument at an amount equivalent to 12 month expected credit losses.

(b) Derecognition of Financial Assets

The company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire, or
- it transfers the financial asset and the transfer qualifies for derecognition.

(c) Derecognition of Financial Liabilities

A financial liability is removed (or a part of a financial liability) from its statement the financial position when, and only when, it is extinguished – ie when the obligation specified in the contract is discharged or cancelled or expired.

(d) Impairment of other non-financial assets

Assets that have indefinite useful lives are not subject to amortization and tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).



SRI LANKA CERT (PVT) LTDNOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018**3.4.2. De-recognition**

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is de-recognised when:

- The rights to receive cash flows from the asset have been expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) The Company has transferred substantially all the risks and rewards of the asset,

Or

 - (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Company's continuing involvement in it. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continued involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3.5. Property, Plant and Equipment

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

Depreciation is calculated on a straight-line basis at the following rates.



SRI LANKA CERT (PVT) LTDNOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018Property, Plant and Equipment (Cont'd)

Asset	Rate
Office Equipment	20%
Computers	20%
Furniture & Fittings	20%

3.6. Intangible Assets

Intangible Assets are recognized, if it is probable that economic benefits are attributable to the assets will flow to the entity and cost of the assets can be measured reliably.

3.6.1. Software and Publication

All computer software costs incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and it's probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets and carried at cost less accumulated amortization and any accumulated impairment losses.

3.6.2 Subsequent Expenditure

Expenditure incurred on software is capitalized, only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

3.6.3. Amortization

Amortization is calculated on a straight-line basis at the following rate or useful life, whichever is less.

Asset	Amortization rate
Software and publication	20%



SRI LANKA CERT (PVT) LTD**NOTES TO THE FINANCIAL STATEMENTS**
YEAR ENDED 31 DECEMBER 2018**3.7. 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 Statement of Financial Position, 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 Statement of Comprehensive Income.

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

Employees are eligible for Employees' Provident Fund contribution and Employees' Trust Fund Contribution 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.

3.8. Grants & Subsidies

Grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions are complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is set up as deferred income. Where the company receives non-monetary grant, the asset and that grant are recorded at nominal amounts and released to the Statement of Comprehensive income over the expected useful life of the relevant asset by equal installments.

3.9. Revenue Recognition

In consultation with the Sri Lanka Accounting and Auditing Standards Monitoring Board and in accordance with the requirements of LKAS -20- Government Grants and Disclosure of Government Assistance, the company recognized during the year as income and the outlays on project implementation.

3.10. Interest

Revenue is recognized on a time proportion basis that takes into account the effective interest rate on asset.

3.11. Other

Other income is recognized on accrual basis.



SRI LANKA CERT (PRIVATE) LIMITED
NOTES TO THE STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31ST DECEMBER 2018
(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>2018</u>	<u>2017</u>
	Rs	Rs
<u>NOTE 04 GRANT INCOME</u>		
Grant Income - Treasury	60,274,860	51,834,370
Deferred Grant Income	239,180	642,856
	<u>60,514,040</u>	<u>52,477,226</u>
<u>NOTE 05 PERSONNEL EMOLUMENTS</u>		
Salaries and Wages	31,149,900	27,069,900
EPF Expenses	3,649,788	2,901,864
ETF Expenses	909,447	725,466
Consultant fees	8,520,000	-
Interns Allowance	523,001	453,000
Provision for Gratuity	1,585,228	2,757,922
Over Time	519,482	385,793
	<u>46,856,845</u>	<u>34,293,944</u>



SRI LANKA CERT (PRIVATE) LIMITED
NOTES TO THE STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31ST DECEMBER 2018
(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>2018</u>	<u>2017</u>
	Rs	Rs
<u>NOTE 06 PROJECT INFRASTRUCTURE & SUPPORT SERVICES</u>		
Telephone & Internet Charges	2,405,203	2,498,766
Insurance	178,541	208,713
Rent of Premises	5,358,455	5,011,419
Travelling - Foreign	2,475,236	2,952,654
Equipment Hiring Expenses	-	189,750
Computer Maintenance	150,841	799,418
Professional Fees	518,011	125,991
Secretarial Fee	153,000	169,000
Bank Charges	47,500	25,183
Courier	50,951	5,493
Maintenance & Repairs Expense	9,051	-
Newspapers & Periodicals	20,050	-
Audit Fee	529,875	-
Refreshments	99,599	53,971
Sundry Expenses	108,093	336,667
Drinking Water	59,536	39,413
Office Requisites	439,601	33,680
License Fees	353,373	1,482,205
Connectivity Expenses	-	328,670
Events & Seminar	-	595,849
Advertising	4,800	-
Training Expenses	97,430	785,137
Travelling Expenses - Local	178,865	1,478,452
Stationery & Printing	180,005	419,995
Depreciation & Amortization	239,180	642,856
	<u>13,657,195</u>	<u>18,183,282</u>

NOTE 07 OTHER REVENUE

Earned Revenue			
- Cyber Security Week 2018	7,819,610		
- Manage security services & others	5,290,158	13,109,768	23,177,967
Project Grant Income	22,306,067		
Less : Project Expense	(22,901,565)	(595,498)	(13,923,522)
		<u>12,514,270</u>	<u>9,254,445</u>



SRI LANKA CERT (PRIVATE) LIMITED**NOTES TO THE STATEMENT OF FINANCIAL POSITION**

AS AT 31ST DECEMBER 2018

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

NOTE 08 PROPERTY, PLANT & EQUIPMENT

8.1	Cost	Balance as at 01.01.2018	Additions (2018)	Disposals/ Transfers	Balance as at 31.12.2018
	Furniture and Fittings	2,999,607		-	2,999,607
	Computers	9,886,486		-	9,886,486
	Office Equipment	528,189		-	528,189
		13,414,282	-	-	13,414,282
8.2	Accumulated Depreciation	Balance as at 01.01.2018	Charge for the Year	Disposals/ Transfers	Balance as at 31.12.2018
	Furniture and Fittings	2,999,607		-	2,999,607
	Computers	9,643,286	223,200	-	9,866,486
	Office Equipment	512,209	15,980	-	528,189
		13,155,102	239,180	-	13,394,282
8.3	Net Book Value			2018	2017
	Furniture and Fittings			-	-
	Computers			20,000	243,200
	Office Equipment			-	15,980
				20,000	259,180



SRI LANKA CERT (PRIVATE) LIMITED**NOTES TO THE STATEMENT OF FINANCIAL POSITION**

AS AT 31ST DECEMBER 2018

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>2018</u> Rs	<u>2017</u> Rs
NOTE 09 PREPAYMENTS		
Insurance	1,299,312	-
	<u>1,299,312</u>	<u>-</u>
NOTE 10 OTHER RECEIVABLES		
ICT Agency of Sri Lanka (Pvt) Ltd.	42,551,302	43,541,568
Government Grant Receivables - Project	11,833,925	-
- Operational & Gratuity Fund	1,679,122	-
	<u>56,064,349</u>	<u>43,541,568</u>
NOTE 11 CASH AND CASH EQUIVALENTS		
Cash at Bank	15,507,619	6,945,400
Petty Cash	19,409	20,000
	<u>15,527,028</u>	<u>6,965,400</u>
NOTE 12 STATED CAPITAL		
Fully Paid 02 Ordinary Shares	20	20
	<u>20</u>	<u>20</u>
NOTE 13 DEFERRED LIABILITY FOR GRANT ASSETS		
Amount Recognized as at 01st January	259,180	902,036
Prior Year Adjustment	259,180	902,036
Income Deferred during the Year	-	-
Transferred to Income Statement	(239,180)	(642,856)
Balance as at 31st December	<u>20,000</u>	<u>259,180</u>
NOTE 14 RETIREMENT BENEFITS		
Balance as at 01st January	10,839,022	8,081,100
Charge for the Year	1,585,228	2,757,922
Payments	-	-
Balance as at 31st December	<u>12,424,250</u>	<u>10,839,022</u>

The gratuity liability is neither externally funded nor actuarially valued.



SRI LANKA CERT (PRIVATE) LIMITED**NOTES TO THE STATEMENT OF FINANCIAL POSITION**

AS AT 31ST DECEMBER 2018

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

		<u>2018</u>	<u>2017</u>
		Rs	Rs
NOTE 15 OTHER PAYABLES			
Payables	Annex - 2	13,100,995	4,816,772
		<u>13,100,995</u>	<u>4,816,772</u>

NOTE 16 RELATED PARTY DISCLOSURES**16.1 Details of significant related party disclosures are as follows:****Related Party**

ICT Agency of Sri Lanka (Pvt) Ltd

Relationship

Parent company

Nature of Transaction

Balance as at 01st January	-	31,012,295
Expenses borne by the company	-	12,529,273
Amount received from the related party	-	-
Balance as at 31st December	<u>-</u>	<u>43,541,568</u>

16.2 Transactions with key management personnel of the company.

According to LKAS 24 'Related Party Disclosures', Key Management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity.

Key Management Personnel Compensation

Short-Term Employee Benefits

	<u>2018</u>	<u>2017</u>
	-	-
	<u>-</u>	<u>-</u>



SRI LANKA CERT (PRIVATE) LIMITED

NOTES TO THE STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2018

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

NOTE 17 EVENTS OCCURING AFFTER THE REPORTING PERIOD

There have been no material events occurred after the reporting date that require adjustments to or disclosure of the financial statements.

NOTE 18 COMMITMENTS AND CONTINGENCIES

18.1 Commitments

There were no capital expenditure commitments outstanding at the reporting date.

18.2 Contingencies

There were no significant contingent liabilities as at reporting date.



SRI LANKA CERT (PRIVATE) LIMITED**ANNEXTURE TO THE STATEMENT OF FINANCIAL STATEMENTS**

AS AT 31ST DECEMBER 2018

(ALL FIGURES ARE IN SRI LANKAN RUPEES)

	<u>2018</u>
	Rs
Annex - 1 Project Income /(Expense)	
(a) Project Income - UKHC	8,136,768
Less : Project Expenses - UKHC	(6,736,059)
Net Project Income /(Expense) - UKHC	<u>1,400,709</u>
(b) Project Grant Income	14,169,299
Less : Project Expense	
Reversal - Encase Training	(1,202,933)
Aitken Spence Travels (Pvt) Ltd	5,647,540
FIRST.ORG	367,991
Foundation Futuristic Technology	933,408
CICRA Consultancies (Pvt) Ltd	787,599
Saberion (Pvt) Ltd	1,109,332
ANCL - Lake House	138,000
Epic Lanka (Pvt) Ltd	1,840,000
LOLC Technologies Limited	1,377,700
Sri Lanka Telecom PLC	5,041,184
UN Development Business	125,686
	16,165,506
Net Project Grant Income /(Expense)	<u>(1,996,208)</u>
Total Project Income /(Expense)	<u><u>(595,498)</u></u>

Annex - 2 OTHER PAYABLES

CAS Corporate Services (Pvt) Ltd	87,000
Sri Lanka Telecom Ltd	5,074,628
Lanka Bell Ltd	15,566
Auditor General - Audit Fee 2016 & 2017	336,000
Auditor General - Audit Fee 2018	168,000
S H I A De Silva	626,250
Aitken Spence Travels (Pvt) Ltd	3,312,166
ANCL - Lake House	138,000
Epic Lanka (Pvt) Ltd	1,840,000
LOLC Technologies Limited	1,377,700
UN Development Business	125,686
	<u>13,100,995</u>

