



KALUBOWITIYANA TEA FACTORY LIMITED

ANNUAL REPORT 2012/13

Signature
14/01/16

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CORPORATE INFORMATION

Name of the Company	Kalubowitiyana Tea Factory Limited
Company Registration No.	PB 1020
Registered Office	Kalubowitiyana Tea Factory Limited 70,TSHDA Building Chairmans Office Parliament Road, Pelawatta, Battaramulla
Legal form	A Public Company with Limited Liability Incorporated in Sri Lanka on 30th September 1992.
Telephone No.	011-4645279
Fax No.	011-4645279
E-mail Address	'ktfl@sltnet.lk
Auditors	Tudor V. Perera & Company P. O. Box 1177 3rd Floor, de Mel Building No. 103, Chatham Street Colombo 01
Secretaries	Corporate Services Limited, 216, De Saram Place, Colombo 10
Lawyers	F J & G De Saram Attorney -at-Law & Notaries Public 216, De Saram Place, Colombo 10
Bankers	People's Bank
Board of Directors	Mr. Donald Abeysundara -Chairman Mr. G.D.W. Jayawardena - Managing Director Mr. G.D.C.Pemaratne - Executive Director (Resigned on 31st December 2012) Mr. L D Somaratne - Executive Director (Appointed on 01st January 2013) Mrs. Indranie Sugathadasa Mrs. Geetha Wimalaweera Mr..W.D.Upali Wijesinghe Mr. H.A.Abeysiri Perera (Resigned on 03rd August 2012) Mr. D L S A Jayasinghe (Appointed on 29th November 2012) Ven. Hewesse Upatissa Thero (Observer Member)
Senior Management	Mr.P Jayasekara (Manager Finance) Mr.T.W.M.S.P.Bandara (Manager / Administration & Human Resources) Mr. T.A.D.J.C.Thilakarathna(Manager / Kalubowitiyana Tea Factory) Mr.Gamini Dasanayaka (Manager /Derangala Tea Factory)
Factories	Kalubowitiyana CTC Factory Kalubowitiyana, Via Matara Tel/ Fax. 0913 783020 E-Mail ktfl@sltnet.lk Derangala Tea Factory Kiriwelkelle, Pitabeddara Tel/ Fax. 0913 783621 E-Mail dtfl@sltnet.lk Hiniduma Hills Tea Factory Thawalama Tel/ Fax. 041-7201222

CHAIRMAN'S REVIEW

On behalf of the Board of Directors, I have pleasure in presenting the Annual Report of Kalubowitiyana Tea Factory Ltd for the year ended 31st March 2013

Kalubowitiyana Tea Factory Ltd (KTFL) was incorporated on the 30th of September 1992 as a public Company fully owned by the Government. It began commercial operations with the commencement of manufacture at the newly built CTC Tea Factory at 01st August 1994. This CTC tea factory was built with the assistance of Indian Line of Credit. Similarly the Derangala Tea Factory was re-built, again with the assistance of the Indian Line of Credit, and commenced manufacture of Orthodox teas in March 2000. Company acquired another tea factory Hiniduma Hills on lease to its network on the year 2012, thus increased the total no of factories to three. Hiniduma Hills commenced operations but is yet to add return to the Company. Therefore start up operational cost has affected the bottom line of the company. Company pre tax profit decreased to Rs. 26.9 million against profit of Rs.90.4 million

The Company has been operating on a self-financing basis since 1995. Kalubowitiyana CTC Tea Factory soon established itself as the best CTC manufacturer in the Island, maintained its position in the year under review as well.

The Company recorded a pre tax Profit of Rs.26.9 million as decreased of 70.25% over the previous year. The Company's net profit for the year is Rs21.79 million. Total production quantity of the company has increased by 8.6% compared to the last year.

The Company is entirely dependant on the Tea smallholder sector and I take this opportunity to thank them for the continuous supply of high quality standard of green leaf. In the year under review, KTFL has paid Rs.502.09 million in total, to around 2000 suppliers in Kalubowitiyana 600 in Derangala and 600 suppliers in Hiniduma, at an average rate of Rs.71.16 per kg, Rs. 64.55 per kg & Rs.65.05 per kg

I, on behalf of the Board of Directors pay a special tribute to our Head Office & factory staff.

I also extend my thanks to Honorable Minister, Secretary & staff of the Ministry of Plantation Industries, Buyers, Brokers and those who are associated with us for their unstinted support & assistance during the year under review.

Finally, I wish to express my sincere gratitude to Managing Director & all Board Members who contribute immensely towards the progress of the Company.



Donald Abeyasundara
Chairman

DIRECTOR'S REPORT

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors of Kalubowitiyana Tea Factory Limited present their report together with the Audited Financial Statement of the Company for the year ended 31st March 2013.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007, and are guided by recommended best accounting practices.

This report consists of two parts. **Part A** is a report by the board describing contents of this annual report in compliance with section 168 of the Companies Act No. 07 of 2007. **Part B** provides other information referred to.

PART A

Statement of compliance on the content of the annual report

Principal activities and business review future developments

The company is engaged mainly manufacture and marketing of CTC (Cut, tear & curled) tea and Orthodox tea. The company has only three factories in Kalubowitiyana and Derangala in Matara District and Hiniduma Hills in Galle District

A review of the company's business and its performance during the year, with comments on financial results and future strategic developments, is contained in the Chairman's review (page No.02). This report together with the financial statements reflect the state-of-affairs of the Company.

The Directors to their best of knowledge and belief confirm that the company has not engaged in any activities that contravene laws and regulations.

Financial statements

The financial statements of the company are given on page 07 to 30 .

Auditor's report

Auditors' report on the financial statements is given on page 06.

The accounting policies adopted in the preparation of the financial statements are given on pages 11 to 17 . There were no changes in the accounting policies adopted in the previous year.

Directors' remuneration

Directors' remunerations (including sitting allowances) in respect of the Company for the financial year ended 31st March 2013 are as follows;

	(Rs.)
1. Chairman	720,000.00
2. Executive Directors	655,590.00
Total	1,375,590.00

DIRECTOR'S REPORT (Contd.)

Corporate Donations

Donations made by the company during the year amounts to Rs. 1,047,405.28

Directorate

The names of the directors who held office during the financial year are given below;

Mr. Donald Abeysundara -Chairman

Mr. G.D.W. Jayawardena - Managing Director

Mr. G.D.C.Pemathne - Executive Director (Resigned on 31st December 2012)

Mr. L D Somarathne - Executive Director (Appointed on 01st January 2013)

Mrs. Indrani Sugathadasa

Mrs. Geetha Wimalaweera

Mr..W.D.Upali Wijesinghe

Mr. H.A.Abeysiri Perera (Resigned on 03rd August 2012)

Mr. D L S A Jayasinghe (Appointed on 29th November 2012)

Ven. Hewesse Upatissa Thero (Observer Member)

Directors' Interest

As far as the Directors are aware, the Directors of the company were not directly or indirectly interested in contracts of the company.

Mr.G.D.W.Jayawardena & Mrs. Indrani Sugathadasa Directors of the Company hold one share each issued as subscriber shares.

Auditors

As far as Directors are aware the auditors do not have any relationship (other than that of an auditors) or any interest in the Company. The auditors do not have any interest in the Company.

Audit Fees

The Auditors M/s Tudor V. Perera & Co. were paid Rs. 193,200.00 being the fee payable for the year 2012/2013.

PART B

Revenue

The total revenue of the company for the year is Rs.769 Mn (2012- Rs.639 Mn). An analysis of the revenue is given in note No. 27 (page 26) to the financial statements the company's revenue has increase by 20.3% compared to the previous year.

Financial Results and Appropriations

The pre tax profit for the year is Rs. 26.9Mn (2012 - Rs.90.45 Mn). The decrease in pre tax profit year on year is. 70.25%

Taxation and Statutory Payments

According to the Inland Revenue Act No. 06 of 2006 the company is liable to pay Rs. 5,112,710/=, as Income tax on the profits for the year ended 31st March 2013

All statutory payments such as EPF, ETF, Gratuity and other taxes etc. have been made up to date.

DIRECTOR'S REPORT (Contd.)

Fixed assets

Information relating to movements fixed of assets is given in Note No. 11 to the financial statement in page No.22

stated capital

The stated capital as at the end of the year is Rs. 46,375,070/= and there was no change in the stated capital during the year.

Post balance sheet events


No circumstances have arisen since the balance sheet date would require adjustment, or disclosure in the financial statements.

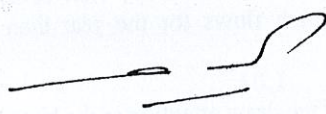
Going concern

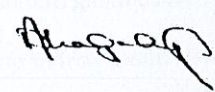
The directors consider that the company has adequate resources to adopt going concern basis in preparing the financial statements.

Environmental protection

It is the Company's policy to minimize the adverse effects on the environment, which may result from the Company's operations, and to co-operate and comply with the relevant authorities and regulations.


DONALD ABEYSUNDARA
CHAIRMAN
KALUBOWITIYANA TEA FACTORY


SARATH STEMBO
MANAGING DIRECTOR
KALUBOWITIYANA TEA FACTORY


SECRETARIES
CORPORATE SERVICES
(PVT) LTD,

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF KALUBOWITTIYANA TEA FACTORY LIMITED**

Report on the Financial Statements

We have audited the accompanying Financial Statements of Kalubowitiyana Tea Factory Limited which comprise the Statement of Financial Position as at 31st March 2013 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow for the year then ended 31st March 2013 and a summary of Significant Accounting Policies and Other Explanatory Notes.

Management's Responsibility for the Financial Statements

Management is responsible for preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls 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 misstatements.

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

Opinion

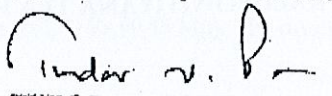
The Company has granted a loan of Rs.10 million to BCC Lanka Limited with the approval of the Board of Directors and, monthly repayments were expected to commence on 15th July 2003, but no settlements have been made by them to date and no provision has been made in full or part of same in respect of bad debts. The interest due on the above loan @ 22% per annum since July 2003, had not been provided for in the accounts.

In our opinion, so far as appears from our examination, except for any adjustments that may arise from the matter stated above, the company maintained proper accounting records for the year ended 31st March 2013 and the financial statements give a true and fair view of the company's state of affairs as at 31st March 2013 and of its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Without further qualifying our report we draw attention to the Note No. 29 of these financial statements.

Report on Other Legal & Regulatory Requirements

These Financial Statements also comply with the requirements of Section 151 (2) of the Companies Act No.7 of 2007.


TUDOR V. PERERA & CO.,
Chartered Accountants.

Colombo.
Date: 11/7/2014

Partners;
S.M.N.L. Senanayake, B.Sc. (Pub.Admin), FCA
Mrs. B.A.R.W. Senanayake, FCA
Ms. E.G.S. De Silva, ACA

M.T. Lantira

Cedric T. De Silva, FCA (Consultant)


KALUBOWITIYANA TEA FACTORY LIMITED

STATEMENT OF COMPEHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH 2013

	Notes	Rs	Cts.	2011/2012 Rs.
Revenue	3	769,483,494.35		638,941,282
Cost of Sales	4	(732,146,391.80)		(536,329,532)
Gross Profit		37,337,102.55		102,611,750
Other Operating Income	5	3,184,041.52		2,353,588
Profit before Operating Expenses		40,521,144.07		104,965,338
Administration & Establishment Expenses	6	(25,377,006.36)		(23,110,063)
Selling & Distribution Expenses	7	(1,411,169.15)		(2,169,878)
Impairment of Receivables		(2,443,153.14)		-
Profit from Operating Activities		11,289,815.42		79,685,397
Finance Income	8	15,724,583.90		11,344,158
Finance Expenses		(107,679.26)		(585,337)
		15,616,904.64		10,758,821
Net Profit before Taxation		26,906,720.06		90,444,218
Taxation	9	(5,112,710.00)		(11,182,452)
Net Profit after Taxation		21,794,010.06		79,261,766
Earnings per Share	10.1	4.70		17
Dividend per Share	10.2	-		2

			As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
	Notes	Rs Cts.		
Non Current Assets				
Property Plant & Equipment	11	157,376,326.66	117,996,850	94,859,827
Biological Assets	12	2,900,115.94	2,619,653	2,145,387
		<u>160,276,442.60</u>	<u>120,616,503</u>	<u>97,005,214</u>
Current Assets				
Inventories	13	103,723,990.62	128,929,173	70,841,546
Amounts due from Related Companies	14	10,000,000.00	10,000,000	10,000,000
Financial Assets at Amortized Cost	15	141,483,490.12	128,073,117	151,833,875
Trade & Other Receivable	16	42,136,961.23	36,287,018	31,346,482
Cash & Cash Equivalents	17	35,940,763.59	28,635,510	14,992,779
		<u>333,285,205.56</u>	<u>331,924,818</u>	<u>279,014,682</u>
Total Assets		<u>493,561,648.16</u>	<u>452,541,321</u>	<u>376,019,896</u>
Equity & Liabilities				
Capital & Reserves				
Stated Capital	18	46,375,070.00	46,375,070	46,375,070
Reserves	19	344,869,274.59	322,475,263	256,224,677
		<u>391,244,344.59</u>	<u>368,850,333</u>	<u>302,599,747</u>
Non Current Liabilities				
Sri Lanka Tea Board	20	22,465,416.00	22,465,416	22,465,416
Retirement Benefit Obligation	21	1,621,457.69	546,803	5,160,250
		<u>24,086,873.69</u>	<u>23,012,219</u>	<u>27,625,666</u>
Current Liabilities				
Creditors & Accrued Charges	22	69,426,161.77	54,036,492	45,753,992
Current Tax Liability	23	8,804,268.11	6,642,277	40,491
		<u>78,230,429.88</u>	<u>60,678,769</u>	<u>45,794,483</u>
Total Equity & Liabilities		<u>493,561,648.16</u>	<u>452,541,321</u>	<u>376,019,896</u>

We certify that the Financial Statements have been prepared in accordance with the requirements of the Companies Act No.7 of 2007


.....
Managing Director


.....
Finance Manager

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Approved & signed on behalf of the Board of Directors.


Director


Director

Colombo.

Date:

KALUBOWITTIYANA TEA FACTORY LIMITED

STATEMENT OF CHANGES IN EQUITY - FOR THE YEAR ENDED 31ST MARCH 2013

	<u>Stated Capital</u> Rs Cts.	<u>General Treasury</u> Rs Cts.	<u>Capital Reserves</u> Rs Cts.	<u>Retained Profit</u> Rs Cts.	<u>Total</u> Rs Cts.
Balance as at 01 st April 2011	46,375,070.00	23,229,000.00	-	232,995,677.63	302,599,747.63
Effect of Transition	-	-	-	-	-
Balance as at 01 st April 2011 restated	46,375,070.00	23,229,000.00	-	232,995,677.63	302,599,747.63
Effect of Transition	-	-	-	(3,020,580.00)	(3,020,580.00)
Net Profit for the Year	-	-	-	79,271,166.90	79,271,166.90
Dividends Paid	-	-	-	(10,000,000.00)	(10,000,000.00)
Balance as at 01 st April 2012	46,375,070.00	23,229,000.00	-	299,246,264.53	368,850,334.53
Net Profit for the Year	-	-	600,000.00	21,794,010.06	22,394,010.06
Dividends Paid	-	-	-	-	-
Balance as at 31 st March 2013	46,375,070.00	23,229,000.00	600,000.00	321,040,274.59	391,244,344.59

KALUBOWITTIYANA TEA FACTORY LIMITED

STATEMENT OF CASH FLOW - YEAR ENDED 31ST MARCH 2013

	Rs.	2011/2012 Rs.
Cash from Operating Activities		
Net Profit before Taxation	26,906,720	90,453,619
Adjustments for:		
Depreciation	19,006,430	14,383,436
Adjustments	(2,993,523)	-
Provision for Retirement Benefit Costs	1,075,861	1,178,743
Interest Income	(15,724,583)	(11,344,158)
Operating Profit/(Loss) before Working Capital Changes	28,270,905	94,671,640
(Increase) / Decrease in Inventory	25,205,182	(58,085,859)
(Increase) / Decrease in Trade & Other Receivables	(5,809,410)	(3,039,133)
Increase / (Decrease) in Trade & Other Payables	15,379,670	8,282,500
(Increase) / Decrease in Work in Progress	-	(2,942,036)
Cash Generated from/(Used in) Operations	63,046,347	38,887,112
Gratuity Paid	(383,800)	(631,940)
Tax Paid	(2,000,000)	(4,580,666)
Net Cash from / (Used in) Operating Activities	60,662,547	33,674,506
Cash Flows from /(Used in) Investing Activities		
Acquisition of Property, Plant & Equipment	(62,636,478)	(38,073,270)
Interest Received	15,724,583	11,344,158
Net Cash from /(Used in) Investing Activities	(46,911,895)	(26,729,112)
Net Cash from / (Used in) Finance Activities		
Dividends Paid	-	(10,000,000)
Net Cash Flows from / (Used in) Finance Activities	-	(10,000,000)
Net increase / (Decrease) in Cash & Cash Equivalents	13,750,652	(3,054,606)
Cash & Cash Equivalents at the Beginning of the Year (Note 1)	156,582,415	159,637,021
Cash & Cash Equivalents at the End of the Year	170,333,067	156,582,415
Note 1 - Cash & Cash Equivalents	Rs.	Rs.
Treasury Bills	41,106,655	42,782,945
Fixed Deposits - Peoples' Bank	87,000,000	79,000,000
Investment in Savings Account	1,125,398	1,003,709
People's Bank A/C No.204100140084885	34,674,555	25,670,328
People's Bank A/C No.204100140084911	1,017,333	1,856,556
People's Bank A/C No.204100130084961	229,033	851,269
People's Bank, A/C No.060100110000681-Derangala	5,092	102,831
People's Bank A/C No.060100100000592	2,634	150,347
Bank Of Ceylon A/C No.0006065711	2,095	-
Bank Of Ceylon A/C No.205604-Hiniduma	7,853	-
Cash in Hand	2,169	4,180
Cash in Transits	-	-
Gratuity Externally Funded	5,160,250	5,160,250
	170,333,067	156,582,415

KALUBOWITIYANA TEA FACTORY LIMITED

NOTES TO THE FINANCIAL STATEMENT YEAR ENDED 31ST MARCH 2013

1. CORPORATE INFORMATION

1.1 Kalubowitiyana Tea Factory Limited is a Limited Liability Company incorporated and domiciled in Sri Lanka, on 30th September 1992 under Companies Act No. 17 of 1982 and re - registered under the new Companies Act No.7 of 2007, on 16th June 2009.

The registered office of the company is situated at No, 70 Chairman's Office, TSHDA Building, Parliament Road, Pelawatta, Battaramulla.

Principle Activities & Nature of Operations

The principle activity of the company is cultivation, manufacturing and sale of tea from tea leafs purchased from growers and from owned estates.

1.2 Directors

The Directors present herewith the audited financial statements for the year ended 31st March 2013. The Directors are responsible for preparing and presenting the financial statements.

The Directors of the company are as follows.

Mr. Donald Abeysundara	
Mr. G.D.W. Jayawardena	
Mrs. Indranie Sugathadasa	
Mrs. Geetha Wimalaweera	
Mr..W.D.Upali Wijesinghe	
Mr. G.D.C.Pemarthne	(Resigned on 31 st December 2012)
Mr. L D Somarathne	(Appointed on 01 st January 2013)
Mr. H.A.Abeysiri Perera	(Resigned on 03 rd August 2012)
Mr. D L S A Jayasinghe	(Appointed on 29 th November 2012)

1.3 These Financial statements are presented in Sri Lanka Rupees

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement and Accounting Policies and Notes (Financial Statements) of Kalubovitiyana Tea Factory Limited, have been prepared in accordance with the accounting standards issued by the Institute of Chartered Accountants of Sri Lanka. (CA Sri Lanka)

(a) Statement of Compliance

These are the first financial statements of The Kalubovitiyana Tea Factory Limited presented in accordance with Sri Lanka Financial Reporting Standards SLFRS/LKAS effective from 1st January 2012.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the Financial Instruments disclosed at amortized cost.

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KALUBOWITTIYANA TEA FACTORY LIMITED

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH 2013

2.2.Valuation of Assets & their Bases of Measurement

2.2.1. Property, Plant & Equipment

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the asset can be measured reliably.

All property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

a) Initial Cost

The cost includes expenditure that is directly attributable to the acquisition of assets. The self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

b) Subsequent Costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The cost of improvements to or on leasehold property, is capitalised, and depreciated over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

c) Restoration Cost

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

d) Finance Leases

Property, plant & equipment on finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased items, are capitalized and disclosed as finance leases at their cash price and depreciated over the period the company is expected to benefit from the use of the leased assets. The corresponding principle amount payable to the lessor is shown as a liability. 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 outstanding balance of the liability. The interest payable over the period of the lease is transferred to an interest in suspense account. The interest element of the rental obligations pertaining to each financial year is charged to the income statement over the period of lease.

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KALUBOWITIYANA TEA FACTORY LIMITED

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH 2013

e) Operating Leases

Leases, where the lessor effectively retains substantially all of the risks and benefits of ownership over the term of the lease, are classified as operating leases. Lease payments are recognized as an expense in the income statement on straight-line basis over the term of the lease.

f) Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

g) Depreciation and Amortization

Provision for depreciation is calculated by using straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets. The estimated useful lives of assets are as follows:

Assets	Years	Rate
Buildings	20	5.0%
Motor Vehicles	4	25.0%
Plant & Machinery	8	12.5%
Equipment	8	12.5%
Furniture & Fittings	8	12.5%
Computer Software	8	12.5%
Others	8	12.5%
Tea	33	3%

The useful life and residual value of assets are reviewed, and adjusted if required at the end of each financial year.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is discontinued.

These assets residual values and useful lives are reviewed and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

2.2.2. Biological Assets

The Company recognise the biological assets when, and only when, the company controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the entity and fair value or cost of the assets can be measured reliably.

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SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH 2013

2.2.3 Financial Assets - Classification

The Company classifies its financial assets in the following categories; at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. During the reporting period and as at the balance sheet date the Company did not have financial asset classified as fair value through profit or loss, available for sale and held to maturity. All financial assets are initially recognised at fair value plus transaction cost.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprises of 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non current. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Impairment of Financial Assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. "For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the income statement."

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

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KALUBOWITIYANA TEA FACTORY LIMITED

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH 2013

2.2.4. Inventories

Inventories comprise processed, unprocessed and semi-processed agricultural produce, and other consumables. Processed, Unprocessed and semi-processed agricultural produce at the end of the financial period is considered as fully processed agricultural produce and is measured at net realizable value.

Other consumables are measured at lower of cost or net realisable value.

When the inventories are sold, the company recognises the carrying amount of those inventories as an expense in the period in which the related revenue is recognised.

2.2.5. Trade & Other Receivables

Company recognises trade receivables as financial assets in its statement of financial position when, and only when, the Company has a contractual right to receive cash or another financial asset. Trade receivables are amounts due from customers for commodities sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at fair value. After initial recognition, the Company measures trade receivables at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision for impairment of trade receivables is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss within 'other operating expenses'. The carrying amount of the asset is reduced through the use of an allowance account. When trade receivables are uncollectible, it is written off as 'other operating expenses' in profit or loss. Subsequent recoveries of amounts previously written off, are credited against 'other operating expenses' in profit or loss.

2.2.6 Cash & Cash Equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts, investments with short maturity, i.e. three months or less from the date of acquisition are also treated as cash equivalents.

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KALUBOWITIYANA TEA FACTORY LIMITED

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH 2013

2.2.7 Stated Capital

The stated capital includes the total of all amounts received by the Company or due and payable to the Company in respect of the issue of Shares and in respect of calls on Shares

2.2.8 Liabilities & Provisions

Liabilities are recognized in the balance sheet when there is a present obligation arising from past event, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable at the demand of the creditor or within one year of the balance sheet date are treated as current liabilities in the balance sheet. Liabilities payable after one year from the balance sheet date are treated as non-current liabilities in the balance sheet.

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits for which a reliable estimate could be made is required to settle the obligation.

2.2.9 Grants

Grant is recognised if there is reasonable assurance that the Company will comply with the conditions attaching to it, and that the grant will be received. Grants relating to the purchase of property, plant and equipment and biological assets are included in non-current liabilities as deferred income and are credited to the income statement on a straight line basis over the expected lives of the related assets. The grants that compensate the Company for expenses or losses already incurred are recognised in profit or loss of the period in which it becomes receivable and when the expenses are recognised.

2.2.10 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

A provision is carried forward in the balance sheet, based on a half month's salary as of the last month of the financial year, for all employees for each completed year of service, commencing from the first year of service. The gratuity liability is neither externally funded nor actuarially valued where an actuarial valuation is computed.

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

Employees are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations.

2.2.11 Income Statement

a) Revenue Recognition

The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity.

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KALUBOWITIYANA TEA FACTORY LIMITED

SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH 2013

b) Gains & Losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non current assets, including investments, are accounted for in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

c) Other Income

Other Income is recognized on an accrued basis.

d) Interest Income

Interest income is recognised using the effective interest method. Interest income on impaired loan and receivables is recognised using the original effective interest rate

e) Expenditure Recognition

Expenses are recognized in the income statement on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency have been charged to the income statement. For the purpose of presentation of the income statement, the "function of expenses" method has been adopted on the basis that it present fairly the elements of the Company.

Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred, unless they are incurred in respect of qualifying assets in which case it is capitalized.

2.2.12 Comparatives

Where necessary, comparative figures have been adjusted to conform with the changes in presentation in the current year.

2.2.13 Events Occurring after the Reporting Date

All material post Statement of Financial Position events have been considered, disclosed and adjusted where appropriate.

2.2.14 Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions concerning the future.

2.2.15 Transition to SLFRS

The financial statements for the year ended 31 March 2013 will be the first annual financial statements that comply with SLFRS. The accounting policies set out in Note 3 have been applied in preparing the financial statements for the period from 1 April 2012 to 31 March 2013 together with comparative information for the year ended 31 March 2012 and as of 1 April 2011. The company has applied SLFRS 1 in preparing these financial statements.

KALUBOWITIYANA TEA FACTORY LIMITED

NOTES TO THE ACCOUNTS - YEAR ENDED 31ST MARCH 2013

	Rs	Cts.	As at 2011/2012 Rs.
3 Revenue			
Gross Sales	767,083,690.00		636,853,813
Less: Brokerage & Sales Expenses	<u>(9,795,232.42)</u>		<u>(8,025,425)</u>
	757,288,457.58		628,828,388
 Add: Local Sales	 12,195,036.77		 10,112,894
	<u>769,483,494.35</u>		<u>638,941,282</u>
 4 Cost of Sale			
Green Leaf	502,093,914.13		443,436,387
Production Costs	154,741,901.34		114,562,525
Depreciation	<u>(5,219,907.31)</u>		<u>(3,910,200)</u>
Administration Costs	54,179,131.86		37,859,376
 Cost of Manufacturing	 705,795,040.02		 591,948,088
Movement in Finished Goods			
Balance as at Beginning of the Year	115,841,757.29		59,161,129
Balance as at the End of the Year	<u>(89,490,405.51)</u>		<u>(114,779,685)</u>
 Cost of Sale	 <u>732,146,391.80</u>		 <u>536,329,532</u>
 5 Other Income			
Sundry Income	3,184,041.52		2,353,588
	<u>3,184,041.52</u>		<u>2,353,588</u>

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5 PROFIT BEFORE TAXATION

Profit before taxation is stated after charging expenses which include

Directors' Remuneration	1,375,590.00	1,375,590.00
Audit Fees	193,200.00	171,376.00
Depreciation	2,493,586.01	4,129,424.00
Staff Costs	5,813,190.53	7,569,170.00
Impairment		
Legal fees	126,019.30	64,056.00
Donations	1,047,405.28	1,379,149.00
Staff Costs		
Staff Salaries	156,769.42	2,104,089
Gratuity	182,307.69	51,490
Allowances	2,633,026.41	2,655,849
Overtime & Holiday Payment	802,927.18	734,260
Contributions to Employee's Provident Fund	382,690.19	299,492
Contributions to Employee's Trust Fund	95,672.50	62,606
Bonus	652,000.00	564,000
Compensation	24,890.00	-
Board Member Fees	324,000.00	366,000
Staff Welfare	558,907.14	642,550
Staff Training	-	88,834
	<u>5,813,190.53</u>	<u>7,569,170.00</u>

KALUBOWITIYANA TEA FACTORY LIMITED
NOTES TO THE ACCOUNTS - AS AT 31ST MARCH 2013

6 Administration & Establishment Expenses

			2012/2013
		Rs Cts.	Rs.
Directors' Remuneration & Staff Cost	6.1	9,610,683.35	8,855,926
Travelling & Subsistence & Vehicle Hire	6.2	3,072,443.79	2,019,827
Maintenance of Office Building, Equipment and Vehicles	6.3	5,176,449.75	3,432,014
Professional Fees	6.4	436,491.28	602,294
License & Insurance	6.5	420,358.84	436,868
Printing Stationary and Postage	6.6	562,415.07	247,943
Other Administration Expenses	6.7	6,098,164.28	7,505,791
		<u>25,377,006.36</u>	<u>23,100,663</u>

6.1 Directors' Remuneration & Staff Cost

Directors' Remuneration	1,375,590.00	1,375,590
Staff Salaries	2,578,672.24	2,104,089
Gratuity	182,307.69	51,490
Allowances	2,633,026.41	2,655,849
Overtime & Holiday Payment	802,927.18	734,260
Contributions to Employee's Provident Fund	382,690.19	299,492
Contributions to Employee's Trust Fund	95,672.50	62,606
Bonus	652,000.00	564,000
Compensation	24,890.00	-
Board Member Fees	324,000.00	366,000
Staff Welfare	558,907.14	642,550
	<u>9,610,683.35</u>	<u>8,855,926</u>

6.2 Traveling & Subsistence & vehicle hire

Traveling & Subsistence- Local	358,155.00	177,022
Hire Charges	2,714,288.79	1,842,805
	<u>3,072,443.79</u>	<u>2,019,827</u>

6.3 Maintenance of Office Building, Equipment and Vehicles

Maintenance of Office Building	31,778.70	-
Maintenance of Office Equipment	442,750.12	385,189
Maintenance of Motor Vehicles	1,292,507.97	721,838
Vehicle Fuel Cost	3,409,272.96	2,323,587
Tyres , Tube & Patches	140.00	1,400
	<u>5,176,449.75</u>	<u>3,432,014</u>

6.4 Professional Fees

Professional Fees	106,014.00	302,126
Secretarial Fees	137,277.28	128,792
Audit & Tax Fees	193,200.00	171,376
	<u>436,491.28</u>	<u>602,294</u>

6.5 License & Insurance

License & Insurance	112,114.42	126,025
Insurance	308,244.42	310,843
	<u>420,358.84</u>	<u>436,868</u>

KALUBOWITIYANA TEA FACTORY LIMITED
NOTES TO THE ACCOUNTS - AS AT 31ST MARCH 2013

		2012/2013
	Rs. Cts.	Rs.
6.6 Printing, Stationary and Postage		
Printing	112,735.00	136,811
Postage	54,255.00	7,480
Stationery	378,975.07	93,202
Computer Stationery	16,450.00	10,450
	<u>562,415.07</u>	<u>247,943</u>
6.7 Other Administration Expenses		
Legal Fees	126,019.30	64,056
Depreciation	2,493,586.01	4,129,424
Battaramulla Office Expenses	1,287,217.47	1,399,529
Donations	1,047,405.28	1,379,149
Telephone	382,772.50	293,720
Newspaper & Periodicals	273,869.76	76,480
Rent	260,000.00	39,000
Electricity	116,714.17	-
New Project Expenses	73,477.00	-
Inventory Write-off	27,056.75	-
Other Utilities & Services	6,960.60	25,040
Supply & Requisition - Others	3,085.44	10,559
Staff Training	-	88,834
	<u>6,098,164.28</u>	<u>7,505,791</u>
7 Selling & Distribution Expenses		
Trade Fair & Exhibition	566,764.00	705,384
Entertainment	305,960.55	230,326
Registration Fees	3,716.00	33,840
Advertising	-	386,755
Nation Building Tax	-	453,422
Business Turnover Tax	534,728.60	360,151
	<u>1,411,169.15</u>	<u>2,169,878</u>
8 Net Finance Expenses		
Finance Income		
Interest on Fixed Deposits	11,053,880.40	7,819,637
Interest on Treasury Bills	4,429,896.35	3,248,966
Interest on Staff Loan	240,807.15	239,354
Interest on Savings Account	-	36,201
	<u>15,724,583.90</u>	<u>11,344,158</u>
Finance Expenses	<u>(107,679.26)</u>	<u>(585,337)</u>
	<u>15,616,904.64</u>	<u>10,758,821</u>

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KALUBOWITTIYANA TEA FACTORY LIMITED
NOTES TO THE ACCOUNTS - AS AT 31ST MARCH 2013

9 Taxation

Current Tax Expense

Current year	5,112,710	11,182,452	5,052,574
Adjustments	-	-	-

Deferred Tax Expense

Origination and reversal of temporary differences	87,503	1,395,665	6,357,932
Reduction in Tax rate		(4,541,380)	
Recognition of Previously Unrecognized Tax Losses			

Total Tax Expense

	87,503	(3,145,715)	6,357,932
	5,200,213	8,036,737	11,410,506

Tax Assets

Withholding Tax	1,011,956	887,000	864,247
V.A.T. Recoverable			
Economic Service Charge Tax Receivable		1,643,482	1,385,569
Provision for unrecoverable balances			
	1,011,956	2,530,482	2,249,816

In accordance with the Inland Revenue Act No. 10 of 2006, and subsequent amendments there to, the company with taxable profit is liable to Income Tax @ 10% (If taxable profit is less than Rs.5,000,000/- tax rate 10%)

Reconciliation between current tax expenses /(income) and the accounting profit/(loss)

Accounting Profit/(Loss)	26,965,647	90,453,619	30,539,589
Aggregate Disallowable Items	21,759,323	16,941,327	13,594,189
Aggregate Allowable Expenses	(28,735,595)	(17,000,698)	(14,292,146)
Aggregated Allowable Income	-	-	-
Aggregated Disallowable Income	(15,724,584)	(11,344,158)	(13,993,659)
	4,264,791	79,050,090	15,847,973
Less: Exempted Profit			
Recognition of previously unrecognized			(15,847,973)
Taxable Profit/(Loss)	4,264,791	79,050,090	-
Income not part of previously un recognized	16,736,539	11,705,154	14,435,926
Taxation thereon @ 10%	426,479	7,905,009	
Taxation thereon @ 28%	4,686,231	3,277,443	5,052,574
Taxation provided for in the accounts	5,112,710	11,182,452	5,052,574

Deferred Tax

* Deferred tax has been computed at the rate of 10% Deferred Tax Liabilities

Related to depreciation charges	249,648	3,266,897	8,164,019
Deferred tax assets			
Related to gratuity provision	(162,145)	54,680	(1,806,087)
Related to tax losses			
Reflected in the Statement of Financial Position	87,503	3,321,577	6,357,932

* The deferred tax asset arising from tax losses and other temporary differences had not been recognized in the financial statements for the year ended 31st March 2013 since it is not expected that taxable profit will be available immediately to utilize such deductible temporary differences.

10 Earning Per Share/ Dividend Per Share

10.1 Earning per Share

The basic earnings per share is based on profits attributable to the ordinary shareholders divided by the weighted average number

Net Profit for the year	21,794,010.06	79,261,766
Weighted average number of shares	4,637,507	4,637,507
Basic Earning per Share	4.70	17

10.2 Dividend per Share

Dividend for the Year	-	10,000,000
Number of Shares	4,637,507	4,637,507
Dividend per Share	-	2

KALUBOWITTIYANA TEA FACTORY LIMITED

NOTES TO THE ACCOUNTS - AS AT 31ST MARCH 2013

11 Property, Plant & Equipment

Cost/Valuation	Free Hold								Work in Progress	Totals
	Land	Buildings	Plant & Machinery	Equipment	Furniture & Fittings	Tools	Motor Vehicles	Conctruction of Road & Other		
Cost										
Cost as at 01.04.2011	1,950,621	139,829,381	145,477,050	7,893,712	2,725,029	427,627	15,797,812	632,506	1,857,209	316,590,947
Additions	-	17,847,094	1,701,882	1,294,289	896,762	23,500	12,929,600	3,380,143	2,393,363	40,466,632
Disposals	-	-	-	-	-	-	-	3,020,581	-	3,020,581
Cost as at 31.03.2012	1,950,621	157,676,475	147,178,932	9,188,001	3,621,791	451,127	28,727,412	992,068	4,250,572	354,036,998
Additions	600,000	33,797,317	21,997,180	3,652,484	1,370,809	119,518	234,620	864,550	712,616	63,349,094
Disposals/Transfers	-	-	-	-	-	-	-	-	4,963,188	4,963,188
Cost as at 31.03.2013	2,550,621	191,473,792	169,176,111	12,840,485	4,992,600	570,644	28,962,032	1,856,618	-	412,422,904

Accumulated Depreciation	Free Hold								Work in Progress	Totals
	Land	Buildings	Plant & Machinery	Furniture & Fittings	Equipment	Tools	Motor Vehicles	Conctruction of Road & Other		
Accumulate depreciation as at 01.04.2011	-	68,811,343	135,358,018	4,656,616	1,693,045	319,008	10,561,008	257,674	-	221,656,713
Current Year Depreciation	-	7,334,550	2,381,179	708,201	213,060	22,344	3,394,298	329,803	-	14,383,435
Accumulated depreciation as at 31.03.2012	-	76,145,893	137,739,196	5,364,818	1,906,105	341,352	13,955,306	587,477	-	236,040,148
Current Year Depreciation	-	9,256,624	3,317,094	1,039,701	383,848	35,983	4,831,795	141,384	-	19,006,430
Accumulated depreciation as at 31.03.2013	-	85,402,517	141,056,291	6,404,519	2,289,953	377,335	18,787,101	728,862	-	255,046,578
Net book value as at 01.04.2011	1,950,621	71,018,038	10,119,032	3,237,096	1,031,984	108,619	5,236,804	374,832	1,857,209	94,934,234
Net book value as at 31.03.2012	1,950,621	81,530,582	9,439,735	3,823,183	1,715,685	109,775	14,772,106	404,591	4,250,572	117,996,850
Net book value as at 31.03.2013	2,550,621	106,071,275	28,119,821	6,435,966	2,702,647	193,309	10,174,931	1,127,756	-	157,376,326

KALUBOWITIYANA TEA FACTORY LIMITED
NOTES TO THE ACCOUNTS - AS AT 31ST MARCH 2013

		As at 31.03.2012	As at 31.03.2011
	Rs Cts.	Rs.	Rs.
12 Biological Assets			
Balance Brought Forward	2,900,115.94	2,619,653	2,145,387
Additions			
Fair Value Adjustments			
Balance Carried Forward	<u>2,900,115.94</u>	<u>2,619,653</u>	<u>2,145,387</u>
Kalubowitiyana, Derangala and Hiniduma Hills recognise managed trees as biological assets and managed trees consist of commercial timber plantations cultivated on estates and tea bushes in factory premises.			
13 Inventories			
Raw Materials			
Food and Beverage	10,970,027.86	11,893,192	10,167,189
Growing Crop Nurseries			
Work in Progress			
Finished Goods	88,766,962.50	114,779,685	59,533,183
Consumable Stocks	349,987.63	210,662	170,905
General & Other	<u>3,637,012.63</u>	<u>2,045,634</u>	<u>970,269</u>
	<u>103,723,990.62</u>	<u>128,929,173</u>	<u>70,841,546</u>
Inventories are not pledged against Borrowings			
14 Amounts due from Related Companies			
BCC Lanka Limited	10,000,000.00	10,000,000	10,000,000
Less: Impairment	-	-	-
	<u>10,000,000.00</u>	<u>10,000,000</u>	<u>10,000,000</u>
15 Financial Assets at Amortized Cost			
Treasury Bills	41,260,429.58	42,782,946	42,736,734
Fixed Deposits - People's Bank	87,000,000.00	79,000,000	101,000,000
Savings Accounts - People's Bank	1,125,398.25	1,003,709	907,508
Interest Receivable	<u>12,097,662.29</u>	<u>5,286,462</u>	<u>7,189,633</u>
	<u>141,483,490.12</u>	<u>128,073,117</u>	<u>151,833,875</u>
16 Trade & Other Receivable			
Trade Debtors	18,997,944.20	15,862,393	14,733,983
Staff Debtors	3,919,998.03	4,540,520	4,782,992
Deposits	987,975.00	932,975	732,975
Advances and Prepayments	18,621,456.10	12,883,170	9,781,107
Non Moving Balances	2,387,177.75	2,387,176	1,588,625
Other debit balances	<u>56,662.71</u>	<u>71,883</u>	<u>117,899</u>
	<u>44,971,213.79</u>	<u>36,678,117</u>	<u>31,737,581</u>
Less: Provision for Bad Debts	<u>(2,834,252.56)</u>	<u>(391,099)</u>	<u>(391,099)</u>
	<u>42,136,961.23</u>	<u>36,287,018</u>	<u>31,346,482</u>
17 Cash & Cash Equivalents			
People's Bank A/C No.204100140084885	34,674,554.99	25,670,328	5,163,378
People's Bank A/C No.204100140084911	1,017,332.65	1,856,556	1,257,448
People's Bank A/C No.204100130084961	229,032.82	851,269	1,180,681
People's Bank A/C No.060100110000681	5,091.57	102,830	5,059,108
People's Bank A/C No.060100100000592	2,634.30	147,047	414,192
Bank Of Ceylon A/C No.0006065711	2,095.19	3,300	3,335
Bank Of Ceylon A/C No.205604-Hiniduma	7,852.60	-	-
Cash in Hand	2,169.47	4,180	122
Cash in Transits	-	-	1,116,054
Cheque Return	-	-	798,461
	<u>35,940,763.59</u>	<u>28,635,510</u>	<u>14,992,779</u>

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KALUBOWITIYANA TEA FACTORY LIMITED

NOTES TO THE ACCOUNTS - AS AT 31ST MARCH 2013

		As at 31.03.2012	As at 31.03.2011
18 Stated Capital			
No. of Ordinary Shares Issued & Fully Paid	4,637,507	4,637,507	4,637,507
	Rs Cts.	Rs.	Rs.
Ordinary Share Capital Issued & Fully Paid	46,375,070.00	46,375,070	46,375,070
19 Reserves			
Grant - General Treasury	23,229,000.00	23,229,000	23,229,000
Capital Reserves	600,000.00	-	-
Profit & Loss Account	321,040,274.59	302,266,844	232,995,677
	344,869,274.59	325,495,844	256,224,677
20 Deferred Income and Capital Grants			
At the Beginning of the Year	22,465,416.00	22,465,416	22,465,416
Additions During the Year	-	-	-
Amortized During the Year	-	-	-
At the End of the Year	22,465,416.00	22,465,416	22,465,416
Funds received from Ceylon Tea Board to acquire capital assets at the commencement of operations in Kalubowitiyana Tea Factory. Amounts spent are capitalized under relevant Property Plant and Equipment account. This balance is not amortized as the company Kalubowitiyana Factory. intend to settle this when it disposes.			
21 Retirement Benefit Obligation			
Present value of Defined Benefit Obligation			
Fair Value of Plan Asset	5,160,250.00	5,160,250	5,160,250
	5,160,250.00	5,160,250	5,160,250
21.1 Movement in fair value of the Plan Asset			
At the beginning of the year	5,160,250.00	5,160,250	-
Contributions paid to Plan Asset			5,160,250
Benefits paid during the year			
Fair value increase			
At the end of the year	5,160,250.00	5,160,250	5,160,250
21.1 Movement in the Present Value of Defined Benefit Obligation			
At the Beginning of the Year	5,707,053.00	5,160,250	6,055,120
Current Service cost			
Interest Cost			
Actuarial Gain/Loss			
Provision for the Year	1,458,454.69	1,178,743	1,031,550
Payments during the Year	(383,800.00)	(631,940)	(1,926,420)
At the End of the Year	6,781,707.69	5,707,053	5,160,250
21.2 Expenses recognised in the Statement of Comprehensive Income			
Current Service Costs			
Interest on Obligation	1,621,457.69	546,803.00	-
21.3 Actuarial Assumptions			
22 Creditors & Accrued Charges			
Bought Leaf Suppliers	24,617,149.37	27,633,989	23,559,407
Trade Creditors	28,999,246.91	15,391,285	14,113,580
Service Contractors	3,687,747.70	3,222,773	1,551,242
Staff Creditors	2,149,293.97	1,381,974	1,305,322
Accrued Expenses	9,182,680.04	5,635,576	4,453,546
Unclaimed Balances	301,619.19	296,599	296,599
Suspense & Other Credit Balances	488,424.59	474,296	474,296
	69,426,161.77	54,036,492	45,753,992

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KALUBOWITTIYANA TEA FACTORY LIMITED
NOTES TO THE ACCOUNTS - AS AT 31ST MARCH 2013

23 Current Tax Liability	Rs Cts.	As at	As at
		31.03.2012	31.03.2011
		Rs.	Rs.
Balance as at Beginning of the Year			
Add: Provision for the Year	6,194,050.67	(318,261)	1,881,166
Withholding Tax Payable	5,112,710.00	11,182,452	5,128,363
ESC Payable	1,200.01	1,200	1,200
	-	447,026	357,552
Less: Payments made during the Year	11,307,960.68	11,312,417	7,368,281
Y/A 2011/2012	(2,000,000.00)	(2,171,273)	(5,425,310)
Withholding Tax Paid			
Economic Service Charge Paid	(503,692.57)	(887,000)	(421,979)
Social Responsibility Levy	-	(1,611,867)	(1,385,569)
Balance as at End of the Year	-	-	(94,932)
	<u>8,804,268.11</u>	<u>6,642,277</u>	<u>40,491</u>

24 Capital Expenditure & Commitments

Land	600,000.00	-	-
Buildings	33,797,317.41	17,847,094	21,227,264
Plant & Machinery	21,997,179.79	1,701,882	5,064,024
Equipment	3,652,484.77	1,294,290	1,810,436
Furniture & Fittings	1,370,809.15	896,762	750,802
Tools	119,517.00	23,500	43,095
Motor Vehicles	234,620.00	12,929,600	6,120,270
Other	864,550.15	33,800,143	370,960
	<u>62,636,478.27</u>	<u>68,493,271</u>	<u>35,386,851</u>

25 Contingent Liability

Pending Legal cases

i) A labour case has been filed (Case No. LT/KP/34/18/07) at the Kotapola Labour Tribunal by Mr. G. Premachandra against the company pleading the courts to restate him at his duties stating his dismissal from the services is unfair.

ii) A labour case has been filed (Case No. LT/KP/34/19/07) at the Kotapola Labour Tribunal by Mr. L.S. Wijayamanna against the company pleading the courts to restate him at his duties stating his dismissal from the services is unfair.

iii) A labour case has been filed (Case No. LT/KP/34/01/13) at the Kotapola Labour Tribunal by Mr. Jayantha Abeyathunga against the company pleading the courts to restate him at his duties stating his dismissal from the services is unfair. A further case has been filed (Case No. HRC/MT/70/13/S) in the Human Rights Commission of Sri Lanka, regarding this issue.

26 Event After the Reporting Date

There have been no material events occurred after the reporting date, that require adjustments to or disclosures in the financial statements, except for the proposed dividend on Note 10.2 to these Financial Statements.

KALUBOWITIYANA TEA FACTORY LIMITED

NOTES TO THE ACCOUNTS - AS AT 31ST MARCH 2013

27. Operating Segment

27.1 Sales	Head Office Rs Cts	Kalubowitiyana		Derangala		Hiniduma Hills		Total Rs Cts	2011/2012 Rs.
		Factory Rs Cts		Factory Rs Cts		Factory Rs Cts			
Gross Sales	-	596,562,730.00		112,488,670.00		58,032,290.00		767,083,690.00	636,853,813
Less: Brokerage & Sales Expenses	-	(6,932,731.74)		(1,884,012.01)		(978,488.67)		(9,795,232.42)	(8,025,425)
	-	589,629,998.26		110,604,657.99		57,053,801.33		757,288,457.58	628,828,388
Add: Local Sales	3,899,115.00	6,303,776.77		1,767,343.00		224,802.00		12,195,036.77	10,112,894
	3,899,115.00	595,933,775.03		112,372,000.99		57,278,603.33		769,483,494.35	638,941,282

27.2 Cost of Sales - Kalubowitiyana, Derangala & Hiniduma Hills

Bought Leaf	Rs Cts	Rs Cts		Rs Cts	Rs Cts	Rs Cts	Rs
Manufacturing Cost							
Production Cost	2,303,297.25	113,949,961.85		22,642,707.74	15,845,934.50	154,741,901.34	114,562,525
General Charges	3,411,109.53	28,782,171.75		14,801,661.70	7,184,188.88	54,179,131.86	37,859,376
	5,714,406.78	509,992,287.19		117,709,011.21	77,599,242.15	711,014,947.33	595,858,288
Less: Depreciation (over)/under charges	-	(5,688,719.67)		138,808.31	330,004.05	(5,219,907.31)	(3,910,200)
Cost of Production	5,714,406.78	504,303,567.52		117,847,819.52	77,929,246.20	705,795,040.02	591,948,088
Add: Opening Stock	1,062,072.29	94,193,920.00		20,585,765.00	-	115,841,757.29	59,161,129
Less: Closing Stock	(723,443.01)	(50,664,240.00)		(21,314,695.00)	(16,788,027.50)	(89,490,405.51)	(114,779,685)
	6,053,036.06	547,833,247.52		117,118,889.52	61,141,218.70	732,146,391.80	536,329,532

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NOTES TO THE ACCOUNTS - AS AT 31ST MARCH 2013

28 Related Party Disclosures

with its subsidiary company, affiliate Companies and with its Directors.

28.1. Transactions with Key Management Personnel

Key management personnel are persons who have authority and responsibility directly or indirectly for planning, directing and controlling the activities of the company.

The key management personnel comprise of the Board of Directors of the reporting entity.

28.1.1. The Compensation of KMPs are disclosed in Note 6 to the Accounts

28.1.2. No loans were given to Key Management Personnel during the Year.

28.1.3. The shareholding of the Key management personnel together with their close family members
- Not applicable

28.1.4. The names of the Directors of the Company, who are also Directors of other companies:
- Not applicable

28.2. Transactions with Close Family Members

Close family members are those who may be expected to influence or be influenced in their dealings with the company.

There were no transactions with the close family members during the Year.

28.3. Dealing with Subsidiaries, Associates and Joint Venture - Not applicable

28.3.1. The outstanding balances with related parties -Not applicable

28.3.2. The guarantees taken by the company during the Year.

29

The annual fee to the Board of Investment of Sri Lanka has neither paid nor provided for in the statement of accounts, in the financial years 2006/2007 to 2012/2013. The company has written to the Board of Investment in Sri Lanka for the cancellation of the BOI Agreement entered into. However

KALUBOWITTIYANA TEA FACTORY LIMITED
DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2013

1 Trade & Other Receivable

1.1 Trade Debtors

Rs. Cts.

Bought Leaf Suppliers Debts	579,587.26
Bought Leaf Suppliers Loan	221,933.35
Bought Leaf Loan	-
Fertilizer Debtors	2,548,543.61
Trade Debtors	15,647,879.98
	<u>18,997,944.20</u>

1.2 Staff Debtors

Checkroll Debts	54,642.28
Check Roll Loan	18,825.06
Distress Loan	3,670,702.95
Festival Advance	175,827.74
	<u>3,919,998.03</u>

1.3 Deposits

Deposit Receivables	987,975.00
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Prepayments and Advances

PAYE Tax Recoverable	4,801.00
Pre Payments	2,258,099.28
Other Advances	15,364,201.99
Chandana Engineering	106,250.00
Eastern Trading	6,229.42
Kotapola MPCs	323,445.75
Sundry Debtors	314,326.65
St Regis Packaging	115,327.44
P A Ariyadasa & Sons	-
Sri Lanka Telecom	10,962.06
MPCS Agalawatta	-
Lorry JJ - 1961	91,462.51
WHMU Priyantha	26,350.00
	<u>18,621,456.10</u>

1.4 Non Moving Balances

Lorry 226 - 1532	42,833.93
Survey Department	42,511.88
Rice Supplier	1,100.00
Bank Loan Neluwa	9,370.00
Tea Small Hold. Dev. Authority	18,931.25
T.G. Hemachandra	27,258.70
Sunil Trade Enterprises	26,920.30
Siripura Traders	45,457.75
Silk and Allied Products Development Authority	451,547.30
Lalitha Trade Center	4,585.00
Kandy Transport	350.00
Jayasekara Motors	8,260.40
Jayakody Filling Station	984.38
Iddamalgoda Commercial Co.	174,626.00
Helix Engineering	224,958.45
Divisional Secretariat	3,238.00
Over Paid Insurance	120.09
Asha Agencies	63,444.51
Asia Siyaka Commodity Limited	434,924.00
Somerville & Company	798,461.15
Lent Labour	1,128.46
Staff Salary Debts	6,166.20
	<u>2,387,177.75</u>

1.5 Other Debit balances

Suspense's A/C	55,975.39
Stock Purchases Suspense	687.32
	<u>56,662.71</u>
	<u>44,971,213.79</u>
Provision for Bad & Doubtful Debts	<u>(2,834,252.56)</u>
	<u>42,136,961.23</u>

KALUBOWITIYANA TEA FACTORY LIMITED
DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2013

2 Creditors & Accrued Charges

2.1 Bought Leaf Creditors

Bought Leaf

Rs. Cts.

2.2 Trade Creditors

24,617,149.37

A. Baur & Company	1,497,830.00
Abans Ltd	8,030.00
Allied Commercial	978,197.14
Agstar Fertilizer A/C	215,297.60
Abyewickrama Stores	19,984.45
Bour Fertilizer	3,419,250.00
C.I.C. Fertilizer	4,424,425.04
C.I.C. Crop Guard	44,208.80
C.I.C. Paultry Farm	36,422.00
Ceylon Fertilizer	250,000.00
Chandana Engineering	234,715.00
Eastera Trading Agency	-
Kotapola MPCs	-
Kotapola Hardware	457.00
Morawake Hardware	25,227.50
P A Ariyadasa & Son	56,225.00
S.L.N. Sangamaya	2,360.00
Singer Sri Lanka Ltd	49,257.00
Sundry Creditors	15,119,609.32
St Regis Packaging	260,363.94
Thanuja Hardware	8,040.00
A.W. Ranasinghe	-
Ariyasiri Hardware	300.00
Ceylon Paper Sack Ltd.	116,427.64
Ceylon Petroleum Co. A/C	173,580.00
Colombo Commercial	18,657.40
Colombo Agro Fertilizer Ltd.	10,233.10
Eagle Traders	54,750.79
Folcan Enterprises	25,700.00
Hettiarachchi Hardware	365.20
Helix Engineering	2,136.00
Jayakody Filling Station	74,569.19
Jayasekara Motors	5,285.00
Kala Motors	19,000.00
Lanka Sathosa	505,389.00
Rent Payable BCC Lanka Ltd.	750,000.00
Southern Eng. Co Ltd	3,257.00
Sponsorship	5,000.00
Fire Wood Contractors	578,050.00
Vithanage (Pvt) Ltd	4,785.00
Quikpack (Pvt) Ltd	1,861.80
	<u>28,999,246.91</u>

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KALUBOWITTIYANA TEA FACTORY LIMITED
DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH 2013

2.3 Service Contractor Payments

Rs. Cts.

Green Leaf Transport	1,792,157.57
Leaf Bag Spreading Contractors	-
Leaf Bag Unloading Contractors	51,579.32
Leaf Bag Loading Contractors	35,708.76
Sundry Contractors	27,480.00
Retention Payable	1,780,822.05
	<u>3,687,747.70</u>

2.4 Staff Creditor

Check Roll	1,772,716.97
Provision for Holiday Wages	225,106.16
Staff Overtime	151,470.84
	<u>2,149,293.97</u>

2.5 Accrued Expenses

Accrued Expenses	3,978,670.40
Ceylon Planters Provident Society	10,704.61
Ceylon Electricity Board	2,305,279.28
Coconut Suppliers	770.00
Cancel Cheque	2,475.78
Deposit Payable	175,000.00
Employees' Provident Fund	1,334,344.83
Employees' Trust Fund	181,058.08
Filling Station	5,075.66
G.W. Sriyaratne	4,520.00
General Engineering Services	240,619.36
Insurance Payable	89,786.04
Lory Diesel	1,231.07
Nation Building Tax Payable	48,957.16
Print Pack	20,487.83
Tudor V.Perera & Co	374,219.00
PAYE	43,117.00
Turnover Tax	-
Seline Trading	5,421.00
Stamp Duty Payable	784.50
Professional Fees	10,000.00
Stamps	29,106.00
Sri Lanka Telecom	4,710.00
Sundry Abetment	65,695.79
Sundry Transport	210.75
Shantha Estates	12,512.50
Sunil Trade Enterprises	11,925.00
Tea Shakthi Fund	45,000.00
Welfare Society	173,500.00
Unidil Paper Sack	7,498.40
	<u>9,182,680.04</u>

2.6 Other Credits

Suspense Account	474,295.53
Tea Short Delivery	11,129.06
Bank Saving A/c	3,000.00
	<u>488,424.59</u>

2.7 Unclaimed Balances

Unclaimed Checkroll Wages	29,436.15
Unclaimed Insurance	3,750.00
Unclaimed Sundry Transport	3,522.25
Unclaimed Bought Leaf Suppliers	196,524.07
Unclaimed Salaries & Wages	68,386.72
	<u>301,619.19</u>
	<u>69,426,161.77</u>

Contd

FACTORY INFORMATION

	<u>Kalubowitiyana CTC Tea Factory</u>	<u>Derangala Tea Factory</u>
District	: Matara	Matara
Sub District	: Morawaka	Morawaka
Village	: Kalubowitiyana	Kiriwelkelle
Elevation	: Low Country	Low Country
Trade Mark	: Kalubowitiyana	Derangala / Kiriwelkelle
Type of Production	: CTC Teas	Orthodox Teas
Human Resources	: Superintendent Asst.Superintendent Office Staff Factory Staff Labour	Manager Asst.Manager Office Staff Factory Staff Labour

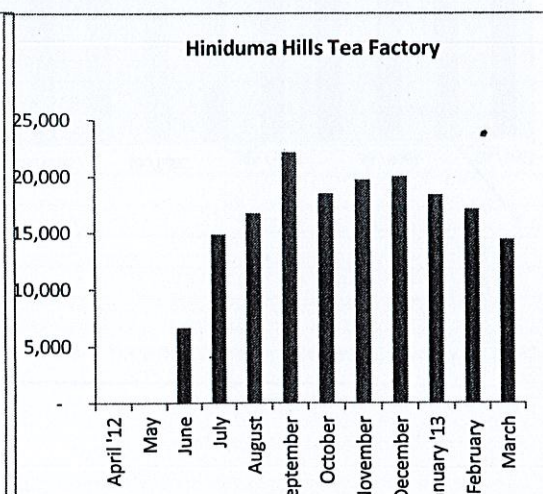
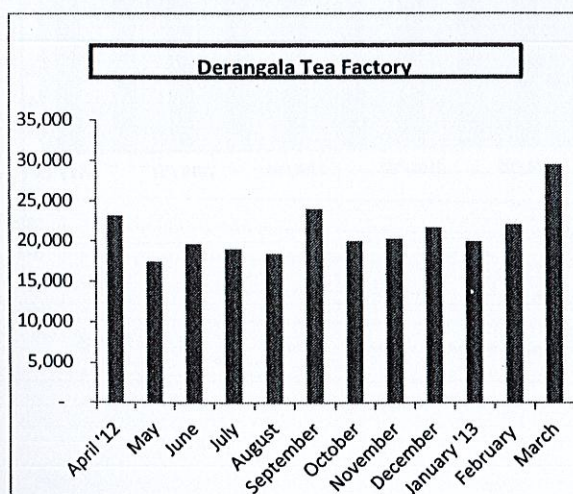
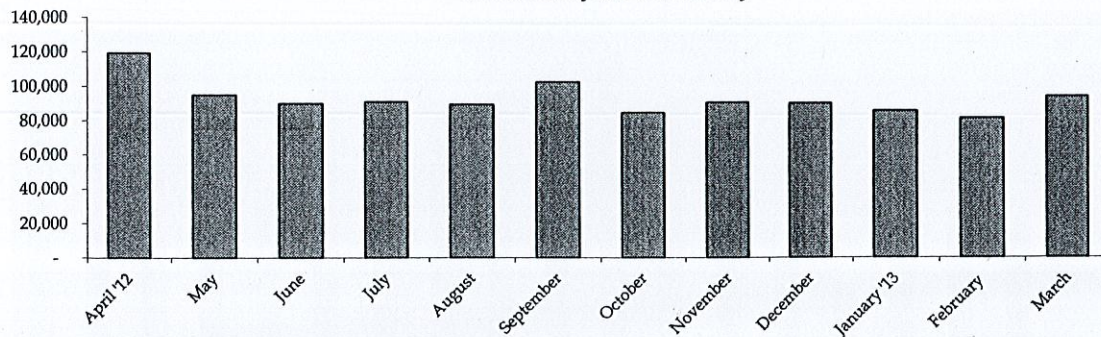
	<u>Hiniduma Hills Tea Factory</u>
District	Galle
Sub District	Thawalama
Village	Jasmine valley
Elevation	Low Country
Trade Mark	Hiniduma Hills / Thawalama Hills
Type of Production	Orthodox Teas
Human Resources	Actg.Manager Asst.Manager Office Staff Factory Staff Labour

DETAILS OF MONTHLY PRODUCTION OF TEA - 2012/'13

Month	Kalubowitiyana Tea Factory Kg.	Derangala Tea Factory Kg.	Hiniduma Hills Tea Factory Kg.	Total Kg.
April '12	119,282	23,147		142,429
May	94,843	17,458		112,301
June	89,820	19,610	6,649	116,079
July	90,746	18,986	14,868	124,600
August	89,265	18,368	16,763	124,396
September	102,236	23,966	22,104	148,306
October	84,445	19,937	18,483	122,865
November	90,379	20,214	19,694	130,287
December	89,813	21,626	19,985	131,424
January '13	85,410	19,914	18,364	123,688
February	81,054	22,008	17,111	120,173
March	93,614	29,472	14,404	137,490
Total	1,110,907	254,706	168,425	1,534,038

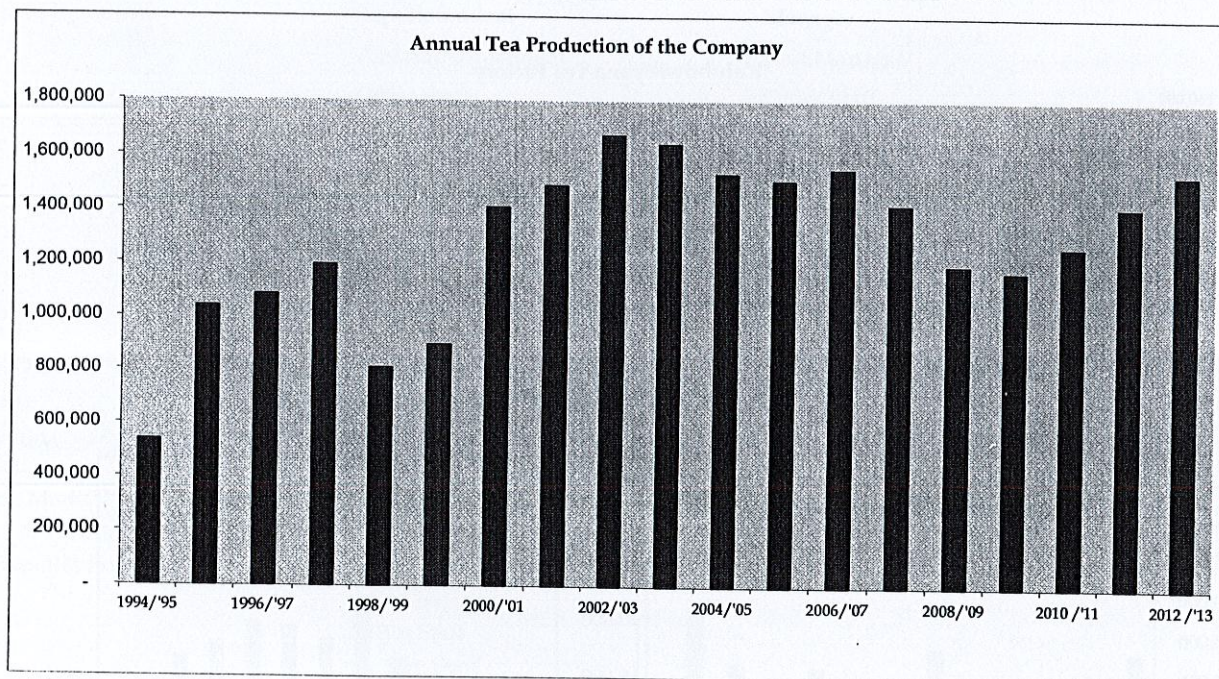
Monthly Made Tea Production 2012/'13

Kalubowitiyana Tea Factory



DETAILS OF ANNUAL PRODUCTION OF TEA

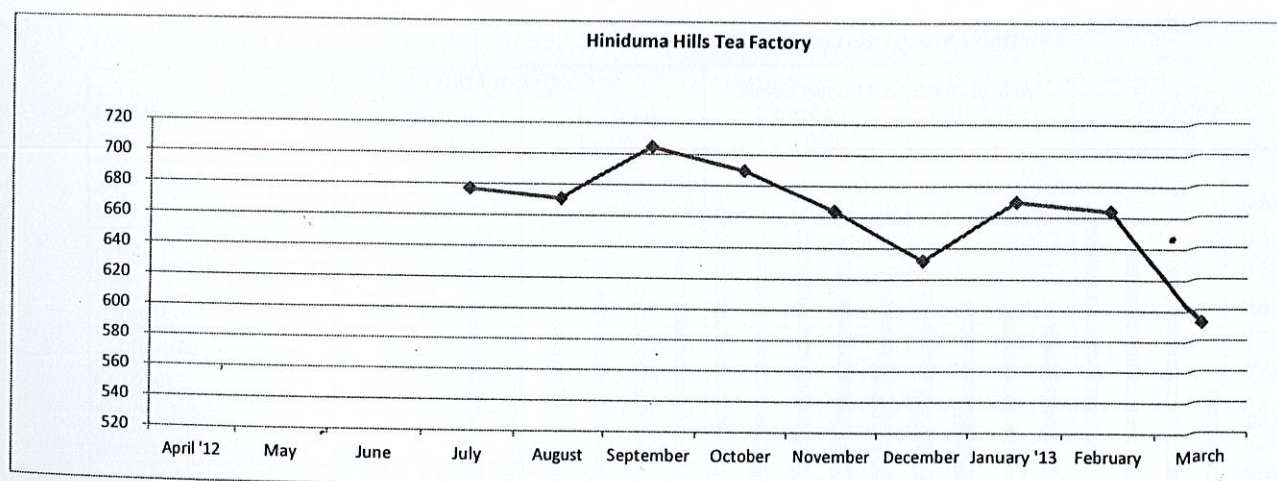
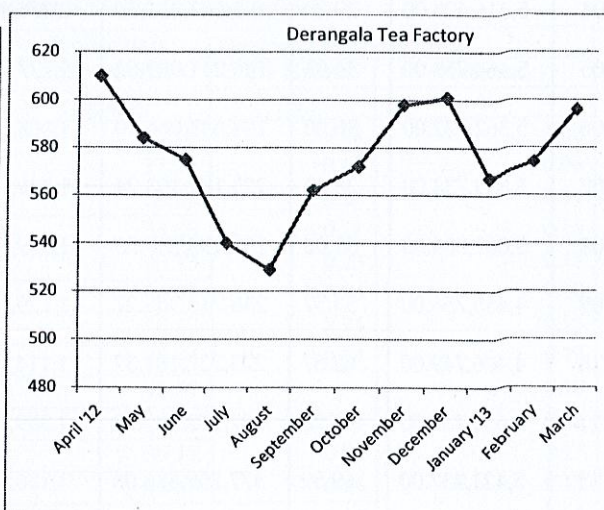
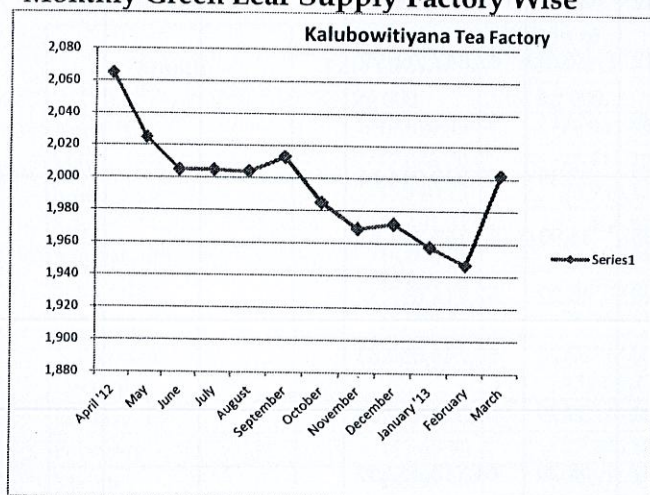
Year	Kalubowitiyana Tea Factory Kg	Derangala Tea Factory Kg	Hiniduma Hills Tea Factory Kg	Total Kg
1994/'95	536,780	-		536,780
1995/'96	1,038,739	-		1,038,739
1996/'97	1,082,973	-		1,082,973
1997/'98	1,194,418	-		1,194,418
1998/'99	809,741	-		809,741
1999/'00	884,197	14,584		898,781
2000/'01	914,433	494,894		1,409,327
2001/'02	954,905	536,601		1,491,506
2002/'03	1,039,447	636,762		1,676,209
2003/'04	1,154,969	488,915		1,643,884
2004/'05	1,173,659	361,154		1,534,813
2005/'06	1,161,031	348,651		1,509,682
2006/'07	1,272,903	278,828		1,551,731
2007/'08	1,097,681	320,512		1,418,193
2008/'09	967,631	227,617		1,195,248
2009/'10	950,347	222,824		1,173,171
2010 /'11	994,746	269,314		1,264,060
2011 /'12	1,170,972	240,901		1,411,873
2012 /'13	1,110,907	254,706	168,425	1,534,038
Total	19,510,479	4,696,263	168,425	24,375,167



DETAILS OF MONTHLY GREEN LEAF INTAKES 2012/'13

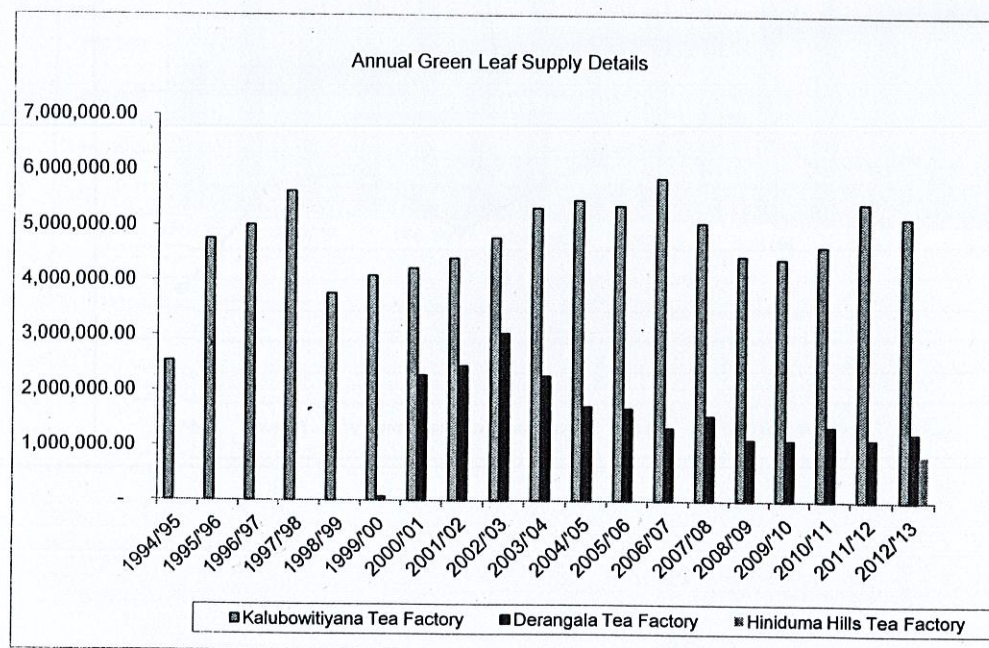
Month	Kalubowitiyana Tea Factory		Derangala Tea Factory		Hiniduma Hills Tea Factory		Total	
	No. of Suppliers	Qty - supplied kg	No. of Suppliers	Qty - supplied kg	No. of Suppliers	Qty - supplied kg	No. of Suppliers	Qty - supplied kg
April '12	2,065	553,256	610	115,160			2,675	668,416
May	2,025	437,067	584	86,853			2,609	523,920
June	2,005	416,222	575	95,376		31,040	2,580	511,598
July	2,005	419,710	540	90,408	677	72,600	2,545	510,118
August	2,004	414,034	529	87,382	671	77,896	2,533	501,416
September	2,013	477,742	562	117,192	705	112,663	2,575	594,934
October	1,985	398,330	572	98,697	690	90,072	2,557	497,027
November	1,969	419,200	598	98,603	664	96,071	2,567	517,803
December	1,972	416,190	601	107,589	632	97,041	2,573	523,779
January '13	1,958	396,149	567	97,141	670	92,465	2,525	493,290
February	1,947	375,945	574	108,681	664	85,435	2,521	484,626
March	2,002	437,456	596	140,339	592	79,325	2,598	577,795
Total		5,161,301		1,243,421		834,608		6,404,722

Monthly Green Leaf Supply Factory Wise



DETAILS OF ANNUAL GREEN LEAF INTAKES

Year	Kalubowitiyana Tea Factory			Derangala Tea Factory			Hiniduma Hills Tea Factory		
	Quantity kg	Rate Rs.	Amount Paid Rs.	Quantity kg	Rate Rs.	Amount Paid Rs.	Quantity kg	Rate Rs.	Amount Paid Rs.
1994/'95	2,539,978.00	11.65	29,587,982.13	-	-	-			
1995/'96	4,758,850.00	13.50	64,251,776.63	-	-	-			
1996/'97	5,011,298.00	16.76	83,946,849.41	-	-	-			
1997/'98	5,619,161.00	21.49	120,746,103.55	-	-	-			
1998/'99	3,764,498.00	20.99	79,009,251.87	-	-	-			
1999/'00	4,092,958.00	20.54	84,059,716.54	68,377	21.00	1,435,917.00			
2000/'01	4,225,019.00	24.73	104,493,119.37	2,283,999	23.21	53,001,315.79			
2001/'02	4,406,549.00	25.76	113,531,489.13	2,452,187	23.33	57,224,296.34			
2002/'03	4,779,581.00	27.06	129,321,153.69	3,042,878	22.67	68,985,911.36			
2003/'04	5,316,428.00	29.28	155,642,831.99	2,274,012	23.82	54,158,850.23			
2004/'05	5,464,753.00	34.08	186,241,089.52	1,727,312	27.70	47,847,765.77			
2005/'06	5,362,732.00	36.30	194,683,064.10	1,688,298	29.11	49,302,770.60			
2006/'07	5,859,734.00	38.43	225,182,103.24	1,339,562	32.28	43,239,914.14			
2007/'08	5,061,084.00	51.08	258,498,237.53	1,559,138	46.93	73,165,311.51			
2008/'09	4,455,756.00	53.57	238,716,305.27	1,129,629	46.22	52,214,017.57			
2009/'10	4,406,749.00	62.57	275,722,181.37	1,114,004	57.22	63,746,050.83			
2010/'11	4,634,137.00	66.28	307,172,293.98	1,359,341	59.29	80,593,192.05			
2011/'12	5,421,437.00	69.59	377,269,886.08	1,136,937	58.20	64,713,552.59			
2012/'13	5,161,301.00	71.16	367,260,153.59	1,243,421	64.55	80,264,641.77	838,887.00	65.05	54,569,118.77



COMPARISON DETAILS - PRODUCTION

Contribution to Low Grown CTC Production & National CTC Production

Month	CTC		Production of KTF *	Contribution to the production of	
	Low Grown	National		Low Grown	National
	kg 000,	kg 000,		%	%
April '12	687.02	2,077.69	119.28	17.36	5.74
May	718.51	2,188.65	94.84	13.20	4.33
June	609.35	1,635.09	89.82	14.74	5.49
July	774.53	1,491.56	90.75	11.72	6.08
August	905.15	1,993.98	89.27	9.86	4.48
September	678.08	1,684.48	102.24	15.08	6.07
October	940.24	2,092.45	84.45	8.98	4.04
November	943.48	2,459.83	90.38	9.58	3.67
December		2,108.34	89.81		4.26
January '13	697.44	1,646.27	85.41	12.25	5.19
February	528.92	1,750.10	81.05	15.32	4.63
March	762.27	2,298.11	93.61	12.28	4.07
Total	8,244.99	23,426.55	1,110.91	140.37	58.06

* Kalubowitiyana Tea Factory

Contribution to Low Grown Orthodox Production & National Orthodox Production

Month	Orthodox Production of		Production of DTF & HHT*	Contribution to the production of	
	Low Grown	National		Low Grown	National
	kg 000,	kg 000,		%	%
April '12	16,029.89	26,941.95	23.15	0.14	0.09
May	17,088.70	28,411.13	17.46	0.10	0.06
June	15,740.13	23,938.16	26.26	0.17	0.11
July	16,491.31	22,406.97	33.85	0.21	0.15
August	15,098.51	23,183.14	35.13	0.23	0.15
September	17,895.00	24,954.58	46.07	0.26	0.18
October	15,949.42	24,268.31	38.42	0.24	0.16
November	16,464.36	27,122.95	39.91	0.24	0.15
December		23,665.27	41.61		0.18
January '13	13,859.96	21,336.61	38.28	0.28	0.18
February	14,365.90	22,906.58	39.12	0.27	0.17
March	18,292.10	29,571.59	43.88	0.24	0.15
Total	177,275.28	298,707.24	423.14	2.38	1.72

* Derangala Tea Factory

Contribution to Low Grown Tea Production & National Tea Production by the Company

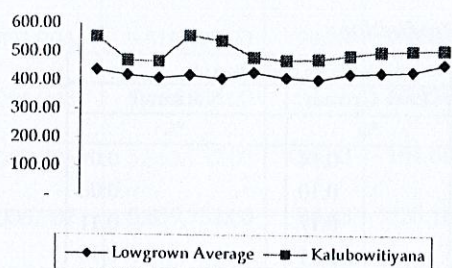
Month	Total Production of		Total Production Company	Contribution to the production of	
	Low Grown	National		Low Grown	National
	kg 000,	kg 000,		%	%
April '12	16,716.91	29,019.64	142.43	0.85	0.49
May	17,807.21	30,599.78	112.30	0.63	0.37
June	16,349.48	25,573.25	116.08	0.71	0.45
July	17,265.84	23,898.53	124.60	0.72	0.52
August	16,003.66	25,177.12	124.40	0.78	0.49
September	18,573.08	26,639.06	148.31	0.80	0.56
October	16,889.66	26,360.76	122.87	0.73	0.47
November	17,407.84	29,582.78	130.29	0.75	0.44
December	-	25,773.61	131.42		0.51
January '13	14,557.40	22,982.88	123.69	0.85	0.54
February	14,894.82	24,656.68	120.17	0.81	0.49
March	19,054.37	31,869.70	137.49	0.72	0.43
Total	185,520.27	322,133.79	1,534.05	0.83	0.48

COMPARISONS DETAILS - SALES AVERAGE

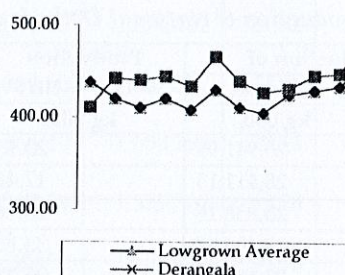
Comparison with low grown Average

Month	Lowgrown Average Rs.	Monthly Average		
		Kalubowitiyana Rs.	Derangala Rs.	Hiniduma Rs.
April '12	438.31	555.48	411.15	
May	420.48	472.40	442.64	
June	410.91	469.52	440.72	
July	420.97	560.36	445.04	
August	408.61	541.96	434.31	465.92
September	430.61	484.24	466.44	478.61
October	411.68	474.18	439.95	436.52
November	405.70	477.09	427.95	432.51
December	425.54	490.41	432.22	446.94
January '13	430.15	504.40	446.38	440.70
February	434.87	509.07	448.78	445.16
March	460.44	511.95	482.20	457.64

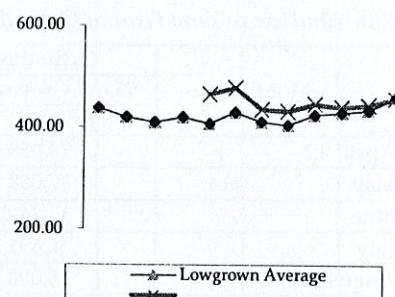
Comparison with Monthly Low Grown Average
Kalubowitiyana Tea Factor



Comparison with Monthly Low Grown Average
Derangala Tea Factor



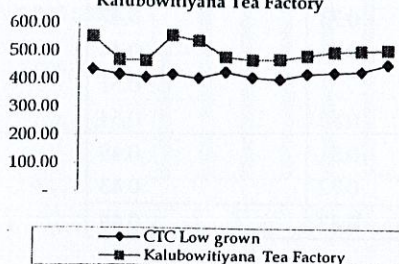
Comparison with Monthly Low Grown Average
Hiniduma Tea Factor



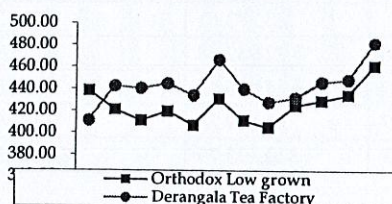
Comparison with low grown CTC & Orthodox Average

Month	CTC Low grown Rs.	Kalubowitiyana Tea Factory Rs.	Orthodox Low grown Rs.	Derangala Tea Factory Rs.	Hiniduma Hills Tea Factory Rs.
April '12	438.31	555.48	438.49	411.15	
May	420.48	472.40	421.21	442.64	
June	410.91	469.52	411.37	440.72	
July	420.97	560.36	419.70	445.04	
August	408.61	541.96	407.06	434.31	465.92
September	430.61	484.24	431.10	466.44	478.61
October	411.68	474.18	411.47	439.95	436.52
November	405.70	477.09	405.34	427.95	432.51
December	425.54	490.41	424.97	432.22	446.94
January '13	430.15	504.40	429.54	446.38	440.70
February	434.87	509.07	434.88	448.78	445.16
March	460.44	511.95	461.35	482.20	457.64

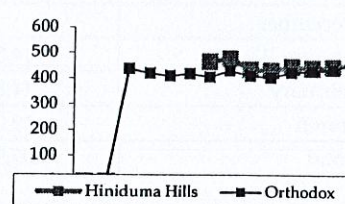
Comparison with Low grown CTC Average
Kalubowitiyana Tea Factory



Comparison with Low grown Orthodox Average
Derangala Tea Factory



Comparison with Low grown Orthodox Average
Hiniduma Hills Tea Factory



FINANCIAL HIGHLIGHTS OF PRECEDING TEN YEARS

	<u>2003/2004</u>	<u>2004/2005</u>	<u>2005/2006</u>	<u>2006/2007</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2009/2010</u>	<u>2010/2011</u>	<u>2011/2012</u>	<u>2012/2013</u>
Net Sales	316,718,875	352,594,447	362,116,908	409,112,340	491,437,212	458,241,211	498,967,014	547,568,613	638,941,282	769,483,494
Cost of Sales	(280,601,756)	(324,220,847)	(324,608,978)	(359,218,231)	(427,810,880)	(418,479,646)	(425,784,176)	(492,030,156)	(536,329,532)	(732,146,392)
Gross Profit	36,117,119	28,373,600	37,507,930	49,894,109	63,626,332	39,761,565	73,182,838	55,538,457	102,611,750	37,337,103
Other Income	3,383,154	2,193,082	2,484,409	4,958,098	14,154,380	23,299,933	22,502,885	18,564,382	13,697,746	18,908,625
Profit Before Operating Expenses	39,500,273	30,566,682	39,992,339	54,852,207	77,780,712	63,061,499	95,685,723	74,102,839	116,309,496	56,245,728
Administration & Establishment Expenses										
Selling & Distribution & Other Expenses	(17,376,841)	(14,130,180)	(14,469,062)	(18,318,703)	(28,432,172)	(20,713,539)	(23,794,303)	(43,324,929)	(25,279,941)	(29,231,329)
Profit From Operating Activities	22,123,432	16,436,502	25,523,277	36,533,504	49,348,540	42,347,960	71,891,420	30,777,909	91,029,555	27,014,399
Finance Expenses	(639,572)	(316,431)	(392,523)	(249,512)	(246,743)	(190,273)	(234,404)	(238,321)	(585,337)	(107,679)
Net Profit Before Taxation	21,483,860	16,120,071	25,130,754	36,283,992	49,101,797	42,157,687	71,657,016	30,539,589	90,444,218	26,906,720
Income Tax		(4,196,864)	(5,779,730)	(12,096,366)	(21,119,935)	(15,857,050)	(6,485,203)	(5,128,363)	(11,182,452)	(5,112,710)
Net Profit After Taxation	21,483,860	11,923,207	19,351,024	24,187,626	27,981,862	26,300,637	65,171,813	25,411,226	79,261,766	21,794,010

TOP PRICES 2012/'13

Date	Grade					Broker
	KTF			DTF		
	BP1 RS.	PF1 RS.	P.DUST	PFGS RS.	FBOPF RS.	
2012.04.04	440.00					
2012.04.24		580.00				LCBL
2012.04.24	470.00	580.00	630.00			AS / LCBL
2012.04.30	460.00				BOP1A - 435.00	CTB AS
2012.05.08	430.00					
2012.05.09	440.00					AS LCBL
2012.06.27		550.00			BOPA -450.00	CTB / AS
2012.07.04	420.00					
2012.07.10			600.00			LCBL
2012.07.14		590.00				AS
2012.07.17		610.00	620.00			AS
2012.07.24			540.00			AS AS
2012.08.07		590.00				
2012.08.14		590.00				AS AS
2012.08.14					BOP1A - 400.00	AS
2012.09.12		510.00				
2012.09.18		510.00				AS / CTB
2012.09.25		500.00				FW CTB
2012.10.02	460.00					
2012.10.09		510.00				FW
2012.10.17		500.00				FW / AS
2012.10.18					BOP1A - 420.00	LCBL
2012.11.					BOP1A - 415.00	AS
2012.12.17	470.00					AS
2012.12.18					BOP1A - 435.00	FW AS
2013.01.03	460.00					
2013.01.30	470.00					LCBL
2013.02.06	530.00					LCBL
2013.02.12		520.00				LCBL
2013.02.19	450.00	540.00				AS / CTB / LCBL
2013.03.06	450.00					AS
2013.03.12		530.00				CTB
2013.03.20	440.00					CTB / AS / LCBL
2013.03.23		550.00				LCBL
2013.03.27	440.00					CTB / AS
2013.03.27					BOP1A - 520.00**	LCBL AS

**All Time Record Price

**All Time Record Price

AS : Asia Siyaka Commodities (Pvt) Ltd
 FW : Forbes & Workers Tea Brokers (Pvt) Limited
 CTB : Ceylon Tea Brokers Ltd
 LCBL: Lanka Commodity Broker Ltd