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# RENUKA AGRI FOODS LTD PROSPECTUS

Initial Public Offering of 120 million  
Ordinary Shares at LKR 2.25 each.

To be listed on the Diri Savi board of the Colombo Stock Exchange.



  
**RENUKA**  
Since 1866  
A Renuka Holdings Plc Company



**RENUKA AGRI FOODS LIMITED**

**PROSPECTUS**

Initial Public Offering of 120,000,000 ordinary shares of the Company  
@ LKR 2.25 per share

**To be listed on the Diri Savi Board of the Colombo Stock Exchange**

**Managers and Registrars to the Issue**



**Placement Agent**



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

If you are in any doubt regarding the contents of this document or if you require any advice in this regard, you should consult your Stock Broker, Bank Manager, Lawyer or any other Professional Advisor.

## PROSPECTUS

This Prospectus is dated 13<sup>th</sup> November 2009

This Prospectus has been prepared by Merchant Bank of Sri Lanka PLC (MBSL) on behalf of Renuka Agri Foods Limited (the Company) from the information supplied by the Company and its Directors and/or which is publicly available. The Company and its Directors having made all reasonable inquiries, confirm that to the best of their knowledge and belief the information contained herein is true and correct in all material respects and that there are no other material facts, the omission of which would make any statement herein misleading. While MBSL has taken reasonable care to ensure full and fair disclosure, MBSL does not assume responsibility for any investment decision made by the investors based on the information contained herein. In making an investment decision, prospective investors must rely on their own examination and assessments of the Company, including the risks involved.

No person is authorized to give any information or make representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by MBSL.

*The Colombo Stock Exchange (CSE) has taken reasonable care to ensure full and fair disclosure of information in this Prospectus. However, the CSE assumes no responsibility for the accuracy of the statements made, opinions expressed or reports included in the Prospectus. Moreover, the CSE does not regulate the pricing of the shares, which is decided solely by the Company/ Issuer.*

## REGISTRATION

A copy of this Prospectus has been delivered to the Registrar of Companies of Sri Lanka for registration in accordance with the provisions contained in the Companies Act No. 07 of 2007.

The following documents were attached to the copy of the Prospectus delivered to the Registrar of Companies:

- \* The written consent of the Bankers to the Company and the Bankers to the Issue
- \* The written consent of the Auditors/Reporting Accountants to the Company
- \* The written consent of the Lawyers to the Company
- \* The written consent of the Managers and Registrars to the Issue
- \* The written consent of the Placement Agent
- \* A declaration made by each of the Directors of the Company confirming that each of them have read the provisions of the Companies Act relating to the issue of the Prospectus and that those provisions have been complied with.

In terms of the provisions contained in the Companies Act,

- The Bankers to the Company and the Bankers to the Issue have given, and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their names as Bankers to the Company and the Bankers to the Issue in the Prospectus.
- The Company's Lawyers have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Lawyers to the Company in the Prospectus.
- The Auditors/Reporting Accountants to the Company have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Auditors/Reporting Accountants to the Company and for the inclusion of their report/statements in the form and context in which it is included in the Prospectus.
- The Managers and Registrars to the Issue have given and have not before the delivery of a copy of the Prospectus for registration withdrawn their written consent for the inclusion of their name as Managers and Registrars to the Issue and for the inclusion of their statements/declarations in the form in which it is included in the Prospectus.
- The Placement Agent has given and has not before the delivery of a copy of the Prospectus for registration withdrawn its written consent for the inclusion of its name as the Placement Agent in the Prospectus.

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

This issue as contemplated in this Prospectus is made in Sri Lanka and is subject to the exclusive jurisdiction of the courts of Sri Lanka.

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<b>SALIENT FEATURES AT A GLANCE</b>	
Issuer	Renuka Agri Foods Limited
Number and Type of Securities to be issued	120,000,000 Ordinary Voting Shares of the Company
Issue Price	LKR 2.25 per share
Minimum Subscription per Application	1000 Shares (i.e. LKR 2,250/-) Applications in excess of the minimum subscription shall be in multiples of 1000 shares
Date of Opening of the Issue	27 November 2009
Closing Date	18 December 2009 or on the date on which the Issue is oversubscribed
Earliest Closing Date	27 November 2009
Managers and Registrars to the Issue	Merchant Bank of Sri Lanka PLC Level 18, Bank of Ceylon Merchant Tower, No. 28, St. Michael's Road Colombo 3
Placement Agent	Capital Alliance Holdings Limited Level 5, "Millenium House" 46/58, Navam Mawatha Colombo 2
Bankers to the Issue	Bank of Ceylon 4, Bank of Ceylon Mawatha Colombo 1

**DEFINITIONS/INTERPRETATIONS**

The following definitions/interpretations apply throughout this Prospectus, unless the context otherwise requires:-

Application Form	:	The official Application Form and/or photocopies of the official Application Form
The Company	:	Renuka Agri Foods Limited
CDS	:	Central Depository Systems (Pvt) Limited
Companies Act	:	Companies Act No. 07 of 2007
RAFL	:	Renuka Agri Foods Limited
BOI	:	Board of Investment of Sri Lanka
CSE	:	Colombo Stock Exchange
SEC	:	Securities & Exchange Commission of Sri Lanka
Directors	:	The Directors for the time being of the Company, unless otherwise stated
GOSL	:	Government of the Democratic Socialist Republic of Sri Lanka
IPO	:	Initial Public Offering
Offer	:	Invitation for the subscription upto 120,000,000 ordinary shares of Renuka Agri Foods Limited @ LKR 2.25 per share as envisaged by this Prospectus
Issue	:	Issue of shares of the Company to the Public as envisaged by this Prospectus
Issuer	:	Renuka Agri Foods Limited
Issue price	:	LKR 2.25 per Ordinary Share
MBSL	:	Merchant Bank of Sri Lanka PLC
Market Day	:	Any day on which the CSE is open for trading
Mn	:	Million
Bn	:	Billion
NIC	:	National Identity Card
Ordinary Share(s)	:	Ordinary Voting Share(s) of the Company
POA	:	Power of Attorney
LKR	:	Sri Lankan Rupees

## 1.0 CORPORATE INFORMATION

<b>Issuer</b>	:	Renuka Agri Foods Limited
<b>Registered Office</b>	:	“Renuka House” 69, Sri Jinaratana Road Colombo 2.
<b>Company Registration Number</b>	:	PB 1108 (Former Registration No. N(PBS)825)
<b>Date, Place and Authority of incorporation</b>	:	Incorporated as a Public Limited Liability Company under the Companies Act No. 17 of 1982 on 27 December 1999 in Colombo and presently registered under the Companies Act No. 07 of 2007.
<b>Board of Directors</b>	:	Dr. Skantha Ranjit Rajiyah Mrs. Indumathi Renuka Rajiyah Mr. John Edward Brennan Mr. Lasantha Manu Abeywickrama Mr. Sanmugam Vasanthakumara Mr. Chitral Jayantha De Silva Amaratunga Mr. Shamindra Vatsalan Rajiyah Mr. Wijeyadasa Rajapakshe, P.C Mr. Marc Terfloth Mr. Prasantha Chandra Kumara Abeykoon
<b>Company Secretary</b>	:	Mr. M.Sakthivel
<b>Reporting Accountants/Auditors of the Company</b>	:	KPMG Ford Rhodes, Thornton & Co Chartered Accountants 32A, Sir Mohamed Macan Markar Mawatha Colombo 3.
<b>Lawyers to the Company</b>	:	Nithya Partners, Attorneys-at-Law 51, Gregory’s Road, Colombo 07.
<b>Bankers to the Company/ Main Bankers</b>	:	NDB Bank PLC 40, Navam Mawatha, Colombo 02.

## 2.0 INFORMATION CONCERNING THE ISSUE

### 2.1 Invitation to subscribe

Renuka Agri Foods Limited (hereinafter sometimes referred to as the “Company”) invites Applications from the public for the subscription upto One Hundred and Twenty Million (120,000,000) Ordinary shares of the Company, at an issue price of Sri Lankan Rupees Two & Cents Twenty Five (LKR 2.25) per share, payable in full on Application on the terms and conditions set out in this Prospectus.

The Company and the Directors are of the opinion that the issue price of LKR 2.25 per share is fair and reasonable to the Company and to all existing shareholders of the Company.

These shares shall rank equal and pari passu with the existing issued ordinary shares of the Company with full voting rights and the right to participate in any dividend or distribution that may be declared after the allotment of shares.

### 2.2 Objectives of the Issue

- a) The Company intends to raise funds through this Offering to settle the long term borrowings detailed below :

<b>Lender</b>	<b>Type of borrowing</b>	<b>Total outstanding as at 30 September 2009 LKR</b>
DFCC Bank	Project finance - Loan 1	26,833,210
DFCC Bank	Project finance – Loan 1	6,666,648
DFCC Bank	Project finance – Loan 1	14,166,658

The interest rates and the repayment terms pertaining to the said loans are set out in Note 16.1 of the Audited Interim Financial Statements of the Company as at 30 September 2009 on page 83 of this Prospectus.

- b) The Company also intends to make investments in plantations, distribution infrastructure and new technology in connection with its main business activities. These may be Greenfield projects and/or acquisition of currently operational projects. The Company intends to utilise the remainder of the proceeds raised via the Offering for this purpose.
- c) Further, the Offering is expected to facilitate the listing of the Company’s ordinary shares on the Diri Savi Board of the Colombo Stock Exchange (CSE).

As per Rule 7.6 (xiii) of the CSE Listing Rules the Company shall make a statement in the Annual Report of the Company for the year ended 31 March 2010 as to the manner in which the proceeds of the IPO have been utilised and in respect of any material change in the use of the funds raised through the IPO.

### **2.3 Objectives of Listing**

- To provide an opportunity to the public to participate in the equity of the Company which in turn will broad base the ownership.
- To allow the Company greater access to the capital market of Sri Lanka.

### **2.4 Listing**

An Application has been made to the CSE for approval to deal in and for a listing of 401,250,000 Ordinary Voting Shares of the Company which comprises the following:-

- a. The entire Two Hundred and Eighty One Million Two Hundred and Fifty Thousand (281,250,000) issued and fully paid ordinary shares of the Company as at the date of this Prospectus.
- b. The One Hundred and Twenty Million (120,000,000) ordinary shares to be issued pursuant to this Initial Public Offering.

Upon the successful completion of the issue of Ordinary Voting Shares of the Company, the said shares will be listed on the Diri Savi Board of the CSE.

### **2.5 Subscription List**

Subject to the provisions contained below, the subscription list for the shares will open at 9.00 a.m. on 27 November 2009 and shall remain open for 14 market days until closure at 4.30 p.m. on 18 December 2009.

In the event of an over subscription of the 120,000,000 ordinary shares, the subscription list will close at 4.30 p.m. on the same day on which it is fully subscribed, with prior written notice to CSE.

Applications may be made forthwith. Applications should be duly completed in the manner set out under the Procedure for Application in Section 3 of this Prospectus.

### **2.6 Who May Apply**

Applications are invited for the subscription upto One Hundred and Twenty million (120,000,000) ordinary shares of the Company from the following categories of Applicants:-

- Citizens of Sri Lanka who are resident in or outside Sri Lanka and above 18 years of age;
- Companies, Corporations, Societies and other corporate bodies incorporated or established in Sri Lanka;
- Approved Provident Funds, Trust Funds and Contributory Pension Schemes registered/incorporated/established in Sri Lanka;
- Foreign citizens above 18 years of age;
- Regional Funds and Country Funds approved by the Ministry of Finance/Securities and Exchange Commission of Sri Lanka;
- Corporate bodies incorporated or established outside Sri Lanka;

Applications will not be accepted from individuals under the age of 18 years or in the name of sole proprietorships, partnerships, unincorporated trusts or non corporate bodies.

In the case of approved Provident Funds, Trust Funds and approved Contributory Pension Schemes the Applications should be in the name of the Trustees/Board of Management in order to facilitate the opening of the CDS Accounts.

## **2.7 Prospectus and Application Forms**

Copies of the Prospectus and Application Forms, may be obtained free of charge from the Collection Points listed in “**Annexure 1**”.

## **2.8 Basis of Allotment of Shares**

In the event of an over subscription, the basis of allotment of shares will be decided by the Board of Directors of the Company before the expiry of seven (07) market days from the date of closure of the subscription list.

No preferential allotments will be made by the Company with regard to any specific individual or entity. The allotments will be made in a fair manner.

The shares allotted pursuant to this Initial Public Offering shall not be transferable during the period between the date of allotment/issue of shares and the date of commencement of trading on the CSE.

## **2.9 Cost of the Issue**

The Directors estimate that the total cost of the Issue including the Managers’ fees, Registrars’ fees, fees payable in respect of services rendered by any lawyers, accountants, postage, printing and marketing costs, brokerage, underwriting commissions, devolvement fees, stamp duty payable on the issue of shares, etc will be approximately LKR 20 Million. Such costs will be recovered from the proceeds of the Issue.

The Company is liable to pay Stamp Duty at the rate of 0.5% on the total value of the shares that may be issued in respect of this offering, in line with current Stamp Duty regulations.

### 3.0 PROCEDURE FOR APPLICATION

#### 3.1 How to Apply

1. Applications must be made on the Application Forms, which accompany and constitute a part of this Prospectus.
2. Applications are permitted on exact size photocopies of the Application Form issued with the Prospectus. Applicants using photocopies are requested to inspect the Prospectus, which is available for inspection and also issued free of charge at the **Collection Points** listed in “**Annexure 1**”. Care must be taken to follow the instructions on the reverse of the Application Form. Applications, which do not strictly conform, to such instructions and other conditions set out below or which are illegible may be rejected.
3. Applications should be made for a minimum of one thousand (1,000) shares or multiples thereof.
4. Applications by Companies, Corporations, Societies and other corporate bodies, approved Provident Funds, Trust Funds and approved Contributory Pension Schemes registered/incorporated/established in Sri Lanka should be made under their common seal or in any other manner as provided by their Articles of Association or such other constitutional documents of such Applicants or as per the statutes governing them. In the case of approved Provident Funds, Trust Funds and approved Contributory Pensions Schemes the Applications should be in the name of the Trustees/Board of Management in order to facilitate the opening of the CDS Accounts.
5. Joint Applicants should note that all parties in the Joint Application should either be residents of Sri Lanka or non residents. An Applicant of a Joint Application will not be eligible to submit a separate Application either individually or jointly. Only one Application should be made by any person or entity. Multiple Applications will be rejected.
6. The Application Forms may be signed by someone on behalf of the Applicant(s) provided that such person holds the Power of Attorney (POA) of the Applicant(s). A copy of such POA certified by a Notary Public should accompany such Application and should be lodged with the Managers/Registrars to the Issue along with the Application Form. **Original of the POA should not be attached.**
7. If the Applicants wish to lodge the shares allotted, directly to their account maintained with the Central Depository Systems (Pvt) Limited (CDS), they should state their CDS account number in the space provided in the Application Form. In such a situation the shares allotted to them will be

directly deposited to their CDS account and the Company will not issue Share Certificates to such Applicants. Direct lodgement with the CDS will be notified by despatch of letters of direct lodgement. Application Forms stating third party CDS account numbers, instead of their own CDS account numbers, except in the case of Margin Trading facilities, will be rejected.

8. It is suggested that Applicants should lodge the shares allotted to them directly to their CDS accounts if they want to trade their shares on the first day of commencement of trading on the CSE.
9. Applicants, who wish to apply through their Margin Trading Accounts, should submit the Application signed by the Margin Provider, requesting a direct upload of shares to the CDS Margin Trading Account. The Margin Provider should indicate the relevant CDS account number relating to the Margin Trading Account in the space provided in the Application Form.  
  
A copy of the Margin Trading Agreement should be submitted along with the Application.
10. Margin Providers can apply under their own name and such Applications will not be construed as multiple Applications.
11. A Sri Lankan citizen must state his/her National Identity Card (NIC) number in the Application Form. In the case of corporate entities the company registration number must be given. A foreign citizen must state his/her passport number in the space provided. A Sri Lankan citizen can state the passport number only when the NIC number is not available, provided that such Applicant lodges his/her shares directly with the CDS.
12. Application Forms properly filled in accordance with the instructions thereof, together with the remittance (cheque, bank draft or bank guarantee as the case may be) for the full amount payable on Application should be enclosed in a sealed envelope marked **“RENUKA AGRI FOODS LIMITED-INITIAL PUBLIC OFFERING”** and be addressed and dispatched by post or delivered by hand to the “Managers and Registrars to the Issue” at the following address:-

Managers and Registrars to the Issue  
Merchant Bank of Sri Lanka PLC  
Level 18, Bank of Ceylon Merchant Tower  
28, St Michael’s Road  
Colombo 3.

13. Applications could also be sent by post or delivered to any of the Collection Points listed in **“Annexure 1”**.

Applications sent by post or delivered to any Collection Point should reach the office of the Managers and Registrars to the Issue at least by 4.30 p.m. on the third

market day immediately upon the closure of the subscription list. Applications received after the said duration may be rejected even though they have been delivered to any Collection Point prior to the closing date or carry a postmark dated prior to the closing date.

### 3.2 Mode of Payment

1. Payment should be made separately in respect of each Application only by way of Cheque, Bank Draft or Bank Guarantee, as the case may be. Each Application Form should be accompanied by no more than one Cheque, Bank Draft or Bank Guarantee. Applications with two or more Cheques, Bank Drafts or Bank Guarantees will be rejected. Application Forms accompanied by cash will not be accepted. All expenses inclusive of charges relating to Real Time Gross Settlements (RTGS) should be borne by the Applicant.
2. Payments for Applications for values above and inclusive of Sri Lankan Rupees One Hundred Million (LKR 100,000,000) should be supported by a Bank Guarantee. Cheques and Bank Drafts will not be accepted for values above and inclusive of Sri Lankan Rupees One Hundred Million (LKR 100,000,000). Applicants are advised to ensure that sufficient funds are available in order to honour the Bank Guarantees inclusive of charges, when called upon to do so by the Managers and Registrars to the Issue. It is advisable that the Applicants discuss with their respective bankers, all matters concerning the issuance of Bank Guarantees and all charges involved.
3. Cheques and Bank Drafts should be drawn upon any Licensed Commercial Bank in Sri Lanka and crossed “Account Payee Only” and made payable to **“Renuka Agri Foods Limited - Share Issue Account”**. The Bank Guarantees should be in a manner acceptable to the Company and should be issued by a Licensed Commercial Bank in Sri Lanka and payable on demand to **“Renuka Agri Foods Limited - Share Issue Account”**.
4. The amount payable should be calculated by multiplying the number of shares applied for by the issue price of LKR 2.25 per share. If there is any discrepancy in the amount payable and the amount specified in the Cheque/Bank Draft or Bank Guarantee, the Application will be rejected.
5. In the event that Cheques are not realized prior to the date of deciding the basis of allotment, the monies will be refunded and no allotment of shares will be made. Cheques must be honoured on first presentation for the Application to be valid.
6. All Cheques and Bank Drafts received in respect of Applications will be banked immediately after the closure of the subscription list.

### **3.3 Foreign Currency Remittance**

This section is applicable to citizens of Sri Lanka above 18 years of age who are resident overseas, corporate bodies incorporated or established outside Sri Lanka, foreign citizens above 18 years of age and Regional or Country Funds approved by the Ministry of Finance/SEC.

Such Applicants should make their payments in one of the following ways:-

1. Through a Share Investment External Rupee Account (SIERA) maintained with any Licensed Commercial Bank in Sri Lanka. A foreign institutional investor may use a Custodian Bank as an intermediary when investing in the Sri Lankan securities market. The intermediary may open a SIERA, on the investor's behalf. In conjunction with a SIERA, an account must be opened with the Central Depository System (CDS). Payment for shares should be made through Bank Drafts purchased out of the funds in the SIERA and made payable to **"Renuka Agri Foods Limited- Share Issue Account"**.
2. Inward remittances of foreign currency may be held in a Foreign Currency Banking Unit (FCBU) Account of the Applicant with any Licensed Commercial Bank in Sri Lanka, in which case such Applicant could forward his/her Application supported by a Bank Guarantee drawn on the Applicant's FCBU account in lieu of a Bank Draft pending allotment of shares. Upon allotment of shares, foreign currency to the extent of Sri Lankan Rupee equivalent value of the shares allotted should be credited to a SIERA opened in favour of the Applicant. This procedure would protect a prospective investor from any losses accruing due to fluctuating exchange rates.
3. Bank Guarantees issued by a Licensed Commercial Bank in Sri Lanka will be accepted from foreign investors and non resident Sri Lankan citizens provided that such Bank Guarantee is drawn against either a FCBU or SIERA maintained with the said bank. An endorsement to such effect by the Licensed Commercial Bank would be required on the face of the Bank Guarantee.

Bank Guarantees should be in a form acceptable to the Company and payable on demand to **"Renuka Agri Foods Limited – Share Issue Account"**.

**Applications in respect of such Applicants should be made in conformity with the requisite declarations accompanied by the documentation stipulated by the Controller of Exchange of Sri Lanka.**

### 3.4 Rejection of Applications

1. Application Forms and the accompanying Cheques/Bank Drafts or Bank Guarantees, which are incomplete in anyway and/or are not in accordance with the terms and conditions and instructions set out in this Prospectus, will be rejected at the sole discretion of the Company.
2. Applications delivered by hand after the subscription list is closed will be rejected. Applications received by post after 4.30 p.m. on the third market day immediately following the date of closure of the subscription list, will also be rejected at the sole discretion of the Company even if they carry a post mark dated prior to the closing date of the subscription list.

Applications delivered to any Collection Point should also reach the office of the Managers and Registrars to the Issue at least by 4.30 p.m. on the third market day immediately upon the closure of the subscription list. Applications received after the said duration will be rejected at the sole discretion of the Company even though they have been delivered to any Collection Point prior to the closing date.

3. The Directors of the Company reserve the right to refuse any Application in total or to accept any Application in part only.

### 3.5 Refunds and Share Certificates

1. Where an Application is not accepted subsequent to the cheque being realized, the Applicant's money in full or where an Application is accepted only in part, the balance of the Applicant's money will be refunded. All refunds will be made by crossed Cheques and sent by post at the risk of the Applicant. In the case of Joint Applications, the cheques will be drawn in favour of the Applicant's name appearing first on the Application Form. Refund Cheques on shares which have not been allotted, will be posted before the expiry of ten (10) market days from and excluding the date of closure of the subscription list. Applicants would be entitled to receive interest at the rate of five percentage points (5%) above the last quoted Average Weighted Prime Lending Rate (AWPLR) published by the Central Bank of Sri Lanka on any refunds not made within this period.
2. Share certificates will be dispatched before the expiry of twenty five (25) market days, from the date of closure of the subscription list by registered post to the address provided by each shareholder in their respective Applications. Joint Applicants shall be entitled to only one share certificate for the shares held jointly, which shall be dispatched to the joint holder whose name appears first in the Register of Shareholders. The Company shall not be bound to register more than three (03) persons (including the

principal holder) as joint holders of any shares. Where requested by a shareholder, the shares allotted will be directly uploaded to the respective CDS accounts given in the Application before the expiry of eighteen (18) market days, from the date of closure of the subscription list. A written confirmation of the allocation will be sent to the Applicant within two (02) market days of crediting the CDS account, by ordinary post to the address provided by each Applicant in their respective Applications.

3. The Company shall submit to the CSE a 'Declaration' as set out in the listing rules of the CSE on the market day immediately following the day on which the shares are credited to the Investors' CDS accounts and trading of shares will commence on or before the third market day upon receipt of the declaration by the CSE.

**In terms of the CSE listing rules the shares may be listed upon the completion of the CDS direct uploads and prior to dispatch of share certificates. Therefore investors who wish to trade their shares in the secondary market from the first day of the commencement of trading are advised to request for a direct upload of shares to their CDS accounts by stating their CDS account numbers when applying for the shares. In the event that the CDS number is not stated in the Application Form the Share Certificates dispatched by post may not be received by the investors before the shares of the Company commence trading on the CSE.**

## 4.0 AN OVERVIEW OF THE COMPANY

### 4.1 Business Operations

#### Vision

To be the most efficient and the largest export marketer of branded coconut based non-traditional foods in Sri Lanka and within the top five globally.

#### Values

- Customer focused
- People centric professionals
- Accountable & Transparent
- Quality, Innovation & Process excellence
- Trusted leadership & socially responsible

#### Competencies

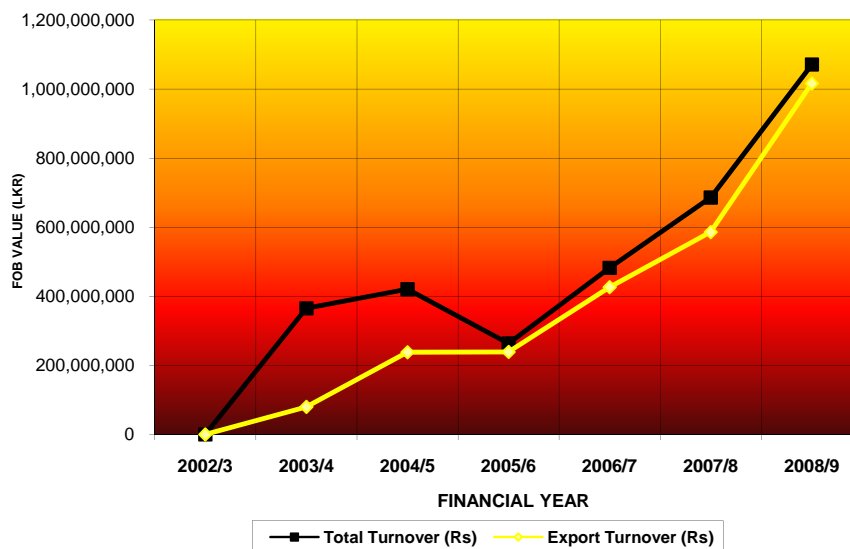
- Innovations in coconut based food derivatives and solutions.
- Innate manufacturing expertise to constantly enhance existing practices.
- State-of-the-art technology.
- Certified by key international accreditation bodies of the food industry.
- Integration throughout the value-chain.
- Global distribution network.



**Renuka Agri Foods Limited (RAFL)** is a Board of Investment (BOI) approved Company, a subsidiary of Coco Lanka PLC and a member of the Renuka Group (Please refer Section 4.2 for the Group structure.) Grace Foods (UK) Ltd is a strategic investor in the Company. RAFL’s principal activity is manufacturing and marketing of coconut based Food and Beverages, namely ultra heat treated coconut milk in aseptic packages, coconut milk powder, coconut milk and coconut beverages. Today, Renuka Agri Foods is also the most diversified coconut factory in the country, utilizing many alternative food processing technologies, supported by a full research and development program for product applications and process design and improvements.

The Company commenced commercial operations in July 2003 and the plant was fully commissioned by 2006. The Company is entitled to a twelve (12) year tax holiday from the date of commencement of first commercial export followed by a concessionary rate of 15% for a further period of ten (10) years.

Top Line growth analysed:



FOB – Free on Board (net of freight and insurance)

RAFL maintained a year-on-year average growth of 78% over the last five years. Amidst negative pressures created by many macro and micro economic factors this significant achievement was attributed to the Company’s core competencies.

**Production Process Data**

**1. Spray drying**

The spray drying plant adopts a three stage drying process. This currently is the most advanced technology available to the coconut industry worldwide. There is one other supplier from Sri Lanka for this product but major competition is from the Far East namely, Philippines and Malaysia. The consumption of coconut milk powder has been increasing worldwide and the product is finding many new users both in industry and in retail.

**2. Aseptic Line**

This is an ultra heat treatment plant which uses both infusion and indirect treatment. The taste profile of the product is superior and this line could also be used in the manufacture of many new coconut based ingredients, soya milk, dairy milk and fruit juices. Presently, it is used to manufacture bulk packs of coconut milk for the industrial and food service sector.

**3. Canning Line**

This line predominantly manufactures canned coconut milk and ready to drink beverages, using coconut and tropical fruits as raw materials.

**4. Creaming Line**

Manufactures frozen coconut in tablet form for the overseas ready meals, ice cream and yoghurt industry as well as creamed coconut portion sachets for retail use.

**5. Dehydration Plant**

Currently commissioned to manufacture dehydrated low fat coconut which is a by product in the manufacture of coconut milk products.

**Accreditations**



The Company is endorsed by the ‘Mawbima Lanka Padanama’. The “Sooriya Sinha – Ganne Ape De” logo represents local products differentiating the local from the non local.

## Awards

The Company has won numerous awards, most recent among them are Overall National Winner Agriculture Gold Award 2009 – National Agribusiness Council, Winner Food Processor Large Category Gold Award 2009 - National Agribusiness Council and Winner Best Women Exporter of the Year 2008 – National Chamber Of Exporters.

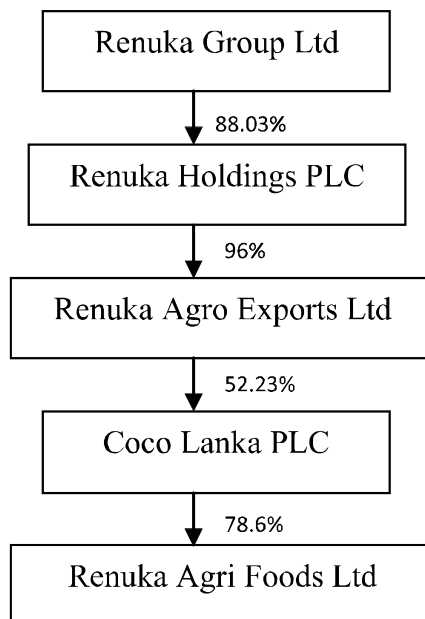


## Certifications

RAFL is the only triple certified coconut company having HACCP, ISO 22000 and the BRC (British Retail Consortium) standard. RAFL's process is also certified for manufacture of organic products by Control Union Netherlands and USDA NOP. In addition the Company's products are HALAL and Kosher certified.



#### 4.2 Promoters/ Group Structure



#### Coco Lanka PLC

Coco Lanka PLC is listed on the Main Board of the Colombo Stock Exchange and is an investment company for agricultural ventures. It holds 221,000,000 ordinary shares in RAFL, constituting a 78.6% shareholding.

#### Renuka Holdings PLC

Renuka Holdings PLC traces its roots to a history beginning in the year 1866. It is a diversified organization consisting of investments in enterprises in Sri Lanka and is listed on the Diri Savi Board of the Colombo Stock Exchange. The Group presently has business interests in the Agri Business (Plantations, Manufacturing and Marketing), Investment and Service sectors (Forestry, Logistics/ Shipping, Tourism and Real Estate).

#### Renuka Group Limited (RGL)

Renuka Group Limited is an Investment Company incorporated on 13 May 1980 and is the ultimate parent of the Group. RGL holds 6,602,131 ordinary shares in Renuka Holdings PLC, constituting a 88.03% shareholding.

#### Grace Foods (UK) Ltd

Grace Foods (UK) Ltd is one of the UK’s most progressive food companies, supplying a comprehensive range of speciality and ethnic food products to the retail, wholesale and

food service sectors throughout the UK and Europe. Grace Foods UK is headquartered in Welwyn Garden City, North of London, where in addition to office facilities, the Company operates a 120,000 sq ft state of the art distribution facility comprising ambient, chilled and frozen storage facilities.

Grace Foods (UK) Ltd is a subsidiary of Grace Kennedy Ltd, one of the Caribbean's leading corporate groups listed on the stock exchanges of Jamaica, Trinidad, Barbados and the Eastern Caribbean. Grace Foods (UK) Ltd has made an investment of LKR 22.5 million in RAFL. It holds 22,500,000 ordinary shares constituting a 8% shareholding in RAFL.

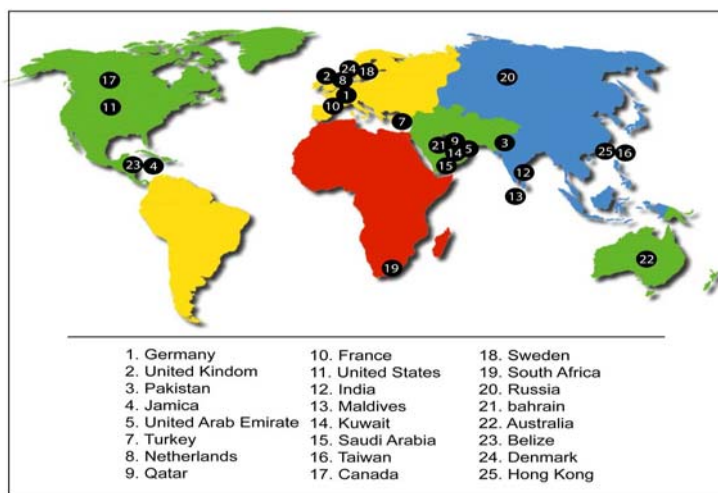
Grace Kennedy's subsidiaries in Jamaica, United States of America, Canada and the United Kingdom including Grace Foods (UK) Ltd, purchase products of RAFL accounting for about 20% of its total exports.

**Greven Holdings Ltd**

Greven Holdings Ltd, is an Investment Company duly incorporated in Nassau in the Commonwealth of Bahamas. The Company has made an investment of LKR 25.987 million in RAFL. It holds 25,987,500 ordinary shares constituting a 9.24% shareholding in RAFL. It is a passive investor.

**4.3 Products & Markets**

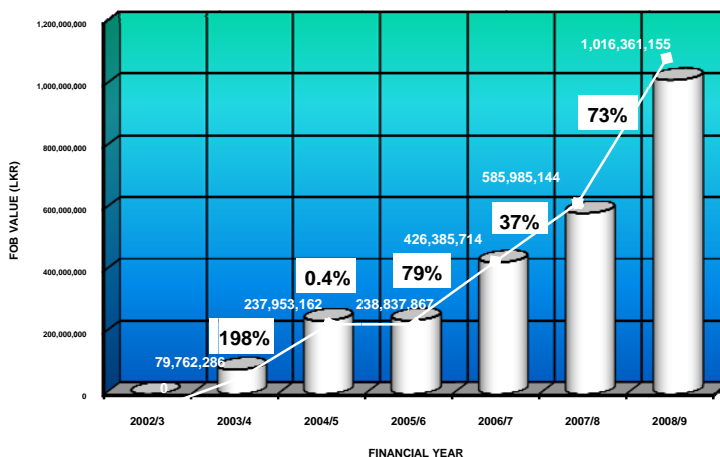
**Principal Markets**



Renuka Agri Foods Ltd exported to fifty two (52) markets in the year 2008/9 located worldwide. The Marketing Division is categorized into five strategic business units i.e. International Operations-Retail, Food Service, Food Ingredients and Organic Foods and Local Operations.

**International Operations (Export Turnover Growth)**

.....FROM ZERO TO BILLION....



**Local Operations:-** The Company commenced sales to the local food service channel (hotels and restaurants) in September 2006. In October 2007 the retail product range was made available to supermarkets only. In October 2009 the Company commenced sales to the general trade/groceries. In the local markets, consumption of value added convenient forms is growing and the Government is actively promoting this, as it is proven that domestic manual extraction at household levels waste up-to 60% of the coconut compared to mechanical extraction at factory level, as for example in the production of coconut milk powder and canned coconut milk.

**4.4 Future Direction, Prospects, Major assumptions on future plans and Risk Factors**

Renuka Agri Foods Limited proposes to expand its activities and move into new technologies of packaging, intercrop coconut plantations and acquire its own distribution channels both locally and in Europe. The Company has strong growth prospects in its export and local markets and is optimistic that it is in a position to achieve full capacity on these lines by way of increasing sales within the next five years.

**Intercrop Coconut Plantation** – With the liberation of the East, suitable lands have become available for large scale plantations to cater to the Company’s raw material requirements. The Company will establish new plantations and extend its out-grower network. Short term crops which are actively being promoted by the Government such as soya and maize can also be cultivated as intercrops to maximise returns from the lands.

**Distribution Infrastructure** – The Company will set up or acquire its own distribution channel in Sri Lanka especially with regard to the food service channel. RAFL currently has a Representative Agreement in Europe but will look at formalizing this by establishing its own subsidiary in Europe. Bringing the distribution under RAFL’s control

will enable more focused and greater penetration of sales through RAFL's existing channels.

**New Technology** – RAFL has an aseptic ultra heat treatment plant where currently it has the packaging capability for only bulk packs, 20 litre upwards to cater to industrial customers. The Company will invest in retail aseptic packaging from Tetra Pack or another company. There is a year on year growing demand especially in India and China. This will also enable RAFL to become a one stop shop for all forms of value added coconut based foods and beverages, while maintaining a superior product quality over its competitors.

### **Major assumptions on future plans of the Company**

- RAFL expects the macro economic environment to perform positively despite the initial slowdown in 2009, thus supporting strategic investments within the country.
- Global demand for value added coconut products is expected to grow in future especially through higher disposable income in emerging markets resulting in addition of new customers.
- Private sector participation in agriculture is both sought and encouraged by the Government.

### **Risk factors**

- **Risks related to Political and Macro Economic factors** - Since the Government of Sri Lanka has a significant influence over many aspects of the economy, the Company's business and financial performance may be affected by the political stability of the country and the region. However, as a consequence of the country's civil war ending, the future business environment of Sri Lanka seems to be conducive to most investors, both foreign and local.

Rupee depreciation will have a favourable impact on earnings as in the past it has cushioned the effect of high inflation.

- **Changes in Agricultural Sector Regulations** - The Sri Lankan agricultural/coconut sector has always had the support of the Government and the coconut, agriculture and plantation ministries have been instrumental in uplifting this sector to one of the major source of foreign income generation to the country.

However, if policy makers do not provide appropriate and timely solutions, increasing labour costs and fragmentation of coconut lands will impact negatively on plantation owners, processors and exporters.

- **Escalating oil prices in the World market** - The escalating oil prices could significantly impact on cost of production as evident during the latter part of 2008 when world oil prices reached a peak of US\$ 150 a barrel. RAFL's direct

exposure to furnace oil is limited as its main energy source is the coconut shell. However escalating oil prices still impact on the cost of manufactured inputs, such as packing materials. Furthermore, escalation of oil prices increases transportation costs, such as sea and land freight which leads to uncompetitive pricing options.

- **Changing weather patterns and Crop diseases** - As the coconut harvest depends on the right amount of rainfall, any fluctuations in the weather pattern would have adverse effect on the outcome of new crops. Furthermore crop diseases especially targeting coconut palms, which destroy coconut estates create an imbalance in supply and demand.
- **Increased Competition** - Increased competition from Far Eastern countries offering similar products at a lesser price are a threat to the Sri Lankan value added coconut exports. Whilst Sri Lankan manufacturers have a superior quality and taste to offer than the Far Eastern counterparts, high cost of production and transportation cost could affect the overall pricing as opposed to Far Eastern manufacturers.
- **Change in consumer purchase patterns** - With the world economy being in recession there has been significant change in the purchase patterns of both the importers and distributors. Business entities are increasingly finding it difficult to source borrowings and finance their operations and consumers too are opting to spend only on essentials. However overall demand is still growing.

#### 4.5 Degree of dependence on key Customers and Suppliers

The Company does not depend on any key customers or suppliers. However, currently around 20% of its total exports are to members of the Grace Kennedy Group including Grace Foods (UK) Ltd, the strategic investor. The Company is confident that even if it was to lose this business that there is adequate opportunity to fill this capacity.

**Customers** - The Company exports world wide to more than sixty (60) customers. However, the Company is yet to operate at full capacity. Given the capability of its strategic partner and the Renuka Group's international network, RAFL looks forward to entering new markets and expanding its distribution channels.

**Suppliers** - The Company procures produce from suppliers in all parts of Sri Lanka, based on the confirmed orders placed by buyers overseas. The lead time for delivery is usually short, owing to the nature of the produce. The suppliers registered with the Company, including the out growers, have been selected after a stringent quality control procedure. Thus, a vital aspect of the purchasing procedure is to pay much attention towards procuring goods of the highest quality, even at a relatively higher price. As the produce is primarily exported, the need to maintain its competitive advantage based on quality is of primary importance.

#### 4.6 Properties held by the Company and Directors' interests in such assets

Address/ Location	Extent	Title (Free hold/Lease hold)	Lessor	Lease Period	Annual Lease Rental
Wathupitiwala Export Processing Zone, Gampaha	4 Acres and 29.99 perches	Leasehold property	BOI	50 years commencing from September 2001	US\$ 1500/Acre

- Premium on leasehold land was paid to BOI.
- Annual lease rental is revised once in three years.

The Directors hold no interests in properties acquired, disposed or leased by the Company during the two years preceding the date of this Prospectus. Furthermore, it is not proposed that the Directors will hold any interests in assets to be acquired, disposed or leased by the Company in the two years succeeding this listing.

#### 4.7 Loans, Overdrafts and details of Material Indebtedness

The details of loans, overdrafts, other borrowings and material indebtedness of the Company as at 30 September 2009 are given below:-

Name	Facility	Total outstanding as at 30 September 2009 (LKR)	Security
DFCC - Loan 1	LKR 100.00Mn	26,833,210	Primary mortgage over the leasehold right over the land in Wathupitiwala together with the right over buildings, plant, machinery and equipments installed therein.
DFCC - Loan 1	LKR 30.00Mn	6,666,648	-do-
DFCC - Loan 1	LKR 25.00Mn	14,166,658	-do-
DFCC - Loan 11	LKR 19.25Mn	19,250,000	Primary mortgage over the leasehold rights over the land in Wathupitiwala
NDB Bank - Overdraft	USD 100,000 LKR 7.5Mn	18,041,027	Primary mortgage over book debts and stocks

There are no leasing, lease purchase or hire purchase commitments or any other material contingent liabilities of the Company as at 30 September 2009.

There are no mortgages or charges on the assets of the Company as at 30 September 2009 other than the mortgages mentioned above.

#### **4.8 Working Capital**

The Board of Directors are of the opinion that the working capital is sufficient for the purpose of the normal day to day operations of the Company.

#### **4.9 Dividend Policy**

The declaration and payment of dividends on the Ordinary Shares will be recommended by the Board of Directors and approved by the shareholders of the Company. The dividend policy will be based on a number of factors, including but not limited to the Company's earnings, capital requirements and overall financial condition.

#### **4.10 Litigations, Disputes and Contingent Liabilities**

There are no material legal, arbitration or mediation proceedings pending against the Company as at 30 September 2009 which may affect or had affected the financial position or profitability of the Company. Further, there were no material legal, arbitration or mediation proceedings against the Company in the recent past which affected the financial position or profitability of the Company.

RAFL was a Respondent in case No. HC (Civil) 4/2001 (2) in the Commercial High Court of the Western Province. The said case was instituted by Renuka Hotels Limited (the Petitioner) against Seven Respondents including RAFL (the sixth Respondent) and its holding company Coco Lanka PLC (the first Respondent). The High Court by *decree nisi* ordered in the first instance that *inter alia* the first Respondent Company (i.e. Coco Lanka PLC formally known as Coco Lanka Limited) shall be prevented from investing in the sixth Respondent Company (i.e. RAFL formally known as Coco Lands Limited). However, by order dated 23 January 2006, the *decree nisi* obtained by the Petitioner was dismissed on the grounds that the Petitioner has misrepresented and/or suppressed facts when obtaining the said decree. The Petitioner has thereafter filed an appeal in the Supreme Court of Sri Lanka [SC (CHC) Appeal No. 4/2001(2)] and Notice of Appeal has been issued dated 07 February 2006. No further proceedings have commenced on the said Appeal. There is no monetary claim made by the Petitioner against RAFL in the said case.

No penalties have been imposed by any regulatory or state authority against the Company as at 30 September 2009. Further, there are no material contingent liabilities as at 30 September 2009.

#### **4.11 Material Contracts**

The Company has not entered into any material contracts other than those contracts entered into as part of the ordinary course of business and the contracts mentioned in section 4.14 below.

#### **4.12 Details of Commissions Paid**

No commission has been paid by the Company in the two years preceding the IPO for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares of the Company.

#### **4.13 Details of Benefits Paid to Promoters**

No benefits have been paid or given by the Company to any promoter within the two years preceding the IPO and there are no benefits intended to be paid or given to any promoter.

#### **4.14 Shareholders' Agreements and Management Agreements**

The Company has entered into Shareholders' Agreements in the year 2001 with Grace Foods (UK) Ltd (formerly known as W.T. Foods PLC) and Greven Holdings Limited. The Company has also entered into Supplementary Agreements with Grace Foods (UK) Ltd in June 2009 and Greven Holdings Ltd in January 2003 and in June 2009 in respect of the said Agreements. The Company has not issued any shares to these two shareholders since 2007. In terms of Clause 10A of the said Shareholders' Agreements as amended by respective Supplementary Agreements in June 2009 the Shareholders' Agreement with Grace Foods (UK) Ltd shall be terminated and the Shareholders' Agreement with Greven Holdings Limited shall become null and void when the Company obtains a listing on the Colombo Stock Exchange.

There are no Management Agreements in place as at 30 September 2009 and at present no such Agreements are under consideration.

#### **4.15 Research and Development**

The Company is continuously developing and improving its products. New products are generated by the Quality, Research and Development Teams using input from sales and marketing, the costs of which are not expensed separately.

## 5.0 COCONUT INDUSTRY IN SRI LANKA

Coconut is Sri Lanka's third major agricultural export crop and earnings from this sector accounted for 1.8% of the GDP in 2008. The production of coconut, total land extent and other information reproduced below is extracted from the Annual Report 2008 of the Central Bank of Sri Lanka.

Production	2,909 Mn nuts
Total extent	400,000 hectares
Cost of production	12.47 LKR/nut
<i>Average price:</i>	
- Product price	22.71 LKR/nut
- Export (f.o.b)	21.41 LKR/nut
Replanting/under planting	1,712 hectares
New planting	3,441 hectares

### **Coconut Plantations –**

The coconut industry has traditionally enjoyed state patronage and successive governments have continued this policy of encouragement. The Coconut Cultivation Board has been very active in promoting the cultivation of new plantations as well as filling of vacancies and replanting with the supply of new seedlings from their nurseries. Over 400,000 seedlings have been made available for the Yala Season (July 2009). They are also confident of increasing the seedling supply since the eastern region has shown tremendous potential for future cultivations. They expect to distribute 2.8 million seedlings by 2010 which will increase the total acreage in future to over one million acres. The supply is expected to increase to over 3.5 billion nuts per annum from the present 2.9 billion in the next 6 years provided weather patterns remain normal. The Coconut Research Institute (CRI) continues its research activities to improve the productivity, crop conservation and the introduction of new coconut based products. A study carried out by the CRI revealed a significant negative relationship between land size and productivity of coconut land of home gardens and smallholders. Further, this study revealed that the productivity of coconut estates increases as the land size increases. Further, improved hybrid varieties such as CRISL-98 and Kapruwana seedlings are available to coconut growers from the CRI.

### **Value added Coconut based Food and Beverage Products –**

The commercial production of coconut milk/cream variants was started in 1973 in Western Samoa. Since then the market has been growing and a study by the Asia Pacific Coconut Community (APCC) revealed that during the ten year period from 1996 coconut milk exports grew by 25% p. a. on average. Another presentation by Tetra Pak Plant Engineering Asia/Pacific Pte Ltd indicates that in Thailand the ultra heat treated (UHT) coconut milk industry is in the growth stage.

Product differentiations in coconut milk/cream in liquid and powdered form are achieved through changes in the methods of production, composition and packaging. The main producers of value added coconut based foods and beverages are Philippines, Thailand, Fiji, India, Indonesia, Malaysia, Vietnam and Sri Lanka.

The demand for liquid and powdered coconut milk/cream variants originates from households and catering industries. Most of the liquid/powdered coconut milk is distributed through urban supermarkets to households and a percentage is sold to hotels, restaurants and caterers. The communities in coconut producing countries have a strong preference for coconut milk. Extracting coconut milk manually is a cumbersome process and therefore many upper income households are shifting to canned/packeted coconut milk. The household market is growing rapidly with more and more women going into full time employment as is also the case in Sri Lanka. It is estimated that around seventy countries import coconut based foods and beverages and the USA is the largest single importer. Other major importers include the Middle East, Western Europe, Japan and Australia. Studies have revealed that liquid/powdered coconut milk/cream consumers in these countries are mainly migrants from coconut producing countries. International markets grow due to growth in migrants from Asian and Caribbean countries to more developed countries. The consumption of exotic coconut based foods by indigenous populations in the western world is also on the rise.

## 6.0 DIRECTORS

### 6.1 Details of the Board of Directors

Name & Address	Age	Qualifications / Experience	Other Directorships
Dr. S. R. Rajiyah Executive Director 16, Bagatalle Road, Colombo 3	59	Dr. Rajiyah holds a MBBS from the medical faculty of the University of Ceylon and he is a medical doctor. He has over 30 years experience in founding and running businesses. He is a member of the Policy and Advisory Committee on Coconut of the Ministry of Plantation Industries.	Renuka Group Ltd Renuka Holdings PLC Renuka Agro Exports Ltd Coco Lanka PLC Renuka Organics (Pvt) Ltd Renuka Witsenburg Organics Ltd Kandy Plantations Ltd Renuka Teas Ceylon (Pvt) Ltd Renuka Trading (Pvt) Ltd Renuka Developments Ltd Renuka Enterprises (Pvt) Ltd Ceylon Forestry (Pvt) Ltd Ceylon Botanicals (Pvt) Ltd Renuka Investments (Pvt) Ltd Renuka Resorts Ltd Renuka Villas (Pvt) Ltd Renuka Travel & Tours (Pvt) Ltd
Mrs. I. R. Rajiyah Executive Director 16, Bagatalle Road, Colombo 3	58	Mrs. Rajiyah is qualified in business studies from the United Kingdom and a Fellow of the British Institute of Management. She has over 35 years experience in founding and running businesses.	Renuka Group Ltd Renuka Holdings PLC Renuka Agro Exports Ltd Coco Lanka PLC Renuka Organics (Pvt) Ltd Renuka Witsenburg Organics Ltd Kandy Plantations Ltd Renuka Teas Ceylon (Pvt) Ltd Renuka Trading (Pvt) Ltd Renuka Developments Ltd Renuka Enterprises (Pvt) Ltd Ceylon Forestry (Pvt) Ltd Ceylon Botanicals (Pvt) Ltd Renuka Investments (Pvt) Ltd Renuka Resorts Ltd Renuka Villas (Pvt) Ltd Renuka Travel & Tours (Pvt) Ltd
Mr. C. J. De. S. Amaratunge Independent Non Executive Director 78, Rosmead Place, Colombo 7	69	Mr. Amaratunge is an Attorney-at-Law, specializing in all aspects of civil law. He practices in partnership.	Renuka Group Ltd Renuka Holdings PLC Coco Lanka PLC Renuka Agro Exports Ltd Ceylon Leather Products PLC Sri Lanka Insurance Corporation Ltd

Name & Address	Age	Qualifications / Experience	Other Directorships
Mr. S. V. Rajiyah Executive Director 7A, Bagatalle Road, Colombo 3	29	Mr. Rajiyah is a graduate in Management from the Warwick Business School, University of Warwick, U.K. His direct interests include corporate strategy, international brand marketing and development studies.	Renuka Group Ltd Renuka Holdings PLC Renuka Agro Exports Ltd Coco Lanka PLC Renuka Organics (Pvt) Ltd Renuka Witsenburg Organics Ltd Kandy Plantations Ltd Renuka Teas Ceylon (Pvt) Ltd Renuka Trading (Pvt) Ltd Renuka Developments Ltd Renuka Enterprises (Pvt) Ltd Ceylon Forestry (Pvt) Ltd Ceylon Botanicals (Pvt) Ltd Renuka Investments (Pvt) Ltd Renuka Resorts Ltd Renuka Villas (Pvt) Ltd Renuka Travel & Tours (Pvt) Ltd
Mr. S. Vasanthakumara Executive Director 3/4, Seevali Lane, Wattala	49	Mr. Vasanthakumara holds a Bachelor of Engineering (Mechanical) degree from India. He counts over 20 years experience in processing/ manufacturing.	Coco Lanka PLC Renuka Organics (Pvt) Ltd Kandy Plantations Ltd Renuka Teas Ceylon Ltd
Mr. W. Rajapakshe Independent Non Executive Director 40/3, Gemunu Mawatha, Nawala	50	Mr. Rajapakshe is a President's Counsel.	Kandy Plantations Ltd

Name & Address	Age	Qualifications / Experience	Other Directorships
<p>Mr. J.E.Brennan Non Executive Director Buckinghamshire, England</p>	<p>65</p>	<p>Mr. Brennan has over 40 years experience in the food industry in the United Kingdom specializing in the development, sourcing and marketing of ethnic and speciality food products.</p>	<p>Grace Foods UK Ltd Chadha Oriented Foods Ltd, U.K.</p>
<p>Mr. M. Terfloth Independent Non Executive Director Montreal, Canada</p>	<p>50</p>	<p>Mr. Terfloth holds a MBA from IMD, Switzerland and a BSc in Marketing. After trading financial instruments in London and New York with Credit Suisse-First Boston, he joined Terfloth &amp; Kennedy (U.K.) Ltd. Since 1991 he has been President and CEO of B. Terfloth &amp; Cie (Canada) Inc, subsequently assuming the Chairmanship. His direct interests include international strategic sourcing, key product and brand development.</p>	<p>B. Terfloth &amp; Cie. (Canada) Inc. B. Terfloth &amp; Co. (U.S.A) Inc.</p>
<p>Mr. L. M. Abeywickrama Non Executive Director 40A, Raymond Road, Nugegoda.</p>	<p>46</p>	<p>Mr. Abeywickrama is a Management Consultant and Trainer with over 20 years management experience in the private sector both in Sri Lanka and overseas. He holds a Bachelor's Degree in Science from the University of Colombo, a Post Graduate Diploma in Marketing from the Chartered Institute of Marketing and a MBA from the American University Washington DC. He is a Fellow of the Chartered Institute of Marketing and a past Chairman of the CIM Sri Lanka Region.</p>	<p>Renuka Holdings PLC Coco Lanka PLC Symbiosis Business Partners (Pvt) Ltd</p>

Name & Address	Age	Qualifications / Experience	Other Directorships
Mr. P. C. K. Abeykoon Independent Non Executive Director 84/4, Lauries Road, Colombo 4	45	Mr. Abeykoon is an experienced and qualified Financial Specialist. He is an Associate of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of Society of Cost Management Accountants of Sri Lanka. He has over 15 years of professional experience in business. He holds a Bachelor's Degree in Business Administration from the University of Sri Jayewardenepura and a MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura.	Renuka Holdings PLC Coco Lanka PLC Management Frontiers (Pvt) Ltd

**No Director of the Company is or was involved in any of the following events:-**

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

**6.2 Directors' Shareholdings**

The Directors' Shareholdings in the Company as at 30 September 2009 are as follows:-

Name	No. of Shares	%
Dr. & Mrs. Rajiyah (Jt)	3,300,000	1.17
Mr. S.V. Rajiyah	720,911	0.27
Mr. W. Rajapakshe	200,000	0.07

There were no sales, transfers or purchases of shares made by the Directors during the two year period immediately preceding the date of this Prospectus.

**6.3 Directors' Interests**

The Directors' interests in the contracts with the Company are disclosed under Note No. 25 of the Financial Statements of the Company as at 30 September 2009 on page 85 of this Prospectus.

#### **6.4 Directors' Remuneration**

No Director was paid any remuneration during the financial year 2008/09.

The aggregate emoluments including bonus and/or profit sharing payments payable to the Directors for the current financial year are estimated as LKR 5,200,000.

#### **6.5 Corporate Governance Practices**

RAFL continues to be committed to conducting the Company's business ethically and in accordance with high standards of corporate governance.

The Company understands, supports and has applied the concept of enterprise governance and ensures that its standards remain in compliance with the regulatory requirements of the CSE.

In line with this the Company has four (4) independent non Executive Directors (facilitating independent in Board discussions & decisions) namely Mr. W. Rajapakshe, Mr. C. J. De. S. Amaratunga, Mr. P. C. K. Abeykoon & Mr. M. Terfloth.

Mr. C. J. De. S. Amaratunga and Mr. P. C. K. Abeykoon who in spite of being Directors in another company which has a significant shareholding in RAFL, have nevertheless being determined by the Board of Directors to be independent, considering their credentials and integrity.

#### **Board of Directors**

The Board of Directors are responsible for setting up the governance frame work within the Company.

#### **Composition and attendance at meetings –**

As at date the Board consist of ten (10) Directors – Six (06) Non Executive Directors and four (04) Executive Directors including the Chairman. The Board meets quarterly as a matter of routine.

#### **The Remuneration Committee –**

The Remuneration Committee consists of Mr. W. Rajapakshe, Mr. C.J. De. S. Amaratunge and Mr. L.M. Abeywickrama. The Remuneration Committee recommends the remuneration payable to Executive Directors and sets guide lines for the remuneration of the Senior Management staff within the Company. The Board makes the final determination after consideration of such recommendations and performance of the Senior Management staff.

#### **The Audit Committee –**

The Audit Committee presently consists of three Directors namely, Mr. C. J. De. S. Amaratunge, Mr. P.C.K. Abeykoon and Mr. L.M. Abeywickrama. The purpose of the Audit Committee is to oversee the internal audit policy of the Company and to ensure that the Company complies with applicable financial standards and laws. In addition, it ensures high standards of transparency and corporate disclosure and endeavours to maintain appropriate standards of responsibility, integrity and accountability to the shareholders. The Executive Directors and the Head of Finance attend meetings of the Audit Committee by invitation. The Committee meets every quarter.

## **7.0 MANAGEMENT, HUMAN RESOURCES AND INFORMATION TECHNOLOGY**

### **The Chief Executive Officer**

Dr. S. R. Rajiyah of No.16 Bagatalle Road, Colombo 3 is the Chief Executive Officer (CEO) of the Company. He has been the Executive Chairman of the Company since its incorporation and since the last 35 years has functioned as an Executive Director/ Managing Director/Chairman of various companies of the Renuka Group.

The CEO is not and was not involved in any of the following events:

- i. Petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer.
- ii. Convicted of fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.

RAFL has a fully fledged team of individuals engaged in operations, manufacturing, engineering and quality control. Centralized services of finance, secretarial, information technology, human resources, commercial and logistic services are provided by companies within the Group.

### **7.1 Senior Management**

The operational management of the Company is overlooked by the following management team:-

<b>Name</b>	<b>Designation</b>	<b>Qualification/ Experience</b>
Dr. S. R. Rajiyah	Chairman/ Managing Director	M.B.B.S. (Cey) Please refer Profile in Section 6.1 above
Mrs. I. R. Rajiyah	Executive Director	HND Business Administration, FCMI Please refer Profile in Section 6.1 above
Mr. S. V. Rajiyah	Executive Director	BSc Management Sc. Please refer Profile in Section 6.1 above
Mr. S. Vasanthakumara	Executive Director	BSc Mechanical Engineering Please refer Profile in Section 6.1 above
Mrs. R. Wijesuriya	Head of Quality	BSc, MSc Food Sc. 15 years experience
Mr. A. F. Feroze Noon	Head of Finance & Administration	ACA, MBA, FSCMA 23 years experience
Mr. M. Sakthivel	Company Secretary	FCMA 15 years experience
Mr. T. A. P. Peiris	Manager Information Technology	BSc, Msc Information Technology, 10 years experience

Name	Designation	Qualification/ Experience
Mrs. V. Paiva	Manager Supply Chain	MBA, CIM 15 years experience
Mr. W. K. Indraratne	Head of Factory	BSc Applied Science 20 years experience
Mrs. M. R. N. Jayasinghe	Quality Assurance Manager	BSc Agriculture, M.phil Food Science Technology 12 years experience
Mr. W. M. N. K. Wijeratne	Engineering Manager	BSc in Engineering 11 years experience

The aggregate emoluments including bonus and/or profit sharing payments made to the Senior Management team except Directors/CEO during the last completed financial year amounts to LKR 16,000,040 and is estimated as LKR 17,620,000 for the current financial year.

## 7.2 Human Resources

The number of employees of the Company as at 30 September 2009 was 244, as detailed below:-

Category	Number of staff
Directors, Executives and Confidential Secretaries	38
Clerical, Supervisory and Minor Staff	69
Manual Grades	137
Total	244

As at 30 September 2009 there were no Trade Unions, Collective Agreements or actions pending against the Company in the Labour Tribunals.

## 7.3 Information Technology Operations

RAFL gives attention to bringing the IT systems in line with its strategies and objectives. RAFL is currently undergoing an Enterprise Resource Platform (ERP) implementation through IFS. IFS is component based and offers the Renuka Group modules in Financials, Distribution, Manufacturing, Quality Control and Document Management. The overall objective is to provide real time information to consolidate all aspects of the business and acquire a centralized perspective. This strategy is expected to optimize total operations by the reduction of inventory through proper planning. RAFL will benefit from a low Total Cost of Ownership and also have the option of future add-ons in areas such as Maintenance and Human Resources.

## 8.0 STATED CAPITAL

The Stated Capital of the Company as at date is LKR 282,452,950 comprising 281,250,000 fully paid Ordinary shares of the Company.

### 8.1 Capital Structure

The capital structure of the Company during the last three years is as follows:-

<b>Ordinary Shares</b>	<b>2008/09</b>	<b>2007/08</b>	<b>2006/07</b>
Balance as at 01 April	281,250,000	271,250,000	221,250,000
Issued during the year	-	10,000,000	50,000,000
Balance as at 31 March	281,250,000	281,250,000	271,250,000
<b>Preference Shares</b>			
Balance as at 01 April	18,750,000	18,750,000	18,750,000
Issued/(Redeemed) during the year	(18,750,000)		-
Balance as at 31 March	-	18,750,000	18,750,000

Note 1 - Number of Ordinary Shares as at 01 April 2006 was 221,250,000

Note 11 - The Company increased the stated capital through a new issue of 50,000,000 shares at a price of LKR 1.09 on 26 March 2007 and 10,000,000 at a price of LKR 1.09 on 01 March 2008

Note 111 - The Company redeemed the Preference shares on 20 June 2008 at a price of LKR 1.25 per share.

### 8.2 Other Securities

The Company has not issued any convertible debt securities or any other class of shares other than the shares stated above. Further there are no securities of the same or other class subscribed or sold privately in conjunction with this offering.

### 8.3 Free Transferability of Shares

Upon the Ordinary Shares of the Company being listed on the CSE, such shares shall be freely transferable and the registration of the transfer of such listed shares shall not be subject to any restriction, save and except to the extent required for compliance with statutory requirements.

#### 8.4 Twenty Largest Shareholders as at 30 September 2009

	Name	No. of Shares	%
1	Coco Lanka PLC	221,000,000	78.58
2	Greven Holdings Limited	25,987,500	9.24
3	Grace Foods (UK) Limited	22,500,000	8.00
4	Mr. W. Dunsford	5,000,000	1.78
5	Dr. & Mrs. S. R. Rajiyah	3,300,000	1.17
6	Mr. S. V. Rajiyah	720,911	0.26
7	Dr. A. Piyarathna	500,000	0.18
8	Mr. C. H. Gulambass	250,000	0.09
9	Mrs. H. M. Rajapakshe	200,000	0.07
10	Mr. W. Rajapakshe	200,000	0.07
11	Miss. S. R. Rajiyah	156,775	0.06
12	Miss. A. L. Rajiyah	156,774	0.06
13	Mr. D. S. L. Wickramaratchy	150,000	0.05
14	Mr. A. S. Pilimalalawa	100,000	0.04
15	Dr. W. Hettirachchi	50,000	0.02
16	Ceylon Muslim Scholarship Fund	50,000	0.02
17	Mrs. C. M. H. Liyanagamage	50,000	0.02
18	Mrs. K. Panditharatne	50,000	0.02
19	Mr. M. Jayasekaran	50,000	0.02
20	Mr. D. R. Sandanayake	40,000	0.01
		280,511,960	99.74

#### 8.5 Take Over Offers

There have been no take over offers by third parties in respect of the Company's shares during the past two years and no take over offers have been made by the Company in respect of shares of third parties.

#### 8.6 Public Holding

As at 30 September 2009, the public hold 33,529,089 (11.92%) of the Ordinary Shares of the Company, as detailed below;

Name of Shareholder	No. of Shares	%
Greven Holdings Limited	25,987,500	9.24
Mr. W. Dunsford	5,000,000	1.78
Dr. A. Piyarathna	500,000	0.18
Mr. C. H. Gulambass	250,000	0.09
Mrs. H. M. Rajapakshe	200,000	0.07
Miss. S. R. Rajiyah	156,775	0.06
Miss. A. L. Rajiyah	156,774	0.06
Mr. D. S. L. Wickramaratchy	150,000	0.05
Mr. A. S. Pilimalalawa	100,000	0.04
Dr. W. Hettirachchi	50,000	0.02
Ceylon Muslim Scholarship Fund	50,000	0.02
Mrs. C. M. H. Liyanagamage	50,000	0.02
Mrs. K. Panditharatne	50,000	0.02
Mr. M. Jayasekaran	50,000	0.02
Mr. D. R. Sandanayake	40,000	0.01
Others	738,040	0.26
Total	33,529,089	11.92

## 9.0 RATIOS

	Year ended 31 March		Six months ended 30 September	
	2009	2008	2009	2008
Revenue Growth (%)	59	42	14	28
EBITDA/ Revenue (%)	19	4.7	24	16
Profit after tax/ Revenue (%)	15	-0.33	21	12
Effective Tax Rate on other income (%)	35	35	35	35
Profit after tax/ Average Equity (%)	59	-0.78	39	19
Return on Average Assets (%)	29	-0.4	17	9.5
Current Ratio	2.21	2.41	2.42	1.32
Average No. of days in Inventory	55	66	74	79
Average receivables collection period (days)	22	26	29	16
Average payables payment period (days)	24	24	39	18
Debt/ Equity (%)	54	155	44	52
Equity/ Assets (%)	65	39	69	46
EBIT/ Interest Expense (X)	8	0.95	17	6
Book value per share (LKR)	1.32	0.73	1.61	0.93
Earnings per share (LKR)	0.59	(0.01)	0.39	0.19
Dividends/ Profit after tax (%)	17	-	-	-

## **10.0 TAXATION**

### **10.1 Corporate Taxation**

- a. In terms of the Agreement entered into with the BOI the Company's business profits are exempted from income tax for a period of twelve (12) years from the date of commencement of first commercial export. (i.e. from July 2003 upto June 2015)
- b. After the expiration of the said exempted period the Company's profits and income will be liable for taxation at the rate of 15% for a further period of ten (10) years. (i.e. from July 2015 upto June 2025)
- c. Dividends paid by the Company out of exempt profits during the twelve (12) year tax holiday period or within one (01) year thereafter are exempted from taxation.

### **10.2 Economic Service Charge (ESC)**

The Company can claim ESC against income tax liability. Unclaimed ESC can be carried forward only for five (05) years.

The Company is liable to pay ESC at the rate of 0.25% on the turnover because of its eligibility for BOI tax exemptions.

## **11.0 OTHER INFORMATION**

### **11.1 Necessary Consents and Approvals**

The Company has obtained all necessary consents and approvals required for the public share issue including the approval of BOI and the written approvals of Grace Foods (U.K) Ltd and Greven Holdings Ltd in terms of clause 6.1 of the Shareholders' Agreements entered with them.

### **11.2 Hosting of Prospectus, Application Form and the Articles of Association on the Web**

This Prospectus, Application Form and the Articles of Association of the Company will be available on the website of the CSE ([www.cse.lk](http://www.cse.lk)), website of RAFL ([www.renukagroup.com](http://www.renukagroup.com)) and the website of the Managers to the Issue ([www.mbslbank.com](http://www.mbslbank.com)) from the date of opening of the Issue, until the subscription list closes or up to fourteen (14) Market Days, whichever is later.

### **11.3 Inspection of Documents**

The Articles of Association, the Auditor's Report, Audited Financial Statements for the five financial years immediately preceding the date of this prospectus (i.e. FY 2004/05 to FY 2008/09, both periods inclusive), Audited Interim Financial Statements for the period ended upto 30 September 2009 and all other documents to which references are made in this Prospectus could be inspected by the public during normal working hours at the Registered Office of the Company from the date hereof until the subscription list closes or up to fourteen (14) Market Days, whichever is later.

### **11.4 Brokerage**

Brokerage at the rate of zero decimal seven percentum (0.70%) of the Share Offer Price will be paid in respect of the number of shares allotted/allocated on Applications bearing the seal of any bank operating in Sri Lanka or a member/trading member of the CSE or MBSL.

### **11.5 Underwriting**

The Offering is underwritten by MBSL subject to the terms and conditions stipulated in the Underwriting Agreement entered into between the Company and MBSL.

## 12.0 STATUTORY DECLARATIONS

### Declaration by the Directors

We, the undersigned being the Directors of Renuka Agri Foods Limited hereby declare and confirm that we have read the provisions of the Companies Act No.7 of 2007 relating to the issue of the Prospectus and that those provisions have been complied with.

This Prospectus has been seen and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given and confirm that the provisions of the Listing Rules of the Colombo Stock Exchange and the Companies Act. No. 7 of 2007 have been complied with and after making all reasonable inquiries and to the best of our knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of the Company have been given in the Prospectus, such representations have been made after due and careful inquiry of the information available to the Company and making assumptions that are considered to be reasonable at the present point in time and according to our best judgement.

Dr. Skantha Ranjit Rajiyah	(Sgd)	on 07 November 2009
Mrs. Indumathi Renuka Rajiyah	(Sgd)	on 07 November 2009
Mr. Lasantha Manu Abeywickrama	(Sgd)	on 09 November 2009
Mr. Sanmugam Vasanthakumara	(Sgd)	on 09 November 2009
Mr. Shamindra Vatsalan Rajiyah	(Sgd)	on 07 November 2009
Mr. Wijeyadasa Rajapakshe	(Sgd)	on 09 November 2009
Mr. Prasantha Chandra Kumara Abeykoon	(Sgd)	on 09 November 2009
Mr. John Edward Brennan	(Sgd)	on 10 November 2009
Mr. Chitral Jayantha De Silva Amaratunga	(Sgd)	on 12 November 2009
Mr. Marc Terfloth	(Sgd)	on 08 November 2009

**Declaration by the Managers to the Issue, Merchant Bank of Sri Lanka PLC**

09 November 2009

We, Merchant Bank of Sri Lanka PLC of No 28, St. Michael's Road Colombo 3 being the Managers and Registrars to this Public Share Issue of Renuka Agri Foods Limited hereby declare that to the best of our knowledge and belief the Prospectus constitutes full and fair disclosure of all material facts about the Issue and Renuka Agri Foods Limited whose shares are being offered.

Sgd.

J. G. B. P. Tissera

Director

Sgd.

P. G. Rupasinghe

Director

**Declaration by the Company**

09 November 2009

An application has been made to the Colombo Stock Exchange for permission to deal in and for a listing for all of the ordinary shares issued by the Company and those Ordinary Shares which are the subject of this issue. Such permission will be granted when the ordinary shares are listed on the Colombo Stock Exchange. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this Prospectus. Listing on the Colombo Stock Exchange is not to be taken as an indication of the merits of the Company or of the securities issued.

**Renuka Agri Foods Limited**

Sgd.

Shamindra Vatsalan Rajiyah

Director

Sgd.

Mahespara Sakthivel

Secretary

KPMG Ford, Rhodes, Thornton & Co  
(Chartered Accountants)  
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Internet: www.lk.kpmg.com

2<sup>nd</sup> October 2009

The Board of Directors  
Renuka Agri Foods Limited  
“Renuka House”  
P.O.Box 961,  
No.69 Sri Jinaratana Road,  
Colombo 2

Dear Sirs,

**ACCOUNTANTS’ REPORT FOR INCLUSION IN THE PROSPECTUS FOR THE PROPOSED PUBLIC ISSUE OF ORDINARY (VOTING) SHARES**

**1. Introduction**

This report has been prepared for the purpose of the Proposed Public Issue of Ordinary (Voting) Shares of Renuka Agri Foods Limited.

**2. Incorporation**

The Company was incorporated under the Companies Act No.17 of 1982 and commenced operations on July 2003.

**3. Financial Statements as at 31<sup>st</sup> March 2009**

The audited Balance Sheet and the Statements of Income, Cash Flow and Changes in Equity along with the Accounting Policies and notes to the Financial Statements for the year ended 31<sup>st</sup> March 2009 are set out in this Prospectus. Our report is attached to these Financial Statements.

**4. Five year summary of the Financial Statements**

Summary of the Income Statements for the past five financial years’ upto 31st March 2009, and the Balance Sheets as at the end of each such financial year are set out in the prospectus. The Accounting policies adopted for the preparation of these Financial Statements have not changed materially except for what have been annexed hereto.

No qualifications were made in the auditors’ report on going concern or any other matters during the previous four years upto 31<sup>st</sup> March 2009.

Yours faithfully,  
Sgd  
SSK/HR

**FIVE YEAR SUMMARY**

Year ended 31st March (Audited)

	2009 Rs.	2008 Rs.	2007 Rs. Restated	2006 Rs.	2005 Rs.
<b>A) Summary of the operations</b>					
Turnover	1,071,267,115	670,450,964	482,554,014	263,527,404	261,763,415
Gross Profit	274,144,654	63,223,404	102,280,300	20,001,453	7,997,886
Net Profit before Finance Cost	208,170,283	31,520,403	49,091,918	(1,658,897)	(14,357,656)
Profit / (Loss) before Taxation	168,842,157	(1,212,086)	18,821,922	(24,605,754)	(35,235,480)
Taxation	(3,046,958)	(1,006,095)	(1,105,327)	-	-
Profit / (Loss) attributable to Shareholders	<u>165,795,199</u>	<u>(2,218,181)</u>	<u>17,716,595</u>	<u>(24,605,754)</u>	<u>(35,235,480)</u>
<b>B) Summary of Financial Position</b>					
<b>Capital and Reserves</b>					
Stated Capital	282,452,950	282,452,950	271,552,950	221,250,000	206,250,000
Preference Share Capital	-	18,750,000	18,750,000	18,750,000	18,750,000
Retained Earnings	88,860,636	(76,934,563)	(74,716,382)	(82,432,978)	(46,280,224)
<b>Total Equity</b>	<u>371,313,586</u>	<u>224,268,387</u>	<u>215,586,568</u>	<u>157,567,022</u>	<u>178,719,776</u>
<b>Assets and Liabilities</b>					
Current Assets	283,615,070	237,942,228	175,820,066	82,531,506	67,493,820
Current Liabilities	128,295,966	221,376,576	162,583,882	115,842,457	77,869,410
Net Current Assets	155,319,104	16,565,652	13,236,184	(33,310,951)	(10,375,590)
Property, Plant and Equipment	285,605,951	284,823,061	305,623,450	322,834,677	338,659,715
Other Non Current Assets	3,032,678	2,900,882	2,969,952	3,039,021	3,108,090
Non Current Liabilities	72,644,147	80,021,208	106,243,018	134,995,725	152,672,439
<b>Net Assets</b>	<u>371,313,586</u>	<u>224,268,387</u>	<u>215,586,568</u>	<u>157,567,022</u>	<u>178,719,776</u>
<b>Financial Ratios</b>					
Earnings per Share (LKR)	0.59	(0.01)	0.07	(0.12)	(1.88)
Net Assets per Share (LKR)	1.32	0.80	0.90	0.76	9.55
Dividend per Share - Ordinary (LKR)	-	-	-	-	-
Current Ratio (Times)	2.21	1.07	1.08	0.71	0.87

Sgd. Feroze Noon  
Head of Finance

The above summarised financial information and its extraction from audited financial statements, is the responsibility of the Board of Directors.

Sgd. Mrs I. R. Rajiyah  
Director

Sgd. Mr S.V. Rajiyah  
Director

Colombo  
02 October 2009

**MATERIAL ACCOUNTING POLICY CHANGES**

<b>YEAR</b>	<b>ACCOUNTING POLICY CHANGES</b>
2004 / 2005	There were no material changes
2005 / 2006	There were no material changes
2006 / 2007	<p>Except for the following there were no material accounting policy changes to the financial statements Renuka Agri Foods Ltd.,</p> <p><b><u>RELATED PARTY DISCOLOURE</u></b></p> <p>Based on revised SLAS 30 Company has disclosed transactions of key management personnel (Directors) under Note 26</p> <p><b><u>PROPERTY PLANT &amp; EQUIPMENT</u></b></p> <p>Depreciation of an asset begins when it is available for use. In accordance with new SLAS, all assets (excluding lands) purchased from 01-04-2006 is depreciated from the month the asset is available for use.</p>
2007 / 2008	<p>Except for the following there were no material accounting policy changes to the financial statements Renuka Agri Foods Ltd.,</p> <p><b><u>DEFERRED TAX</u></b></p> <p>Deferred taxation is provided using the liability method on temporary differences at the balance sheet between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.</p> <p>Deferred tax assets and liabilities are recognized for all temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized.</p> <p>The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.</p>

	<p>Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realized or liability is settled, based on that tax rates and tax laws that have been enacted or substantively enacted as at the balance sheet date.</p> <p>Income tax relating to items recognized directly in equity is recognized in equity.</p> <p>Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.</p>
<p>2008 / 2009</p>	<p>Except for the following there are no material accounting policy changes to the financial statements Renuka Agri Foods Ltd.,</p> <p><b><u>DEFINED BENEFIT OBLIGATION</u></b> Adoption of SLAS 16 (Revised)</p> <p>Full provision has been made on account of retirement gratuity from the first five year of service of the employee, in conformity with SLAS-16 “Retirement Benefit Costs” using the formula method.</p> <p style="text-align: center;"><b>Significant Assumptions</b></p> <p style="text-align: center;">Retirement Age = 55 Discounting Rate = 12% Salary Increment Rate = 10%</p> <p>However according to the Payment of Gratuity Act No.12 of 1983, the liability for gratuity to an employee arises only of five years of continued service with the Company.</p> <p>The Liability is not externally funded nor actuarially valued.</p>

**QUALIFICATIONS MADE IN AUDIT REPORTS (if any)**

<b>YEAR</b>	<b>QUALIFICATION MADE IN AUDIT REPORT</b>
2004/2005	No qualification reported
2005/2006	No qualification reported
2006/2007	No qualification reported
2007/2008	No qualification reported
2008/2009	No qualification reported

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## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF RENUKA AGRI FOODS LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of Renuka Agri Foods Limited, as at March 31<sup>st</sup> 2009 which comprise the balance sheet as at March 31<sup>st</sup> 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended, and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Financial Statements*

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

#### *Scope of Audit and Basis of Opinion*

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

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

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

#### *Opinion*

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended March 31<sup>st</sup> 2009 and the financial statements give a true and fair view of the Company's state of affairs as at March 31<sup>st</sup> 2009 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

**Report On Other Legal and Regulatory Requirements**

These financial statements also comply with the requirements of Section 151 (2) of the Companies Act No.07 of 2007.

Sgd  
CHARTERED ACCOUNTANTS  
Colombo  
24 June 2009

**RENUKA AGRIFOODS LIMITED**  
**INCOME STATEMENT**

<b>For the year ended 31 March</b>		<b>2009</b>	<b>2008</b>
	<b>Note</b>	<b>Rs.</b>	<b>Rs.</b>
<b>Revenue</b>	<b>1</b>	<b>1,071,267,115</b>	<b>670,450,964</b>
Cost of Sales		<b>(797,122,461)</b>	<b>(607,227,560)</b>
<b>Gross Profit</b>		<b>274,144,654</b>	<b>63,223,404</b>
Other Operating Income	<b>2</b>	<b>1,992,505</b>	<b>3,648,518</b>
Administration Expenses		<b>(45,776,109)</b>	<b>(24,983,553)</b>
Selling & Distribution Expenses		<b>(22,121,697)</b>	<b>(10,298,896)</b>
Other Operating Expenses		<b>(69,070)</b>	<b>(69,070)</b>
Profit / (Loss) from Operations	<b>3</b>	<b>208,170,283</b>	<b>31,520,403</b>
Finance Cost	<b>4</b>	<b>(39,328,126)</b>	<b>(32,732,490)</b>
<b>Profit / (Loss) before Taxation</b>		<b>168,842,157</b>	<b>(1,212,086)</b>
Taxation	<b>5</b>	<b>(3,046,958)</b>	<b>(1,006,095)</b>
<b>Profit / (Loss) after Taxation</b>		<b>165,795,199</b>	<b>(2,218,181)</b>
<b>Earning / (Loss) Per Share</b>	<b>6</b>	<b>0.59</b>	<b>(0.01)</b>

The Accounting Policies and Notes form an integral part of these Financial Statements.

*Figures in brackets indicate deductions*

**RENUKA AGRIFOODS LTD**  
**BALANCE SHEET**

As at 31 March	Note	2009 Rs.	2008 Rs.
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	7	285,605,951	284,823,061
Capital Work in Progress		200,866	-
Premium Paid for Leasehold Premises	8	2,831,812	2,900,882
		<u>288,638,629</u>	<u>287,723,943</u>
<b>Current Assets</b>			
Inventories	9	130,247,129	139,568,394
Receivables	10	87,060,828	43,214,847
Prepayments & Advances	11	4,757,752	7,710,569
Amounts Due from Related Companies	12	40,973,562	17,426,381
Cash & Cash Equivalents	13	20,575,800	30,022,037
		<u>283,615,072</u>	<u>237,942,228</u>
<b>Total Assets</b>		<u>572,253,700</u>	<u>525,666,171</u>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Capital and Reserves</b>			
Stated Capital	14	282,452,950	282,452,950
Accumulated Profit/(Losses)		88,860,636	(76,934,563)
		<u>371,313,586</u>	<u>205,518,387</u>
<b>Non Current Liabilities</b>			
Retirement Benefit Obligations	15	4,657,059	2,495,350
Preference Shares	16	-	18,750,000
Long Term Borrowings	17	52,083,178	53,983,185
Debentures	18	-	10,000,000
Deferred Tax Liability	19	15,903,910	13,542,673
		<u>72,644,147</u>	<u>98,771,208</u>
<b>Current Liabilities</b>			
Short term borrowings	20	47,536,517	170,452,627
Trade and Other Payable	21	66,867,892	38,083,623
Amounts due to Related Companies	22	8,009,813	205,620
Bank Overdraft	13	5,881,744	12,634,707
		<u>128,295,966</u>	<u>221,376,576</u>
<b>Total Equity &amp; Liabilities</b>		<u>572,253,700</u>	<u>525,666,171</u>

I certify that the Financial Statement of the Company comply with the requirements of the Companies Act No. 07 of 2007

Sgd. A. F. Feroze Noon  
Head of Finance & Administration

The Accounting Policies and Notes form an integral part of these Financial Statements.

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and Signed for & on behalf of the Board

Sgd. Dr S.R. Rajiyah }  
Sgd. Mr S.V. Rajiyah } Directors

Date 24th June 2009  
Colombo.

**RENUKA AGRIFOODS LTD**  
**STATEMENT OF CHANGES IN EQUITY**
**For the year ended 31 March 2009**

	<b>Stated Capital</b>	<b>Retained Profits / (Losses)</b>	<b>Total</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Balance as at 1 April 2007	271,552,950	(74,716,382)	196,836,568
Shares issued during the year	10,900,000	-	10,900,000
Net Loss for the year	-	(2,218,181)	(2,218,181)
<b>Balance as at 31 March 2008</b>	<b><u>282,452,950</u></b>	<b><u>(76,934,563)</u></b>	<b><u>205,518,387</u></b>
Balance as at 1 April 2008	282,452,950	(76,934,563)	205,518,387
Net Profit for the year		165,795,199	165,795,199
<b>Balance as at 31 March 2009</b>	<b><u>282,452,950</u></b>	<b><u>88,860,636</u></b>	<b><u>371,313,586</u></b>

The Accounting Policies and Notes form an integral part of these Financial Statements.

*Figures in brackets indicate deductions*

**RENUKA AGRIFOODS LTD**

**CASH FLOW STATEMENT**

<b>For the Year Ended 31 March</b>	<b>2009</b>	<b>2008</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit /(Loss) from Operations</b>	<b>208,170,283</b>	<b>31,520,403</b>
<b>Adjustments For:</b>		
Depreciation	24,354,278	22,700,092
Provision for Gratuity	2,301,709	1,682,300
Amortization of Lease Premium	69,070	69,070
<b>Operating Profit before Working Capital Changes</b>	<b>234,895,340</b>	<b>55,971,865</b>
Increase in Inventories	9,321,265	(40,009,578)
Increase in Receivables	(43,845,981)	(10,006,186)
Increase in Prepayments and advances	2,952,818	(4,943,370)
Increase in Amounts Due from Related Companies	(23,547,181)	(17,426,381)
Increase / (Decrease) in Trade & Payables	39,384,419	14,892,128
Increase in Amounts Due to Related Companies	7,804,194	(2,302,364)
<b>Cash Generated from Operations</b>	<b>226,964,875</b>	<b>(3,823,885)</b>
Gratuity Paid	(140,000)	-
Interest Paid	(36,457,501)	(31,293,533)
<b>Net Cash flow used in Operating Activities</b>	<b>190,367,374</b>	<b>(35,117,418)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property, Plant & Equipment	(25,137,168)	(1,899,702)
Capital Work-in-Progress	(200,866)	-
Proceeds from Disposal of Property, Plant & Equipment	-	-
<b>Net Cash flow used in Investing Activities</b>	<b>(25,338,034)</b>	<b>(1,899,702)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Shares	-	10,900,000
Redemption of Debentures & Preference Shares	(42,906,500)	-
Net Proceeds / (Repayments) of Long Term Borrowings	1,499,993	(23,126,177)
Net Proceeds of Short Term Borrowings	(126,316,110)	66,345,504
<b>Net Cash Flow from Financing Activities</b>	<b>(167,722,617)</b>	<b>54,119,327</b>
<b>Net Decrease in Cash &amp; Cash Equivalents</b>	<b>(2,693,277)</b>	<b>17,102,207</b>
<b>Cash &amp; Cash Equivalents at the Beginning of the Year</b>	<b>17,387,331</b>	<b>285,124</b>
<b>Cash &amp; Cash Equivalents at the End of the Year (Note-A)</b>	<b>14,694,054</b>	<b>17,387,331</b>
<b>Note -A</b>		
<b>Cash &amp; Cash Equivalents</b>		
Short Term Deposits - FCBU	2,677,961	2,154,967
Call Deposits	15,106,659	26,921,338
Cash at Bank & in Hand	2,791,177	945,733
Bank Overdraft	(5,881,744)	(12,634,707)
<b>Cash &amp; Cash Equivalents</b>	<b>14,694,054</b>	<b>17,387,331</b>

The Accounting Policies and Notes form an integral part of these Financial Statements.

*Figures in brackets indicate deductions.*

## **SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2009**

### **1. GENERAL ACCOUNTING POLICIES**

#### **1.1. Basis of Preparation**

1.1.1 The Balance Sheet, Income Statement, Cash Flow Statement, Statement of Changes in Equity and Accounting policies and Notes (“Financial Statements”) of the company are prepared in accordance with the Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka.

1.1.2 The Financial Statements of the Company are prepared under the historical cost convention.

1.1.3 The Financial Statements of the Company are prepared in Sri Lankan Rupees (Rs.).

#### **1.2 Foreign Exchange**

1.2.1 Transactions arising in foreign currencies are converted into Sri Lankan Rupees at the exchange rate prevailing at the date of the transaction.

1.2.2 Assets and Liabilities in foreign currencies are translated into Sri Lankan Rupees at the appropriate exchange rate prevailing at the Balance Sheet date. The resulting gains or losses are dealt with in the Income Statement.

#### **1.3 Taxation**

##### **Income taxation**

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006. Relevant details are disclosed in the Financial Statements.

##### **Deferred taxation**

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

Deferred tax assets and liabilities are recognized for all temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

**SIGNIFICANT ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31 MARCH 2009**

Income tax relating to items recognized directly in equity is recognized in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**1.4 Deferred Expenditure**

Pre-operational expenses are amortised over a period of 5 years commencing from the first year of operation.

**1.5 Borrowing Cost**

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

**1.6 Comparative Information**

The Accounting Policies have been consistently applied by the Company and are consistent with those of the previous year and the previous year figures and phrase have been rearranged wherever necessary to conform to the current years presentations.

**1.7 Events After the Balance Sheet Date**

All material events occurring after the Balance Sheet date are considered and where appropriate, adjustments to or disclosures are made in the Financial Statements.

**2 ASSETS AND BASES OF THEIR VALUATION****2.1. Property, Plant & Equipment**

2.1.1 Property, Plant & Equipment is stated at cost less accumulated depreciation.

2.1.2 The cost of Property, Plant & Equipment is the cost of acquisition or Construction together with any incidental expenses thereon

2.1.2 Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business have been treated as capital expenditure.

**2.2. Depreciation**

2.2.1 Depreciation is not charged on Land.

2.2.2 Depreciation on Property, Plant & Equipment is provided on the straight-line basis so as to write off the cost over their estimated useful lives.

**SIGNIFICANT ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31 MARCH 2009**

The annual rates used for this purpose, which are consistent with those of previous year, are:

	%
Factory Buildings	2.5
Plant & Machinery	5 – 10
Electrical Installation	10
Workshop Tools	10
Laboratory Equipment	10
Factory Equipment	10
Office Equipment	10

2.2.3 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 derecognized.

**2.3 Trade & Other Receivables**

Trade & other receivables are stated at the amounts estimated to realize. Where necessary, provisions are made for bad and doubtful debts.

**2.4 Inventories**

2.4.1 Inventories have been valued at the lower of cost and net realizable value after making due allowance for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the normal course of business after allowing for cost of realization and/or cost of conversion from their existing state to saleable condition. The cost of each category of inventory of the Company is determined on the following basis.

2.4.2 Raw Material & Consumables at the factory are ascertained on a First In First out basis.

2.4.3 Finished Goods are valued at Factory cost which includes an appropriate portion of Production overheads.

2.4.4 Goods in transit are valued at actual cost.

**2.5 Cash & Cash Equivalents**

2.5.1 Cash and Cash Equivalents are defined as cash in hand, demand deposit in bank and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of change in value.

2.5.2 For the purpose of cash flow Statement, cash and cash equivalents consists of cash in hand and short term deposits in banks.

2.5.3 Interest paid and received are classified as operating cash flows while dividend are classified as financing cash flows for the purpose of presentation of Cash Flow Statement, reported based on the indirect method.

## **SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2009**

### **3 LIABILITIES AND PROVISIONS**

#### **3.1 Current Liabilities & Non Current Liabilities**

Liabilities classified as current liabilities in the balance sheet are those obligation payable on demand or within one year from the Balance Sheet date.

Liabilities classified as non-current liabilities are those obligations, which expire beyond a period of one year from the Balance Sheet date.

#### **3.2 Capital Commitments & Contingencies**

All material capital commitments and contingent liabilities of the Company as at the Balance Sheet date are disclosed in the notes to the accounts.

#### **3.3 Retirement Benefit Cost**

##### **3.3.1 Defined Benefit Plan - Retirement Gratuity**

Full provision has been made on account of retirement gratuity from the first year of service of the employees, in conformity with the Sri Lanka Accounting Standard No.16 - "Retirement Benefit Costs" using the formula method.

##### **Significant Assumptions**

Retirement Age	=55
Discounting Rate	= 12%
Salary Increment Rate	=10%

However according to the Payment of Gratuity Act No.12 of 1983, the liability for gratuity to an employee arises only on completion of five years of continued service with the company.

The liability is not externally funded nor actuarially valued. The item is grouped under Non Current Liabilities in the Balance Sheet.

##### **3.3.2 Defined Contribution Plan-Employee's Provident Fund and Employee's Trust Fund.**

All employees who are eligible for Employee's Provident Fund Contribution and Employee's Trust Fund Contributions are covered by relevant contribution funds in line with respective Statutes and Regulations. Contribution to Provident Fund and Trust Fund covering the employees are recognized as an expense in the Income Statement in the period in which it is incurred.

#### **3.4 Bills Payable**

The company account for the liability on receipt of documents for clearance.

## **SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2009**

### **3.5 Provisions**

Provisions are recognized when the company has a present legal or constructive obligation, as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

## **4 INCOME STATEMENT**

### **4.1 Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

- 4.1.1 Export Sales – at the time of shipment
- 4.1.2 Local Sales - at the time of dispatch
- 4.1.3 Export Rebate & Other Income  
Interest & export rebate income have been accounted for on an accrual basis.
- 4.1.4 Dividend Income  
Dividend income is recognised when the company's right to receive payment is established.
- 4.1.5 Other gains or losses of a revenue nature on the disposals of property, plant & equipment have been accounted for in the Income Statement.

### **4.2 Expenditure Recognition**

#### **4.2.1 Revenue Expenditure**

All expenditure incurred in the running of the business and in maintaining the capital assets in a state of efficiency, has been charged to revenue in arriving at the profit or loss for the year.

#### **4.2.2 Capital Expenditure**

Expenditure incurred for the purpose of acquiring or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

- 4.2.3 For the purpose of presentation of the Income Statement, the Director's are of the opinion that function of expenses method fairly present the elements of the enterprises performance, hence such presentation method is adopted.

**SIGNIFICANT ACCOUNTING POLICIES  
FOR THE YEAR ENDED 31 MARCH 2009****5 SEGMENTAL REPORTING**

A segment is a distinguishable component of the company that is engaged in either providing products or services (Business Segment) or in providing products or services within a particular environment (Geographical Segment), which is subject to risk and rewards that are different from those of the other segment.

However there are no distinguishable components to be identified as segment for the company.

**6. CORPORATE INFORMATION****6.1 Domicile and Legal form**

Renuka Agri Foods Limited is a limited liability company, which is incorporated and domiciled in Sri Lanka. The registered office of the company is located at 69, Sri Jinaratne Road, Colombo 2.

**6.2 Principal Activities and Nature of Operations**

The Principal activities of the company are, to carry on business for manufacture of coconut milk, Coconut cream, coconut milk powder, Cream powder and granulated de-fatted coconut for export and local markets.

**6.3 Parent company and ultimate parent company**

The company's parent company is Coco Lanka PLC, and in the directors' opinion, the company's ultimate parent company is Renuka Group Ltd.

**6.4 Number of employees**

The number of employees at the end of the year was 387.

**RENUKA AGRIFOODS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**

<b>For the year ended 31 March</b>	<b>2009</b>	<b>2008 (RE STATED)</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>1 Revenue</b>		
Exports	<b>1,016,361,155</b>	585,985,144
Export Sales are shown at net of freight charges		
Local	<b>54,905,960</b>	84,465,820
	<b><u>1,071,267,115</u></b>	<b><u>670,450,964</u></b>
<b>2 Other Operating Income</b>		
Interest Income on		
- Call Deposit	<b>275,092</b>	700,224
- Foreign Currency Account	<b>221,087</b>	-
- Fixed Deposit	<b>1,664,716</b>	971,777
Exchange Gain / (Loss)	<b>(241,664)</b>	1,627,747
Insurance Claimed	<b>73,275</b>	348,770
	<b><u>1,992,505</u></b>	<b><u>3,648,518</u></b>
<b>3 Profit/(Loss) from Operation is stated after charging all expenses including the following ;</b>		
Ground Rent	-	-
Auditors' Remuneration	<b>228,280</b>	190,000
Depreciation	<b>24,354,278</b>	22,700,092
Legal and Secretarial Fees	<b>1,501,373</b>	1,013,610
Personnel Cost (Note 3.1)	<b>67,246,188</b>	45,377,668
<b>3.1 Personnel Cost</b>		
Salaries, Wages & Related Expenses	<b>59,706,877</b>	40,029,370
Defined Contribution Plan Costs - EPF & ETF	<b>5,237,601</b>	3,665,998
Defined Benefit Plan Costs - Retirement Gratuity	<b>2,301,709</b>	1,682,300
	<b><u>67,246,188</u></b>	<b><u>45,377,668</u></b>
<b>4 Finance Cost</b>		
Interest on		
- Debentures	-	562,500
- Bank Loans	<b>15,432,367</b>	14,323,673
- Bank Overdrafts	<b>1,572,339</b>	1,346,917
- Packing Credit Loans	<b>6,583,476</b>	8,488,704
Premium on Redemption of Preference Shares/Debentures	<b>14,156,500</b>	
Reversal of Preference Dividend Payable	<b>(10,000,000)</b>	
Other Bank Charges	<b>11,583,445</b>	8,010,695
	<b><u>39,328,126</u></b>	<b><u>32,732,490</u></b>

**RENUKA AGRIFOODS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**

<b>For the year ended 31 March</b>	<b>2009</b>	<b>2008</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>5 Taxation</b>	<b>3,046,958</b>	1,006,095

Charges to the taxation is as follows.

Income Tax on other income	<b>685,721</b>	115,748
Deferred Tax Provision (Note 19)	<b>2,361,237</b>	890,347
	<b><u>3,046,958</u></b>	<u>1,006,095</u>

- a) In terms of the Board of Investment of Sri Lanka (BOI) agreement, the company's business profit is exempted from income tax for a period of 12 years from the date of commencement of it's business.
- b) After the expiration of said exemption period, the company's profits & income will be liable for taxation at the rate of 15% for a further period of 12 years.
- c) Dividend paid by the company out of exempt profits during the 12 year tax holiday period or within one year thereafter are exempted from taxation.

**6 Earnings Per Share**

Earnings/(Loss) Per Share is based on the profit/(loss) for the year attributable to ordinary share holders divided by the weighted average number of shares during the year. The average number of Ordinary shares deemed to be outstanding during the year, is determined by weighting the shares in issue on a time basis.

	<b>2009</b>	<b>2008</b>
Profit / (Loss) after tax attributable to Ordinary Shareholders (Rs.)	<b><u>165,795,199</u></b>	<u>(2,218,181)</u>
Weighted average number of Ordinary Shares deemed to be in issue	<b><u>281,250,000</u></b>	<u>279,167,808</u>
Earnings / (Loss) Per Share	<b><u>0.59</u></b>	<u>(0.01)</u>

RENUKA AGRI FOODS LTD  
NOTES TO THE FINANCIAL STATEMENTS  
For Year ended 31 March 2009

7 Property, Plant & Equipment

Cost	Factory Buildings Rs.	Plant & Machinery Rs.	Furniture & Fittings Rs.	Electrical Installations Rs.	Workshop Tools Rs.	Laboratory Equipment Rs.	Factory Equipment Rs.	Office Equipment Rs.	Motor Cycle Rs.	TOTAL 2009 Rs.	TOTAL 2008 Rs.
As at 1 April 2008	75,066,889	260,046,655	12,460,761	12,298,290	87,063	1,872,149	9,752,943	667,133	152,644	372,404,527	370,504,825
Additions	2,473,014	21,171,562	-	348,383	-	15,600	51,756	1,076,854	-	25,137,168	1,899,702
Disposals/Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2009	<u>77,539,903</u>	<u>281,218,217</u>	<u>12,460,761</u>	<u>12,646,673</u>	<u>87,063</u>	<u>1,887,749</u>	<u>9,804,699</u>	<u>1,743,987</u>	<u>152,644</u>	<u>397,541,695</u>	<u>372,404,527</u>
<b>Depreciation</b>											
As at 1 April 2008	7,417,116	66,117,831	4,858,806	4,914,818	33,507	786,056	3,215,207	187,244	50,881	87,581,466	64,881,374
Charge for the year	1,917,889	18,564,551	1,246,076	1,264,667	8,706	187,605	978,593	155,661	30,529	24,354,278	22,700,092
Disposals	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2009	<u>9,335,005</u>	<u>84,682,382</u>	<u>6,104,882</u>	<u>6,179,485</u>	<u>42,213</u>	<u>973,661</u>	<u>4,193,800</u>	<u>342,905</u>	<u>81,410</u>	<u>111,935,744</u>	<u>87,581,466</u>
<b>Written Down Value</b>											
As at 31 March 2009	<u>68,204,898</u>	<u>196,535,835</u>	<u>6,355,879</u>	<u>6,467,187</u>	<u>44,850</u>	<u>914,088</u>	<u>5,610,898</u>	<u>1,401,082</u>	<u>71,234</u>	<u>285,605,951</u>	<u>284,823,061</u>
As at 31 March 2008	<u>67,649,773</u>	<u>193,928,824</u>	<u>7,601,955</u>	<u>7,383,472</u>	<u>53,556</u>	<u>1,086,093</u>	<u>6,537,736</u>	<u>479,889</u>	<u>101,763</u>	<u>284,823,061</u>	<u>284,823,061</u>

**RENUKA AGRIFOODS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at 31 March 2008

	2009 Rs.	2008 Rs.
<b>8 Premium Paid on Leasehold Land</b>		
Balance as at the beginning of the year	2,900,882	2,969,952
Amortized During the year	<u>(69,070)</u>	<u>(69,070)</u>
Balance as at the end of the year	<u><u>2,831,812</u></u>	<u><u>2,900,882</u></u>

This represents the premium paid for the leasehold land to the Board of Investment of Sri Lanka and it is amortized over the leasehold period from year 2006.

	2009 Rs.	2008 Rs.
<b>9 Inventories</b>		
Raw Materials & Consumables	2,996,350	1,911,673
Finished Goods	60,001,767	73,891,184
Packing Materials & Chemicals	48,790,215	47,112,314
Machinery Spare Parts	14,138,602	10,058,222
Goods in Transit	<u>4,320,194</u>	<u>6,595,001</u>
	<u><u>130,247,129</u></u>	<u><u>139,568,394</u></u>

<b>10 Receivables</b>		
VAT Recoverable	5,539,847	7,015,704
Bills Receivable	69,431,378	31,112,279
Staff Loans and Advances	2,000	-
ESC Recoverable	5,405,941	3,418,808
Other Receivable	<u>6,681,662</u>	<u>1,668,055</u>
	<u><u>87,060,828</u></u>	<u><u>43,214,847</u></u>

<b>11 Prepayments and Advances</b>		
Pre-payments	795,840	725,500
Deposits & Advances	<u>3,961,912</u>	<u>6,985,069</u>
	<u><u>4,757,752</u></u>	<u><u>7,710,569</u></u>

<b>12 Amounts due from Related Companies</b>		
Campbell Teas Ltd	3,262,949	-
Renuka Agro Exports Ltd	2,095,076	13,517,381
Kandy Plantation Ltd.	-	3,409,000
Renuka Travels & Tours Ltd.	800,000	500,000
Matale Plantations Ltd	28,192	-
Renuka Organics (Pvt) Ltd	101,151	-
Coco Lanka Ltd	34,137,323	-
Renuka Teas (Ceylon) Ltd	<u>548,872</u>	<u>-</u>
	<u><u>40,973,562</u></u>	<u><u>17,426,381</u></u>

<b>13 Cash &amp; Cash Equivalents</b>		
Short Term Deposits - FCBU	2,677,961	2,154,967
Call Deposits	15,106,659	26,921,338
Cash at Bank & in Hand	<u>2,791,177</u>	<u>945,733</u>
	<u><u>20,575,799</u></u>	<u><u>30,022,037</u></u>
Bank Overdraft	<u>(5,881,744)</u>	<u>(12,634,707)</u>
	<u><u>14,694,055</u></u>	<u><u>17,387,331</u></u>

**RENUKA AGRIFOODS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at 31 March	2009	2008
	Rs.	Rs.
<b>14 Stated Capital</b>	<b>282,452,950</b>	282,452,950
<b>Issued and Fully Paid</b>		
<b>Ordinary Shares</b>		
Balance at the beginning of the year (271,250,000 Ordinary Shares)	282,452,950	271,552,950
Issued during the year 10,000,000 Ordinary Shares	-	10,900,000
Premium Paid on redemption of shares.	-	-
Balance at the end of the year (281,250,000 Ordinary Shares)	<u>282,452,950</u>	<u>282,452,950</u>
<b>Total Issued Capital</b>	<u>282,452,950</u>	<u>282,452,950</u>
	Rs.	Rs.
<b>15 Retirement Benefit Obligations</b>		
Balance as at the beginning of the year	2,495,350	813,050
Provision During the year	2,301,709	1,682,300
Payments During the Year	(140,000)	-
Balance as at the end of the year	<u>4,657,059</u>	<u>2,495,350</u>
<b>16 Preference Shares</b>		
10% Participative Cumulative Convertible Redeemable Preference Shares	-	18,750,000
	<u>-</u>	<u>18,750,000</u>
The 10% Participative Cumulative Convertible Redeemable Preference Shares have been redeemed by the company during the year.		

**RENUKA AGRIFOODS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at 31 March					2009	2008
					Rs.	Rs.
<b>17 LONG TERM LOANS</b>						
	<b>DFCC</b>	<b>BOC-Loan I</b>	<b>BOC-Loan II</b>	<b>NDB</b>		
At the beginning of the year	79,749,861	-	-	-	<b>79,749,861</b>	102,876,037
Loans obtained during the year	-	19,250,000	-	-	<b>19,250,000</b>	-
Repayments during the year	<u>(17,750,007)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>(17,750,007)</u></b>	<u>(23,126,177)</u>
	61,999,854	19,250,000	-	-	<b>81,249,854</b>	79,749,861
Repayments due within one year	<u>(29,166,676)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>29,166,676</u></b>	<u>25,766,676</u>
Repayments due after one year	<u>32,833,178</u>	<u>19,250,000</u>	<u>-</u>	<u>-</u>	<b><u>52,083,178</u></b>	<u>53,983,185</u>

17.1 Details of loans obtained by the company are set out below.

Financial Institution	Facility	Repayment Terms	Interest Rate	Security
DFCC Bank	100Mn.	To be repaid Rs.466,667/- each until December 2005, from January 2006 to to December 2008 Rs.1000,000/= and thereafter from January 2009 to October 2010 Rs.1500,000/=	6% above AWDR (Weighted Average Deposit Rate)	Primary mortgaged over lease hold rights over land in Wathupitiwala together with the right over proposed building & machinery installed therein.
DFCC Bank	30Mn.	Rs 555,556/= upto April 2009	6% above AWDR (Weighted Average Deposit Rate)	Primary mortgaged over lease hold rights over land in Wathupitiwala together with the right over proposed building & machinery installed therein.
DFCC Bank	25Mn	To be paid in 60 installments with a grace period of 12 months starting from April 2007 Rs 466,667/=	6.5% above AWPR (Average Weighted Prime Lending Rate)	Primary mortgaged over lease hold rights over land in Wathupitiwala together with the right over proposed building & machinery installed therein.
DFCC Bank	19.25Mn	To be paid in 72 installments with a grace period of 24 months starting from July 2010 Rs 466,667/=	6.5% above AWPR (Average Weighted Prime Lending Rate)	Primary Mortgage over leasehold rights of an allotted plot of land depicted on lot no 28 Yatadawala, Makulana, Wathupitiwala

**RENUKA AGRIFOODS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at 31 March	2009 Rs.	2008 Rs.
<b>18 Debentures</b>		
1,000,000 -10% Convertible Redeemable Debentures of Rs. 10/- each	-	<u>10,000,000</u>
The 10% Convertible Redeemable Debentures have been redeemed by the Company during the year.		
<b>19 Provision For Deferred Taxation</b>		
Balance as at the beginning of the year	13,542,673	12,652,326
Provision During the year	<u>2,361,237</u>	<u>890,347</u>
Balance as at the end of the year	<u>15,903,910</u>	<u>13,542,673</u>
<b>20 Short Term Borrowings</b>		
Term Loans & Borrowings Payable within one year (Note 17)	29,166,676	25,766,676
Short Term Loans-Packing Credit Loan	<u>18,369,841</u>	<u>144,685,951</u>
	<u>47,536,517</u>	<u>170,452,627</u>
<b>21 Trade &amp; Other Payables</b>		
Trade Creditors	44,166,463	19,128,342
Accrued Expenses	19,757,393	5,059,643
Other Payable	<u>2,944,037</u>	<u>13,895,637</u>
	<u>66,867,892</u>	<u>38,083,623</u>
<b>22 Amounts due to Related Companies</b>		
Renuka Group Ltd.	205,620	205,620
Kandy Plantations Ltd	<u>7,804,194</u>	<u>-</u>
	<u>8,009,813</u>	<u>205,620</u>

**RENUKA AGRI FOODS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31<sup>st</sup> March 2009**

**22. Contingent Liabilities**

There were no material contingent liabilities as at the Balance Sheet date.

**23. Capital Commitments**

There were no material capital commitments and financial commitments to be disclosed in the financial statements as at the Balance Sheet date.

**24. Post Balance Sheet Events**

There have been no material events occurring after the Balance Sheet date that requires adjustments to or disclosure in the Financial Statements.

**25. Related Party Transactions**

<b>Company</b>	<b>Name of Director</b>	<b>Nature of Transaction</b>	<b>Amount (paid) 2009</b>	<b>Received 2008</b>
Renuka Group Ltd	Dr. S.R.Rajiyah. Mrs. I.R.Rajiyah Mr. S.V.Rajiyah	Office space provided Fees as reimbursement for Finance, IT, Human Resources & Secretarial Services	(1,050,000) (9,140,000)	(600,000) (4,560,000)
Renuka Travel & Tours (Pvt) Ltd	Dr. S.R.Rajiyah Mrs. I.R.Rajiyah Mr. S.V.Rajiyah	Transport & Export/Import Services	(3,364,565)	(2,399,008)
Kandy Plantations Ltd	Dr. S.V.Rajiyah Mrs. I.R.Rajiyah Mr. S.V.Rajiyah Mr. W.Rajapakshe	Purchase of Fresh Kernel	(166,459,149)	(117,114,423)
Chadha Oriental Foods Ltd	Mr. J.E.Brenan	Sales	118,721,381	-
Symbiosis Business Partners (Pvt) Ltd	Mr. L.M.Abeywickrama	Consulting Services	550,000	-

**26. Litigations and Claims**

The Company is a Respondent in Case No.H.C (Civil) 4/2001 (2) in the Supreme Court of Colombo. There is no monetary claim made by the petitioner against the company.

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## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF RENUKA AGRI FOODS LIMITED

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Renuka Agri Foods Limited, which comprise the balance sheet as at September 30, 2009 and the income statement, statement of changes in equity and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Financial Statements*

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

#### *Scope of Audit and Basis of Opinion*

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

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

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

#### *Opinion*

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended September 30, 2009 and the financial statements give a true and fair view of the Company's state of affairs as at September 30, 2009 and its profit and cash flows for the period then ended in accordance with Sri Lanka Accounting Standards.

We draw attention to the fact that we have not audited the accompanying income statement, statement of changes in equity and cash flow statement of the Company for the period ended 30 September 2008, or any of the related notes and accordingly, we do not express an opinion on them.

**Report On Other Legal and Regulatory Requirements**

These financial statements also comply with the requirements of Section 151 (2) of the Companies Act No.07 of 2007.

Sgd  
CHARTERED ACCOUNTANTS  
21 October 2009  
Colombo.

**RENUKA AGRI FOODS LIMITED  
INCOME STATEMENT**

For the 6 months period ended 30 September		2009 Rs.	2008 Rs.
	<b>Note</b>		
<b>Revenue</b>	<b>1</b>	<b>522,093,661</b>	457,120,051
Cost of Sales		<b>(350,748,266)</b>	(362,165,661)
<b>Gross Profit</b>		<b>171,345,395</b>	94,954,390
Other Operating Income	<b>2</b>	<b>433,524</b>	5,976,328
Administration Expenses		<b>(33,394,444)</b>	(19,878,107)
Selling & Distribution Expenses		<b>(10,281,025)</b>	(5,956,377)
Other Operating Expenses		<b>(3,375,544)</b>	-
Profit from Operations	<b>3</b>	<b>124,727,906</b>	75,096,234
Finance Cost	<b>4</b>	<b>(13,066,987)</b>	(18,074,408)
<b>Profit before Taxation</b>		<b>111,660,919</b>	57,021,826
Taxation	<b>5</b>	<b>(1,575,851)</b>	(2,392,000)
<b>Profit after Taxation</b>		<b>110,085,068</b>	54,629,826
<b>Earning Per Share</b>	<b>6</b>	<b>0.39</b>	0.19

The Accounting Policies and Notes form an integral part of these Financial Statements.

*Figures in brackets indicate deductions*

**RENUKA AGRI FOODS LTD  
BALANCE SHEET**

As at		30 September 2009	31 March 2009
	Note	Rs.	Rs.
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	7	291,894,724	299,744,553
Capital Work in Progress		1,950,950	200,866
Premium Paid for Leasehold Premises	8	2,797,277	2,831,812
		<u>296,642,951</u>	<u>302,777,231</u>
<b>Current Assets</b>			
Inventories	9	169,075,041	116,108,527
Trade and Other Receivables	10	88,152,175	80,506,357
Prepayments & Advances	11	10,661,843	4,757,752
Amounts Due from Related Companies	12	76,964,334	47,528,033
Cash & Cash Equivalents	13	13,110,716	20,575,799
		<u>357,964,109</u>	<u>269,476,468</u>
<b>Total Assets</b>		<u><u>654,607,060</u></u>	<u><u>572,253,699</u></u>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Capital and Reserves</b>			
Stated Capital	14	282,452,950	282,452,950
Accumulated Profit / (Losses)		170,820,704	88,860,636
		<u>453,273,654</u>	<u>371,313,586</u>
<b>Non Current Liabilities</b>			
Retirement Benefit Obligations	15	4,669,793	4,657,059
Long Term Borrowings	16	37,249,852	52,083,178
Deferred Tax Liability	17	17,447,830	15,903,910
		<u>59,367,475</u>	<u>72,644,147</u>
<b>Current Liabilities</b>			
Short term borrowings	18	29,666,664	47,536,517
Trade and Other Payable	19	84,994,579	66,867,891
Amounts due to Related Companies	20	9,263,661	8,009,814
Bank Overdraft	13	18,041,027	5,881,744
		<u>141,965,931</u>	<u>128,295,965</u>
<b>Total Equity &amp; Liabilities</b>		<u><u>654,607,060</u></u>	<u><u>572,253,699</u></u>

I certify that the Financial Statement of the Company comply with the requirements of the Companies Act No. 07 of 2007

Sgd A.F. Feroze Noon

Head of Finance & Administration

The Accounting Policies and Notes form an integral part of these Financial Statements.

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and Signed for & on behalf of the Board

Sgd S.V. Rajiyah  
Director

Sgd S. Vasanthakumara  
Director

21 October 2009  
Colombo.

**RENUKA AGRI FOODS LTD  
STATEMENT OF CHANGES IN EQUITY**
**For the 6 months period ended 30 September**

	<b>Stated Capital</b>	<b>Retained Profits / (Losses)</b>	<b>Total</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Balance as at 1 April 2008	282,452,950	(76,934,563)	205,518,387
Net Profit for the 6 months period	-	54,629,826	54,629,826
Balance as at 30 September 2008	<u>282,452,950</u>	<u>(22,304,737)</u>	<u>260,148,213</u>
Balance as at 1 April 2009	282,452,950	88,860,636	371,313,586
Net Profit for the 6 months period	-	110,085,068	110,085,068
Dividend paid during the year	-	(28,125,000)	(28,125,000)
<b>Balance as at 30 September 2009</b>	<b><u>282,452,950</u></b>	<b><u>170,820,704</u></b>	<b><u>453,273,654</u></b>

The Accounting Policies and Notes form an integral part of these Financial Statements.

*Figures in brackets indicate deductions*

**RENUKA AGRI FOODS LTD**  
**CASH FLOW STATEMENT**

For the 6 months period ended 30 September	2009	2008
	Rs.	Rs.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit from Operations</b>	<b>111,660,919</b>	57,021,826
<b>Adjustments For:</b>		
Interest Cost	13,066,987	18,074,408
Depreciation	13,550,254	11,977,031
Provision for Gratuity	89,234	841,140
Amortization of Lease Premium	34,535	-
<b>Operating Profit before Working Capital Changes</b>	<b>138,401,929</b>	87,914,405
(Increase) in Inventories	(52,966,514)	(16,705,677)
(Increase) in Trade and Other Receivables	(7,645,818)	(32,346,418)
Decrease/(Increase) in Prepayments and advances	(5,904,091)	4,613,780
Decrease/(Increase) in Amounts Due from Related Companies	(29,436,301)	14,519,568
Increase in Trade & Other Payables	17,597,323	150,235,829
Increase in Amounts Due to Related Companies	1,253,847	-
<b>Cash Generated from Operations</b>	<b>61,300,375</b>	208,231,487
Gratuity Paid	(76,500)	-
Interest Paid	(12,558,556)	(18,074,408)
SRL paid	(10,997)	-
<b>Net Cash flow used in Operating Activities</b>	<b>48,654,322</b>	190,157,079
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property, Plant & Equipment	(5,700,425)	(11,115,630)
Capital Work-in-Progress	(1,750,084)	(20,702,283)
<b>Net Cash flow used in Investing Activities</b>	<b>(7,450,509)</b>	(31,817,913)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Redemption of Debentures & Preference Shares	-	(32,906,504)
Net proceeds/(Repayments) of Long Term Borrowings	(14,833,326)	39,100,007
Net Proceeds of Short Term Borrowings	(17,869,853)	(170,452,627)
Dividend Paid during the year	(28,125,000)	-
<b>Net Cash Flow from Financing Activities</b>	<b>(60,828,179)</b>	(164,259,124)
<b>Net Decrease in Cash &amp; Cash Equivalents</b>	<b>(19,624,366)</b>	(5,919,958)
<b>Cash &amp; Cash Equivalents at the Beginning of the Year</b>	<b>14,694,055</b>	17,387,330
<b>Cash &amp; Cash Equivalents at the End of the Year (Note-A)</b>	<b>(4,930,311)</b>	11,467,372
<b>Note -A</b>		
<b>Cash &amp; Cash Equivalents</b>		
Short Term Deposits - FCBU	884,443	1,113,702
Call Deposits	6,729,749	4,126,290
Cash at Bank & in Hand	5,496,524	20,925,604
Bank Overdraft	(18,041,027)	(14,698,224)
<b>Cash &amp; Cash Equivalents</b>	<b>(4,930,311)</b>	11,467,372

The Accounting Policies and Notes form an integral part of these Financial Statements.

*Figures in brackets indicate deductions.*

**RENUKA AGRI FOODS LIMITED**  
**SIGNIFICANT ACCOUNTING POLICIES**  
**FOR THE 6 MONTHS PERIOD ENDED 30 SEPTEMBER 2009**

**1 GENERAL ACCOUNTING POLICIES**

**1.1 Basis of Preparation**

1.1.1 The Balance Sheet, Income Statement, Cash Flow Statement, Statement of Changes in Equity and Accounting policies and Notes (“Financial Statements”) of the company are prepared in accordance with the Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka.

1.1.2 The Financial Statements of the Company are prepared under the historical cost convention.

1.1.3 The Financial Statements of the Company are prepared in Sri Lankan Rupees (Rs.).

**1.2. Foreign Exchange**

1.2.1 Transactions arising in foreign currencies are converted into Sri Lankan Rupees at the exchange rate prevailing at the date of the transaction.

1.2.2 Assets and Liabilities in foreign currencies are translated into Sri Lankan Rupees at the appropriate exchange rate prevailing at the Balance Sheet date. The resulting gains or losses are dealt with in the Income Statement.

**1.3. Taxation**

**1.3.1 Income taxation**

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006. Relevant details are disclosed in the notes to the Financial Statements.

**1.3.2 Deferred taxation**

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

Deferred tax assets and liabilities are recognized for all temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Income tax relating to items recognized directly in equity is recognized in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### **1.4 Deferred Expenditure**

Pre operational expenses are amortized over a period of 5 years commencing from the first year of operation.

#### **1.5 Comparative Information**

The Accounting Policies have been consistently applied by the Company and are consistent with those of the previous year and the previous year figures and phrase have been rearranged wherever necessary to conform to the current years presentations.

#### **1.6 Borrowing Cost**

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

#### **1.7 Events After the Balance Sheet Date**

All material events occurring after the Balance Sheet date are considered and where appropriate, adjustments to or disclosures are made in the Financial Statements.

## **2 ASSETS AND BASES OF THEIR VALUATION**

### **2.1 Property, Plant & Equipment**

2.1.1 Property, Plant & Equipment is stated at cost less accumulated depreciation.

2.1.2 The cost of Property, Plant & Equipment is the cost of acquisition or Construction together with any incidental expenses thereon

2.1.3 Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business have been treated as capital expenditure.

### **2.2 Depreciation**

2.2.1 Depreciation is not charged on Land.

2.2.2 Depreciation on Property, Plant & Equipment is provided on the straight-line basis so as to write off the cost over their estimated useful lives.

The annual rates used for this purpose, which are consistent with those of previous year, are:

Factory Buildings	2.5%
Plant & Machinery	5 – 10%
Electrical Installation	10%
Workshop Tools	10%
Laboratory Equipment	10%
Factory Equipment	10%
Office Equipment	10%

2.2.3 Depreciation of an Asset begins when it is available for use and ceases at the earliest of the date the asset is classified as held for sale and the date that the asset is derecognized

2.2.4 The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is higher of an asset's or fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash in flows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is conceded impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Impairment losses are recognized in the income statement, except that, impairment losses in respect of property, plant and equipment is recognized against the revaluation reserve to extent that it reverses a previous revaluation surplus.

An assessment is made at each reporting date as to weather there is any indication that previously recognized impairment loss may no longer exist or may have decreased. Previously recognized impairment losses other than in respect of goodwill, are reversed only if there has been an increase in recoverable amount of the asset. Such increase is recognized to the extent of the carrying amount had no impairment losses been recognized previously.

### 2.3 Trade & Other Receivables

Trade & other receivables are stated at the amounts estimated to realize. Where necessary, provisions are made for bad and doubtful debts.

### 2.4 Inventories

2.4.1 Inventories have been valued at the lower of cost and net realizable value after making due allowance for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the normal course of business after allowing for cost of realization and/or cost of conversion from their existing state to saleable condition. The cost of each category of inventory of the Company is determined on the following basis

- 2.4.2. Raw Material & Consumables at the factory are ascertained on Weighted Average Cost method.
- 2.4.3. Finished Goods are valued at Factory cost which includes an appropriate portion of Production overheads.
- 2.4.4. Goods in transit are valued at actual cost.

## **2.5 Cash & Cash Equivalents**

- 2.5.1 Cash and Cash Equivalents are defined as cash in hand, demand deposit in bank and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of change in value.
- 2.5.2 For the purpose of cash flow Statement, cash and cash equivalents consists of cash in hand and short term deposits in banks.
- 2.5.3 Interest paid and received are classified as operating cash flows while dividend are classified as financing cash flows for the purpose of presentation of Cash Flow Statement, reported based on the indirect method.

## **3 LIABILITIES AND PROVISIONS**

### **3.1 Current Liabilities & Non Current Liabilities**

Liabilities classified as current liabilities in the balance sheet are those obligation payable on demand or within one year from the Balance Sheet date.

Liabilities classified as non-current liabilities are those obligations, which expire beyond a period of one year from the Balance Sheet date.

### **3.2 Capital Commitments & Contingencies**

All material capital commitments and contingent liabilities of the Company as at the Balance Sheet date are disclosed in the notes to the accounts.

### **3.3 Retirement Benefit Cost**

#### **3.3.1 Defined Benefit Plan - Retirement Gratuity**

Full provision has been made on account of retirement gratuity from the first year of service of the employees, in conformity with the Sri Lanka Accounting Standard No.16 (Revised 2006) - "Employee Benefit" using the gratuity formula method.

#### **Significant Assumptions**

Retirement Age	=55
Discounting Rate	= 12%
Salary Increment Rate	=10%

However according to the Payment of Gratuity Act No.12 of 1983, the liability for gratuity to an employee arises only on completion of five years of continued service with the company.

The liability is not externally funded nor actuarially valued. The item is grouped under Non Current Liabilities in the Balance Sheet.

### **3.3.2 Defined Contribution Plan-Employee's Provident Fund and Employee's Trust Fund.**

All employees who are eligible for Employee's Provident Fund Contribution and Employee's Trust Fund Contributions are covered by relevant contribution funds in line with respective Statutes and Regulations. Contribution to Provident Fund and Trust Fund covering the employees are recognized as an expense in the Income Statement in the period in which it is incurred.

### **3.4 Bills Payable**

The company account for the liability on receipt of documents for clearance.

### **3.5 Provisions**

Provisions are recognized when the company has a present legal or constructive obligation, as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

## **4 INCOME STATEMENT**

### **4.1 Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

4.1.1 Export Sales – at the time of shipment

4.1.2. Local Sales - at the time of dispatch

4.1.3. Export Rebate & Other Income  
Interest & export rebate income have been accounted for on an accrual basis.

4.1.4 Dividend Income  
Dividend income is recognised when the company's right to receive payment is established.

4.1.5 Other gains or losses of a revenue nature on the disposals of property, plant & equipment have been accounted for in the Income Statement.

## **4.2 Expenditure Recognition**

### **4.2.1 Revenue Expenditure**

All expenditure incurred in the running of the business and in maintaining the capital assets in a state of efficiency, has been charged to revenue in arriving at the profit or loss for the year.

### **4.2.2 Capital Expenditure**

Expenditure incurred for the purpose of acquiring or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

4.2.3 For the purpose of presentation of the Income Statement, the Director's are of the opinion that function of expenses method fairly present the elements of the enterprises performance, hence such presentation method is adopted.

### **4.2.4 Borrowing Cost**

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

## **5. SEGMENTAL REPORTING**

A segment is a distinguishable component of the company that is engaged in either providing products or services (Business Segment) or in providing products or services within a particular environment (Geographical Segment), which is subject to risk and rewards that are different from those of the other segment.

However there are no distinguishable components to be identified as segment for the company.

## **6 CORPORATE INFORMATION**

### **6.1 Domicile and Legal form**

Renuka Agri Foods Limited is a limited liability company, which is incorporated and domiciled in Sri Lanka. The registered office of the company is located at 69, Sri Jinaratne Road, Colombo 2.

### **6.2 Principal Activities and Nature of Operations**

The Principal activities of the company are, to carry on business for manufacture of coconut milk, Coconut cream, coconut milk powder, Cream powder and granulated de-fatted coconut for export and local markets.

### **6.3 Parent company and ultimate parent company**

The company's parent company is Coco Lanka PLC, and in the directors' opinion, the company's ultimate parent company is Renuka Group Ltd.

### **6.4 Number of employees**

The number of employees at the end of the period was 244. (2009 March -387)

**RENUKA AGRI FOODS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the 6 months period ended 30 September	2009 Rs.	2008 Rs.
<b>1 Revenue</b>		
Exports Sales	506,305,711	421,570,092
Local Sales	<u>15,787,950</u>	<u>35,549,959</u>
	<u><b>522,093,661</b></u>	<u><b>457,120,051</b></u>
<b>2 Other Operating Income</b>		
Interest Income	309,904	1,009,809
Exchange Gain / (Loss)	-	4,893,243
Insurance claims	<u>123,620</u>	<u>73,276</u>
	<u><b>433,524</b></u>	<u><b>5,976,328</b></u>
<b>3 Profit/(Loss) from Operation is stated after charging all expenses including the following ;</b>		
Ground Rent	485,846	483,649
Auditors' Remuneration	263,936	130,480
Depreciation	13,550,254	11,977,031
Legal and Secretarial Fees	29,706	9,000
Directors Emoluments	1,215,000	-
Personnel Cost (Note 3.1)	<u>39,213,533</u>	<u>29,189,390</u>
<b>3.1 Personnel Cost</b>		
Salaries, Wages & Related Expenses	36,148,708	25,892,068
Defined Contribution Plan Costs - EPF & ETF	2,975,591	2,456,182
Defined Benefit Plan Costs - Retirement Gratuity	<u>89,234</u>	<u>841,140</u>
	<u><b>39,213,533</b></u>	<u><b>29,189,390</b></u>
<b>4 Finance Cost</b>		
Interest on		
- Bank Loans	6,493,816	8,003,634
- Bank Overdrafts	495,441	810,746
- Packing Credit Loans	77,502	4,007,661
Other Bank Charges	<u>6,000,228</u>	<u>5,252,367</u>
	<u><b>13,066,987</b></u>	<u><b>18,074,408</b></u>
<b>5 Taxation</b>		
Charges to the taxation is as follows.		
Income Tax on other income	31,931	30,763
Deferred Tax Provision	<u>1,543,920</u>	<u>2,361,237</u>
	<u><b>1,575,851</b></u>	<u><b>2,392,000</b></u>

- a) In terms of the Board of Investment of Sri Lanka (BOI) agreement, the company's business profit is exempted from income tax for a period of 12 years from the date of commencement of Commercial Export ( 1 July 2003).
- b) After the expiration of said exemption period, the company's profits & income will be liable for taxation at the rate of 15% for a further period of 12 years.
- c) Dividend paid by the company out of exempt profits during the 12 year tax holiday period or within one year thereafter are exempted from taxation.

**RENUKA AGRI FOODS LTD  
NOTES TO THE FINANCIAL STATEMENTS**


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<b>For the 6 months period ended 30 September</b>	<b>2009</b>	2008
	<b>Rs.</b>	Rs.
<b>6 Earnings Per Share</b>		
<p>Earnings Per Share is based on the profit for the year attributable to ordinary share holders divided by the weighted average number of shares during the year. The average number of Ordinary shares deemed to be outstanding during the year, is determined by weighting the shares in issue on a time basis.</p>		
Profit / (Loss) after tax attributable to Ordinary Shareholders (Rs.)	<b>110,085,068</b>	54,629,826
Weighted average number of Ordinary Shares deemed to be in issue	<b>281,250,000</b>	281,250,000
Earnings / (Loss) Per Share	<b><u>0.39</u></b>	<u>0.19</u>

NOTES TO THE FINANCIAL STATEMENTS

As at 30 September 2009

7 Property, Plant & Equipment

Cost	Factory Buildings Rs.	Plant & Machinery Rs.	Furniture & Fittings Rs.	Electrical Installations Rs.	Workshop Tools Rs.	Laboratory Equipment Rs.	Factory Equipment Rs.	Office Equipment Rs.	Motor Cycle Rs.	TOTAL 30.09.2009 Rs.	TOTAL 31.03.2009 Rs.
As at 1 April	77,539,903	298,516,702	12,460,761	12,646,673	87,062	1,887,749	9,804,699	1,743,987	152,644	414,840,180	384,251,938
Additions	-	5,014,757	-	-	-	11,000	9,822	664,846	-	5,700,425	30,588,242
Disposals/Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at 30 September	77,539,903	303,531,459	12,460,761	12,646,673	87,062	1,898,749	9,814,521	2,408,833	152,644	420,540,605	414,840,180
<b>Accumulated Depreciation</b>											
As at 1 April	9,335,005	87,842,265	6,104,882	6,179,485	42,213	973,662	4,193,800	342,905	81,410	115,095,627	89,370,657
Charge for the year	969,249	10,612,841	623,039	632,333	4,353	94,635	490,464	108,076	15,264	13,550,254	25,724,970
Depreciation on Disposals	-	-	-	-	-	-	-	-	-	-	-
As at 30 September	10,304,254	98,455,106	6,727,921	6,811,818	46,566	1,068,297	4,684,264	450,981	96,674	128,645,881	115,095,627
<b>Written Down Value</b>											
As at 30 September 2009	67,235,649	205,076,353	5,732,840	5,834,855	40,496	830,452	5,130,257	1,957,852	55,970	291,894,724	299,744,553
As at 31 March 2009	68,204,898	210,674,437	6,355,879	6,467,188	44,849	914,087	5,610,899	1,401,082	71,234	299,744,553	299,744,553

**RENUKA AGRI FOODS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at	30 September 2009 Rs.	31 March 2009 Rs.
<b>8 Premium Paid on Leasehold Land</b>		
Balance as at the beginning of the year	2,831,812	2,900,882
Amortized During the year	<u>(34,535)</u>	<u>(69,070)</u>
Balance as at the end of the year	<u>2,797,277</u>	<u>2,831,812</u>
<p>This represents the premium paid for the leasehold land to the Board of Investment of Sri Lanka(BOI) and it is amortized over the leasehold period of 45 years from year 2006.</p>		
<b>9 Inventories</b>		
Raw Materials & Consumables	7,775,536	2,996,351
Finished Goods	106,607,931	60,001,767
Packing Materials & Chemicals	53,014,625	48,790,215
Goods in Transit	<u>1,676,949</u>	<u>4,320,194</u>
	<u>169,075,041</u>	<u>116,108,527</u>
<b>10 Receivables</b>		
VAT Recoverable	7,639,484	5,539,847
Bills Receivable	74,979,529	69,431,378
Staff Loans and Advances	3,000	2,000
ESC Recoverable	5,427,461	5,405,941
Other Receivable	<u>102,701</u>	<u>127,191</u>
	<u>88,152,175</u>	<u>80,506,357</u>
<b>11 Prepayments and Advances</b>		
Pre-payments	1,776,233	795,840
Deposits & Advances	8,885,610	3,961,912
	<u>10,661,843</u>	<u>4,757,752</u>
<b>12 Amounts due from Related Companies</b>		
Campbell Teas Ltd	3,297,656	3,262,949
Renuka Agro Exports Ltd	2,854,384	2,095,076
Renuka Travels & Tours Ltd.	-	800,000
Ceylon Forestry (Pvt) Ltd.	58,192	28,192
Renuka Organics (Pvt) Ltd	65,291	101,151
Renuka Witsenburg Organics (Pvt) Ltd	10,910,889	6,554,471
Coco Lanka PLC	47,376,332	34,137,322
Renuka Teas (Ceylon) Ltd	<u>12,401,590</u>	<u>548,872</u>
	<u>76,964,334</u>	<u>47,528,033</u>
<b>13 Cash &amp; Cash Equivalents</b>		
Short Term Deposits - FCBU	884,443	2,677,962
Call Deposits	6,729,749	15,106,659
Cash at Bank & in Hand	<u>5,496,524</u>	<u>2,791,178</u>
	<u>13,110,716</u>	<u>20,575,799</u>
Bank Overdraft	<u>(18,041,027)</u>	<u>(5,881,744)</u>
	<u>(4,930,311)</u>	<u>14,694,055</u>
<b>14 Stated Capital</b>		
<b>Ordinary Shares</b>		
281,250,000 Issued and fully paid shares	<u>282,452,950</u>	<u>282,452,950</u>
<b>15 Retirement Benefit Obligations</b>		
Balance as at the beginning of the year	4,657,059	2,495,350
Provision during the year	89,234	2,301,709
Payments during the year	<u>(76,500)</u>	<u>(140,000)</u>
Balance as at the end of the year	<u>4,669,793</u>	<u>4,657,059</u>

RENUKA AGRI FOODS LTD  
NOTES TO THE FINANCIAL STATEMENTS

As at	30 September 2009	31 March 2009
	Rs.	Rs.
<b>16 LONG TERM LOANS</b>		
At the beginning of the year	81,249,854	79,749,861
Loans obtained during the year	-	19,250,000
Repayments during the year	(14,333,338)	(17,750,007)
	<u>66,916,516</u>	<u>81,249,854</u>
Repayments due within one year	(29,666,664)	(29,166,676)
Repayments due after one year	<u>17,999,852</u>	<u>52,083,178</u>

16.1 Details of Loans and Overdraft obtained by the company are set out below.

Financial Institution	Facility	Balance 30.09.2009	Repayment Terms	Interest Rate	Security
	Rs.	Rs.			
DFCC Bank - Loan I	100Mn.	26,833,210	To be repaid Rs. 1.5 Mn per month from October 2009 to February 2011 and balance Rs. 1,333,210 in March 2011	10.25% p.a. above AWRD - 4% p.a. Concession (Weighted Average Deposit Rate)	Primary mortgaged over lease hold rights over land in Wathupitiwala together with the right over buildings, Plant, machinery & equipment installed therein.
DFCC Bank - Loan I	30Mn.	6,666,648	To be repaid Rs. 555,555 per month from October 2009 to September 2010	10% p.a. above AWRD - 4% p.a. concession (Weighted Average Deposit Rate)	Primary mortgaged over lease hold rights over land in Wathupitiwala together with the right over buildings, Plant, machinery & equipment installed therein.
DFCC Bank - Loan I	25Mn	14,166,658	To be repaid Rs. 416,667 per month from October 2009 to July 2012	6.5% p.a. above AWPR - 4% p.a. concession (Average Weighted Prime Lending Rate)	Primary mortgaged over lease hold rights over land in Wathupitiwala together with the right over buildings, Plant, machinery & equipment installed therein.
DFCC Bank - Loan II	19.25Mn		To be paid in 72 installments with a grace period of 24 months starting from July 2010 Rs 466,667/=	6.5% p.a. fixed	Primary Mortgage over leasehold rights of an allotted plot of land depicted on lot no 28 Yataadawala, Makulana, Wathupitiwala
NDB Bank - Overdraft	USD 100,000 7.5Mn			SIBOR + 3.5% p.a. 21% p.a. fixed	Primary mortgage over debtors and stock.

**RENUKA AGRI FOODS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at	30 September 2009 Rs.	31 March 2009 Rs.
<b>17 Provision For Deferred Taxation</b>		
Balance as at the beginning of the year	15,903,910	13,542,673
Provision during the year	1,543,920	2,361,237
Balance as at the end of the year	<u>17,447,830</u>	<u>15,903,910</u>
<b>18 Short Term Borrowings</b>		
Term Loans & Borrowings Payable within one year (Note 16)	29,666,664	29,166,676
Short Term Loans-Packing Credit Loan	-	18,369,841
	<u>29,666,664</u>	<u>47,536,517</u>
<b>19 Trade &amp; Other Payables</b>		
Trade Creditors	62,458,922	44,166,463
Accrued Expenses	19,646,967	19,757,392
Other Payable	2,888,690	2,944,036
	<u>84,994,579</u>	<u>66,867,891</u>
<b>20 Amounts due to Related Companies</b>		
Renuka Group Ltd.	-	205,620
Kandy Plantations Ltd	8,703,661	7,804,194
Renuka Travels & Tours Ltd.	560,000	-
	<u>9,263,661</u>	<u>8,009,814</u>
<b>21 Contingent Liabilities</b>		
<b>Case Against The Company</b>		
<p>There are no material cases, arbitration or mediation proceedings pending against the company as at 30 September 2009, which may affect or has affected the financial position or profitability of the company, other than in a case, ( Case No. HC (Civil) 4/2001 (2)) in the Supreme Court of Colombo, where Renuka Agrifoods Ltd is a respondent. and no further proceedings have commenced on the said case. There is no monetary claim made by the petitioner against Renuka Agri Foods Ltd.</p>		
<b>22 Capital Commitments</b>		
<p>There were no material capital commitments and financial commitments to be disclosed in the financial statements as at the Balance Sheet date.</p>		
<b>23 Post Balance Sheet Events</b>		
<p>There have been no material events occurring after the Balance Sheet date that requires adjustments to or disclosure in the Financial Statements.</p>		
<b>24 Transaction with Key Management Personnel</b>		
<p>Mr. S.Vasantha Kumar Director of the company was paid a total emolument amounted to Rs. 1,215,000 during the period.</p>		

**RENUKA AGRI FOODS LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the period ended 30 September 2009

**25 Related Party Transactions**

Transactions with Related Company

<b>Name of the company</b>	<b>Names of the Common Directors</b>	<b>Relationship</b>	<b>Nature of the transaction</b>	<b>Amount Received /(Paid)</b>
<b>Parent</b>				
<b>Coco Lanka PLC</b>	Dr. S.R Rajiyah	Chairman	Transfer of Funds	13,453,310
	Mrs. I.R Rajiyah	Director	Transfer of DC	(214,301)
	Mr. S.V Rajiyah	Director		
	Mr.C.J De S Amarathunga	Director		
	Mr P.C.K Abeykoon	Director		
	Mr L.M Abeywicrama	Director		
	Mr S.Vasantha Kumar	Director		
<b>Other Companies</b>				
<b>Kandy Plantation Ltd</b>	Dr. S.R Rajiyah	Chairman	Transfer of Funds	14,617,621
	Mrs. I.R Rajiyah	Director	Coconut Puchacase	(15,517,088)
	Mr. S.V Rajiyah	Director		
	Mr. W.Rajapakse	Director		
<b>Renuka Agro Exports Ltd</b>	Mrs. I.R Rajiyah	Chairperson	Bills Received on behalf of	
	Dr. S.R Rajiyah	Director	Renuka Agri Foods Ltd	5,110,440
	Mr. S.V Rajiyah	Director	Bills Receivable	(4,991,693)
	Mr.C.J De S Amarathunga	Director	Packing material loan DC Loan	358,884 (165,066)
<b>Renuka Witsenburg organics (Pvt) Ltd</b>	Dr. S.R Rajiyah	Chairman	Funds Received on behalf of	
	Mrs. I.R Rajiyah	Director	Renuka Agri Foods Ltd	7,308,213
	Mr. S.V Rajiyah	Director	Packing material loan	1,328,678
<b>Renuka Organics (Pvt) Ltd</b>	Dr. S.R Rajiyah	Chairman	Transfer of Funds	(60,259)
	Mrs. I.R Rajiyah	Director	Funds Received on behalf of	
	Mr. S.V Rajiyah	Director	Renuka Organics (Pvt) Ltd	(381,467)
	Mr. W.Rajapakse	Director	DC Loan	405,865
	Mr S.Vasantha Kumar	Director		
<b>Renuka Group Ltd</b>	Mrs. I.R Rajiyah	Chairperson	Transfer of Funds	205,620
	Dr. S.R Rajiyah	Director		
	Mr. S.V Rajiyah	Director		
	Mr.C.J De S Amarathunga	Director		
<b>Renuka Teas (Ceylon) Ltd</b>	Dr. S.R Rajiyah	Chairperson	Bills Received on behalf of	
	Mrs. I.R Rajiyah	Director	Renuka Agri Foods Ltd	2,606,607
	Mr. S.V Rajiyah	Director	Transfer of Funds	9,500,000
	Mr S.Vasantha Kumar	Director	Packing Material Loan	(253,889)
<b>Ceylon Forestry (Pvt) Ltd</b>	Dr. S.R Rajiyah	Chairman	Transfer of Funds	30,000
	Mrs. I.R Rajiyah	Director		
	Mr. S.V Rajiyah	Director		
<b>Cambell Teas (Pvt) Ltd</b>	Dr. S.R Rajiyah	Chairman	Transfer of Funds	34,706
	Mrs. I.R Rajiyah	Director		
	Mr. S.V Rajiyah	Director		
<b>Renuka Enterprises (Pvt) Ltd</b>	Mrs. I.R Rajiyah	Chairperson	Reimbursement of expenses	3,521,731
	Dr. S.R Rajiyah	Director		
	Mr. S.V Rajiyah	Director		
<b>Symbiosis Business Partners (Pvt) Ltd</b>	Mr. L.M. Abeywickrama	Director	Consultancy Fee	(224,000)
<b>Chadha Orient Foods Ltd</b>	Mr. J. Brennan	Director	Sales of goods	10,514,049
<b>Renuka Travels and Tours (Pvt) Ltd</b>	Mrs. I.R Rajiyah	Chairperson	Reimbursement of expenses	872,009
	Dr. S.R Rajiyah	Director		
	Mr. S.V Rajiyah	Director		

**Annexure I****COLLECTION POINTS****BANK OF CEYLON (BOC) HEAD OFFICE**

4, Bank of Ceylon Mawatha, Colombo 1. Tel: 2446790-811 Fax: 2338741-55

**BOC BRANCH NETWORK*****CENTRAL PROVINCE***

Digana 081-2375851  
Gampola 081-2350108  
Hatton 051-2222015  
Kandy 081-2223697  
Kandy 2nd 081-2234292

***081-2201444***

Matale 066-2222262  
Nuwara Eliya 052-2224047  
Peradeniya 081-4475283  
Pilimalalawa 081-5740197  
Talawakelle 052-2258280

***EASTERN PROVINCE***

Ampara 063-2222981  
Batticaloa 065-2227410

***011-2323164***

Kalmunai 067-2229340  
Trincomalee 026-2223084

***NORTHERN PROVINCE***

Chavakachcheri 021-2227396  
Chunnakam 021-2223969  
Jaffna 021-2224018  
Jaffna 2nd 021-2222598  
Kilinochchi 021-2283949  
Manipay 021-2227456

***021-2223985***

Mannar 023-2232337  
Mullaitivu 021-2228941  
Nelliady 021-2263260  
Point Pedro 021-2263570  
Vavuniya 024-2222141

***NORTH CENTRAL PROVINCE***

Anuradhapura 025-2222393  
Kekirawa 025-2264162

***027-2222142***

Kaduruwela 027-2225025  
Hingurakgoda 027-2246574

***NORTH WESTERN PROVINCE***

Chilaw 032-2223401  
Dankotuwa 031-2258180  
Hiripitiya 037-2264080  
Kuliyapitiya 037-2281280  
Kurunegala 037-2233880  
Kurunegala 2nd 037-2222115

***037-2223401***

Narammala 037-2249280  
Nattandiya 032-2254280  
Nikaweratiya 037-2260280  
Pannala 037-2246080  
Puttalam 032-2265209  
Wennappuwa 031-2255280

***SABARAGAMUWA PROVINCE***

Avissawella 036-2222099  
Balangoda 045-2288390  
Eheliyagoda 036-2259571  
Embilipitiya 047-2230980

***045-2222746***

Kegalle 035-2230600  
Mawanella 035-2247915  
Rambukkana 035-2265280  
Ratnapura 045-2222100

***SOUTHERN PROVINCE***

Akuressa	041-2283280
Ambalangoda	091-2256307
Elpitiya	091-2291280
Galle	091-2232269
Galle Bazaar	091-2234478
Hambantota	047-2220180

***UVA PROVINCE***

Badulla	055-2222980
Bandarawela	057-2230014
Mahiyangana	055-2258195

***WESTERN PROVINCE NORTH***

Biyagama	011-5558970
Borella	011-4612617
Central Bus Stand	011-5365118
Central Super Market	011-2446475
City Office	011-2329413
Divulapitiya	031-2246280
Fifth City	011-2449646
Gampaha	033-2226051
Hulftsdorp	011-2424843
Ja-Ela	011-5342311
Kadawatha	011-2920687
Kiribathgoda	011-2906149
Kirindiwela	033-2267280
Kolonnawa	011-5557286

***WESTERN PROVINCE SOUTH***

Bambalapitiya	011-5368439
Bandaragama	038-2290280
Beruwala	034-2279899
Dehiwala	011-2738335
Homagama	011-2855059
Horana	034-2260152
Hyde Park	011-2687483
Independence Square	011-2678073
Kalutara	034-2229804
Katubedde	011-2625438
Kollupitiya	011-4795036
Kollupitiya 2nd	011-2574581
Maharagama	011-2746146
Matugama	034-2243590
Milagiriya	011-2504627
Moratuwa	011-2646165
Nugegoda	011-2821287
Padukka	011-2859112
Panadura	038-2243323

***091-2232238***

Hikkaduwa	091-2277813
Matara	041-2229280
Matara Bazaar	041-2223920
Tangalle	047-2240280
Tissamaharama	047-2237280
Weligama	041-2250280

***055-2222842***

Moneragala	055-2276180
Welimada	057-2245984

***011-2381366***

Kotahena	011-2448632
Lake View	011-5359693
Main Street	011-2447198
Maradana	011-2689403
Minuwangoda	011-2295214
Mirigama	033-2275975
Negombo	031-2224711
Nittambuwa	033-2287280
Peliyagoda	011-2945078
Personal	011-2446821
Regent Street	011-2697035
Seeduwa	011-2259590
Wattala	011-5368394
Welisara	011-2958485

***011-2853905***

Parliament	011-2777309
Pelawatta	011-2785550
Piliyandala	011-2614165
Rajagiriya	011-5368641
Ratmalana	011-2719735
Thimbirigasyaya	011-2594538
Union Place	011-2314757
Wellawatta	011-2588941

**MEMBERS AND TRADING MEMBERS OF THE COLOMBO STOCK EXCHANGE (CSE)****CSE MEMBERS – DEBT & EQUITY**

**Bartleet Mallory Stockbrokers (Pvt) Ltd.**, Level “G”, “Bartleet House” 65, Braybrooke Place, Colombo 2. Tel.5220200, Fax: 2434985, E-mail: info@bartleetstock.com  
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**DP Global Securities (Pvt) Ltd.**, 3rd Floor, Forbes & Walkers Building, 46/38, Navam Mawatha, Colombo 2. Tel. 4700111, 2307366, Fax: 4700112, 2307365  
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**HEAD OFFICE AND BRANCHES OF MERCHANT BANK OF SRI LANKA PLC  
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<p><b>Negombo Branch</b> 616, Colombo Road, Kurana, Negombo Tel: 031 2228466 Fax: 031 4870222 E-mail: negombo@mbslbank.com</p>	<p><b>City Office</b> 388, Galle Road, Colombo 03 Tel: 011 4361571/581 Fax: 011 2301151 E-mail: mbslcity@gmail.com</p>

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