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களுபோவிட்டியான தேயிலைத் தொழிற்சாலை லிமிட்டரெட்  
KALUBOWITIYANA TEA FACTORY LIMITED

වාර්ෂික වාර්තාව  
ஆண்டறிக்கை  
ANNUAL REPORT  
2013/2014



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பெருந்தோட்டக் கைத்தொழில் அமைச்சு  
Ministry of Plantation Industries



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**CORPORATE INFORMATION**

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<b>Name of the Company</b>	:	Kalubowitiyana Tea Factory Limited
<b>Company Registration No.</b>	:	PB 1020
<b>Registered Office</b>	:	Kalubowitiyana Tea Factory Limited 70,TSHDA Building Chairmans Office Parliament Road, Pelawatta, Battaramulla
<b>Legal form</b>	:	A Public Compny with Limited Liability Incorporated in Sri Lanka on 30th September 1992.
<b>Telephone No.</b>	:	011-4645279
<b>Fax No.</b>	:	011-4645279
<b>E-mail Address</b>	:	'ktfl@sltnet.lk
<b>Auditors</b>		Jayasinghe & Co, Chartered Accountants, No. 94/12, Kirulapone Avenue, Colombo 05.
<b>Secretaries</b>	:	Corporate Services Limited, 216, De Saram Place, Colombo 10
<b>Lawyers</b>	:	F J & G De Saram Attorney -at-Law & Notaries Public 216, De Saram Place, Colombo 10
<b>Bankers</b>	:	People's Bank
<b>Board of Directors</b>	:	Mr. Donald Abeysundara -Chairman Mr. M.F.S. Wijesiri Stembo - Managing Director Mr. Karunathilaka Brahmana - Executive Director Mrs. Indranie Sugathadasa Mr. A.M.P.M.Bandara Atapattu Mr..W.D.Upali Wijesinghe Mr. D L S A Jayasinghe Ven. Hewesse Upatissa Thero (Observer Member)
<b>Senior Management</b>	:	Mr.P Jayasekara (Manager Finance) Mr.T.W.M.S.P.Bandara (Manager / Administration & Human Resources) Mr. T.A.D.J.C.Thilakarathna(Manager / Kalubowitiyana Tea Factory) Mr.Gamini Dasanayaka ( Manager /Derangala Tea Factory)
<b>Factories</b>	:	Kalubowitiyana CTC Factory Kalubowitiyana, Via Matara Tel/ Fax. 0913 783020 E-Mail ktflk@sltnet.lk  Derangala Tea Factory Kiriwelkelle, Pitabeddara Tel/ Fax. 0913 783621 E-Mail dtfl@sltnet.lk  Hiniduma Hills Tea Factory Thawalama Tel/ Fax. 041-7201222

## **INTRODUCTION**

Kalubowitiyana Tea Factory Ltd (KTFL) was incorporated on the 30th of September 1992 as a public Company fully owned by the Government. It began commercial operations with the commencement of manufacture at the newly built CTC Tea Factory at 01st August 1994. This CTC tea factory was built with the assistance of Indian Line of Credit. Similarly the Derangala Tea Factory was re-built, again with the assistance of the Indian Line of Credit, and commenced manufacture of Orthodox teas in March 2000. Company acquired another tea factory Hiniduma Hills on lease to its network on the year 2012, thus increased the total no of factories to three. Hiniduma Hills commenced operations but is yet to add return to the Company. Therefore start up operational cost has affected the bottom line of the company. Company pre tax profit decreased to Rs. 27.54 million against profit of Rs.29.6 million of previous year.

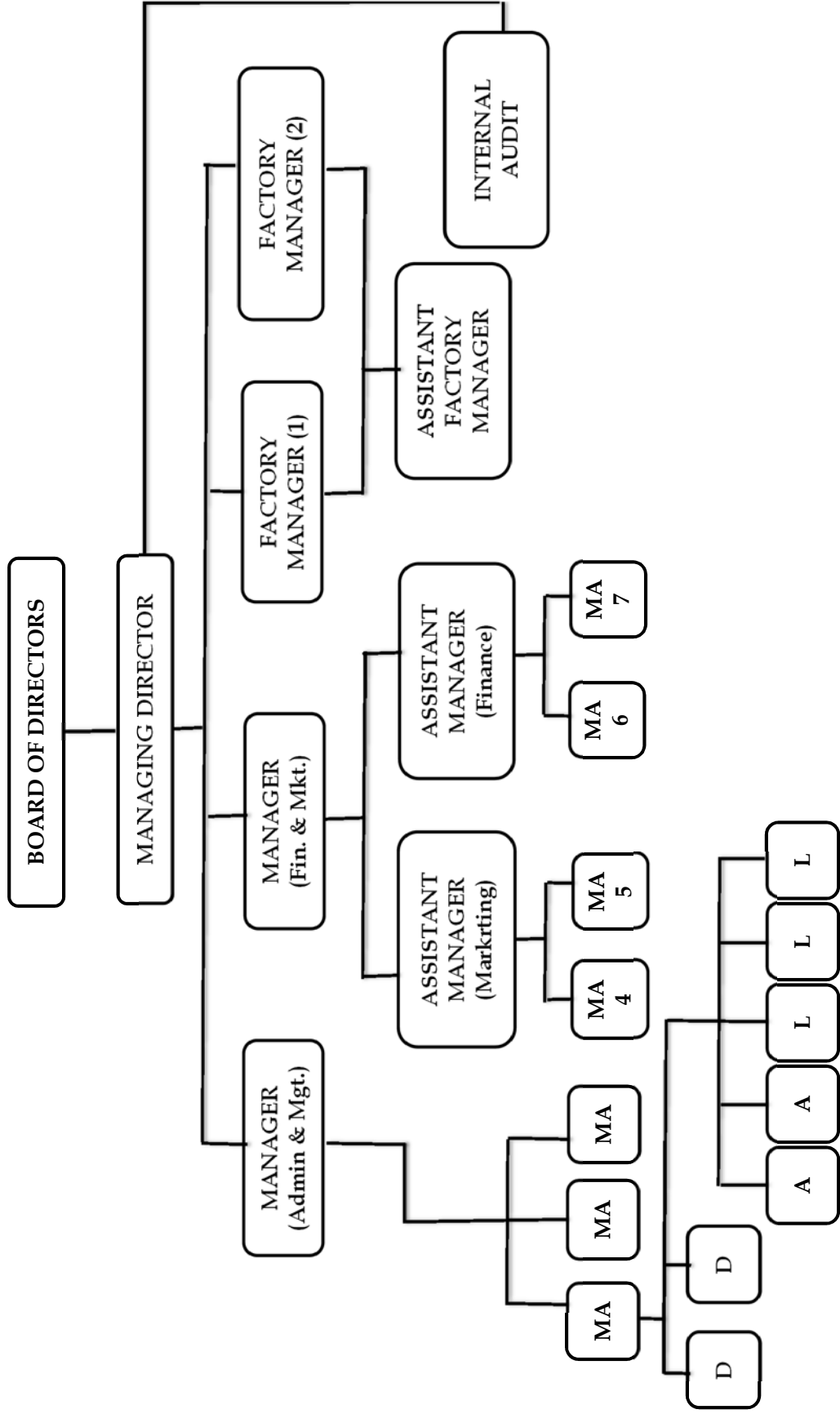
## **VISION**

To be the most recognized model in manufacturing and marketing of best sri lankan CTC and Orthodox Tea.

## **MISSION**

To manufacture superior quality, tasty and consumer friendly Sri Lankan Tea aiming at internal and external markets.

# ORGANIZATION STRUCTURE





## CHAIRMAN'S REVIEW

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On behalf of the Board of Directors, I have pleasure in presenting the Annual Report of Kalubowitiyana Tea Factory Ltd for the year ended 31st March 2014

Kalubowitiyana Tea Factory Ltd (KTFL) was incorporated on the 30th of September 1992 as a public Company fully owned by the Government. It began commercial operations with the commencement of manufacture at the newly built CTC Tea Factory on 01st August 1994. CTC tea factory was built with the assistance of Indian Line of Credit. Similarly the Derangala Tea Factory was re-built, again with the assistance of the Indian Line of Credit, and commenced manufacture of Orthodox teas in March 2000. Company acquired another tea factory Hiniduma Hills on lease to its network in the year 2012, thus increased the total no of factories to three. Hiniduma Hills commenced operations but is yet to add return to the Company. Therefore start up operational cost has affected the bottom line of the company. Company pre tax profit decreased to Rs. 27.54 million against profit of Rs.29.6 million of previous year.

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

The Company recorded a pre tax Profit of Rs.27.54 million as decreased of 7.0% over the previous year. The Company's net profit for the year is Rs.19.33 million. Total production quantity of the company has reduced by 7.2% compared to the last year, due to unfavourable climate condition.

The Company is entirely dependant on the Tea smallholder sector and I take this opportunity to thank them for the continuous supply of high quality standard of green leaf. In the year under review, KTFL has paid Rs.533.81 million in total, to around 2000, at an average rate of Rs.80.13 per kg, Rs.74.78 per kg & Rs.75.77 per kg respectively.

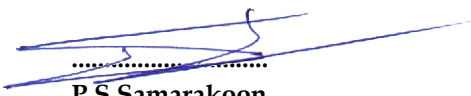
During the year the company has made several attempts to recover the loan of Rs 10 million given to BCC Lanka Ltd In the year 2004, together with accumulated interest of Rs.29.23 Million (Full amount Rs.39.23mn), however none of these attempts became successful.

The Loan amount of Rs.22.46 Million payable to the Sri Lanka Tea Board had been written off by the Sri Lanka Tea Board. Corresponding transaction will be recorded in our books during the year 2014/15.

I, on behalf of the Board of Directors wish to pay a special tribute to Head Office, Factory Staff and all other stake holders in the company.

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

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



**P.S Samarakoon**  
Chairman

## DIRECTOR'S REPORT

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

The Directors of Kalubowitiyana Tea Factory Limited present their report together with the Audited Financial Statement of the Company for the year ended 31<sup>st</sup> March 2014.

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

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

#### **PART A**

##### **Statement of compliance on the content of the annual report**

##### **Principal activities and business review future developments**

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

A review of the company's business and its performance during the year, with comments on financial results and future strategic developments, is contained in the Chairman's review (page No.04). This report together with the financial statements reflect the state-of-affairs of the Company.

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

##### **Financial statements**

The financial statements of the company are given on page 08 to 37 .

##### **Auditor's report**

Auditors' report on the financial statements is given on page 08 & 09.

The accounting policies adopted in the preparation of the financial statements are given on pages 14 to 20. There were no changes in the accounting policies adopted in the previous year.

##### **Directors' remuneration**

Directors' remunerations (including sitting allowances) in respect of the Company for the financial year ended 31<sup>st</sup> March 2014 are as follows;

	(Rs.)
1. Chairman	720,000.00
2. Executive Directors	815,000.00
<b>Total</b>	<b>1,535,000.00</b>

## **DIRECTOR'S REPORT (Contd.)**

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### **Corporate Donations**

Donations made by the company during the year amounts to Rs. 885,022.82

### **Directorate**

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

Mr. Donald Abeysundara -Chairman  
Mr. M.F.S. Wijesiri Stembo - Managing Director  
Mr. Karunathilaka Brahmana - Executive Director  
Mrs. Indranie Sugathadasa  
Mr. A.M.P.M.Bandara Atapattu  
Mr..W.D.Upali Wijesinghe  
Mr. D L S A Jayasinghe  
Ven. Hewesse Upatissa Thero (Observer Member)

### **Directors' Interest**

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

Mrs. Indrani Sugathadasa Directors of the Company hold one share each issued as subscriber shares.

### **Auditors**

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

### **Audit Fees**

The Auditors M/s Jayasinghe & Co. were paid Rs. 165,760.00 being the fee payable for the year 2013/2014.

## **PART B**

### **Revenue**

The total revenue of the company for the year is Rs.779.46 Mn. An analysis of the revenue is given in note No. 30 (page 30) to the financial statements the company's revenue has increase by 1.3% compared to the previous year.

### **Financial Results and Appropriations**

The pre tax profit for the year is Rs. 27.5Mn (2013 - Rs.29.6 Mn). The decrease in pre tax profit year on year is. 7.09%

### **Taxation and Statutory Payments**

According to the Inland Revenue Act No. 06 of 2006 the company is liable to pay Rs. 8,213,712/=, as Income tax on the profits for the year ended 31<sup>st</sup> March 2014

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



## **DIRECTOR'S REPORT (Contd.)**

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### **Fixed assets**

Information relating to movements fixed of assets is given in Note No. 11 to the financial statement in page No.25.

### **stated capital**

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

### **Post balance sheet events**

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

### **Going concern**

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

### **Environmental protection**

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



P S SAMARAKOON  
CHAIRMAN  
KALUBOWITTIYANA TEA FACTORY



A U CATHUKORALA  
EXECUTIVE DIRECTOR  
KALUBOWITTIYANA TEA FACTORY

  
SECRETARIES  
CORPORATE SERVICES (Private) LIMITED  
Director  
CORPORATE SERVICES (PRIVATE) LIMITED  
Secretaries

**INDEPENDENT AUDITOR'S REPORT****TO THE SHAREHOLDERS OF KALUBOWITIYANA TEA FACTORY LIMITED*****Report on the Financial Statements***

We have audited the accompanying financial statements of Kalubowitiyana Tea Factory Limited, which comprise the statement of financial position as at March 31, 2014, the statement of comprehensive income, changes in equity and cash flow for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

***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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditor's Responsibility 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 a reasonable assurance whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

***Basis for Qualified Opinion***

1. Finished goods stock of the Company as at 31<sup>st</sup> March 2014 has been valued at Rs.94,592,580 taking in to account the net realizable value as at that date. However, no information was available to determine the cost of the corresponding inventory value as at that date. Due to this reason, we were unable to satisfy ourselves as to the correct valuation of closing stock as per LKAS - 02, which specifies inventory should be valued at lower of cost and net realizable value.
2. The Company's biological assets as at 31<sup>st</sup> March 2014 amounting to Rs.2,937,798.74 have been stated on cost basis which is not in accordance with LKAS 41 - Agriculture which specifies the biological assets should be valued at its fair value less cost to sell.
3. Gratuity provision as at 31<sup>st</sup> March 2014 amounting to Rs.7,922,801.25 has been calculated based on half month's salary as of the last month of the financial year for each completed year of service commencing from the first year of service of each employee, which is a deviation from the LKAS 19 - Employee Benefits.

# Jayasinghe & Co

CHARTERED ACCOUNTANTS  
Correspondent Firm of Russell Bedford International

94/12, Kirulapone Avenue, Colombo 05.

Tel/Fax: +94 11 2512069, 2512400, 2512514

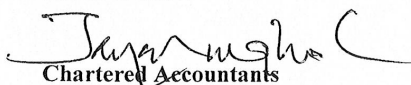
Website: www.aajco.lk, E-mail: audit@aaajco.lk

## Opinion

In our opinion, except for the effects of the matters described in the basis for qualified opinion paragraph, the Company maintained proper accounting records for the year ended 31<sup>st</sup> March, 2014 and the financial statements give a true and fair view of the financial position of the Company as at 31<sup>st</sup> March, 2014 and of its financial performance and its 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.



Chartered Accountants

Colombo.

10<sup>th</sup> June 2015

AR/MRN/483



**Russell Bedford International**  
Global network of independent accountancy firms,  
business consultants and specialist legal advisers

L.D.A. Jayasinghe FCA, FCMA

R.K.A. Ranaweera B.Sc.(Spe.), FCA, FCMA

G.V.M. Nanayakkara FCA, FCMA(UK)

Indraneel Jayasinghe FCA, MPA (Harvard) – USA

G.D.N. Mendis B.Sc.(Spe.), ACA

PG Dip. (ISS) - Netherlands

P.I.S. Jayathilaka B.Sc.(Spe.), ACA

**KALUBOWITTIYANA TEA FACTORY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH**  
*(All Amounts Are In Sri Lanka Rupees )*

	Note	2014	2013 Restated
Revenue	3	779,486,291.59	769,483,494
Cost Of Sales	4	(747,630,426.27)	(732,146,392)
<b>Gross Profit</b>		<b>31,855,865.32</b>	<b>37,337,103</b>
Other Operating Income	5	5,356,424.47	3,184,042
Profit Before Operating Expenses		37,212,289.79	40,521,144
Administration Expenses	6	(28,054,359.92)	(25,412,006)
Selling & Distribution Expenses	7	(917,026.59)	(1,411,169)
Impairment Of Receivables		-	(2,443,153)
Profit From Operating Activities		<b>8,240,903.28</b>	<b>11,254,815</b>
Finance Income	8	21,413,721.34	18,460,496
Finance Expenses		(2,105,842.47)	(107,679)
Net Finance Income		19,307,878.87	18,352,817
Net Profit Before Taxation		<b>27,548,782.15</b>	<b>29,607,633</b>
Taxation	9	(8,213,712.89)	(2,345,450)
<b>Net Profit After Taxation</b>		<b>19,335,069.26</b>	<b>27,262,183</b>
Earnings Per Share	10.1	<b>0.42</b>	<b>1</b>
Dividend Per Share	10.2	-	-

The Significant Accounting Policies and Notes on pages 08 to 33 form an integral part of these Financial Statements.

**KALUBOWITTIYANA TEA FACTORY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**

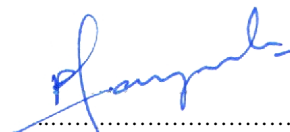
**As At 31<sup>ST</sup> MARCH**

*(All Amounts Are In Sri Lanka Rupees )*

	<b>Note</b>	<b>2014</b>	<b>2013</b> <b>Restated</b>
<b>Non Current Assets</b>			
Property Plant & Equipment	<b>11</b>	178,757,094.59	157,376,327
Biological Assets	<b>12</b>	2,937,798.74	2,900,116
		<b>181,694,893.33</b>	<b>160,276,443</b>
<b>Current Assets</b>			
Inventories	<b>13</b>	113,345,326.89	103,723,991
Amounts Due From Related Parties	<b>14</b>	39,231,042.36	36,495,130
Financial Assets	<b>15</b>	159,438,977.95	146,643,741
Trade & Other Receivables	<b>16</b>	55,087,940.51	42,136,961
Commissioner General Of Inland Revenue	<b>25</b>	1,328,925.52	-
Cash & Cash Equivalents	<b>17</b>	3,456,859.51	35,940,764
<b>Total</b>		<b>371,889,074.60</b>	<b>364,940,585</b>
<b>Total Assets</b>		<b>553,583,967.93</b>	<b>525,217,028</b>
<b>Equity &amp; Liabilities</b>			
<b>Capital &amp; Reserves</b>			
Stated Capital	<b>18</b>	46,375,070.00	46,375,070
Reserves	<b>19</b>	389,727,355.85	370,392,287
<b>Total</b>		<b>436,102,425.85</b>	<b>416,767,357</b>
<b>Non Current Liabilities</b>			
Sri Lanka Tea Board	<b>20</b>	22,465,416.00	22,465,416
Retirement Benefit Obligation	<b>21</b>	7,922,801.25	6,781,708
<b>Total</b>		<b>30,388,217.25</b>	<b>29,247,124</b>
<b>Current Liabilities</b>			
Creditors & Accrued Charges	<b>22</b>	49,651,190.41	69,709,110
Bank Overdrafts	<b>23</b>	33,052,361.17	-
Deferred Tax Liability/(Asset)	<b>24</b>	4,389,773.25	689,170
Commissioner General Of Inland Revenue	<b>25</b>	-	8,804,268
<b>Total</b>		<b>87,093,324.83</b>	<b>79,202,548</b>
<b>Total Equity &amp; Liabilities</b>		<b>553,583,967.93</b>	<b>525,217,028</b>

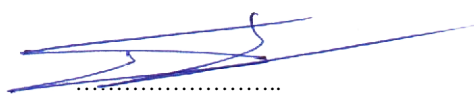
The Significant Accounting Policies and Notes on pages 08 to 33 form an integral part of these Financial Statements.

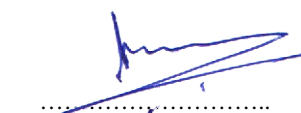
We certify that the Financial Statements have been prepared in accordance with the requirements of the Companies Act No.7 of 2007

  
**Finance Manager**

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

Approved & signed on behalf of the Board of Directors.

  
**Director**

  
**Director**

09<sup>th</sup> June 2015  
Colombo.

**KALUBOWITIYANA TEA FACTORY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY (RESTATED)**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014**

*(All Amounts Are In Sri Lanka Rupees )*

	<u>Stated Capital</u>	<u>General Treasury</u>	<u>Capital Reserves</u>	<u>Retained Profit (Note 31)</u>	<u>Total</u>
Balance As At 01 <sup>st</sup> April 2012	46,375,070.00	23,229,000.00	-	299,246,264.53	368,850,334.53
Prior Year Adjustments	-	-	-	20,054,839.24	20,054,839.24
Restated Balance As At 01 <sup>st</sup> April 2012	<b>46,375,070.00</b>	<b>23,229,000.00</b>	<b>-</b>	<b>319,301,103.77</b>	<b>388,905,173.77</b>
Net Profit For The Year	-	-	600,000.00	27,262,182.82	27,862,182.82
Restated Balance As At 01 <sup>st</sup> April 2013	<b>46,375,070.00</b>	<b>23,229,000.00</b>	<b>600,000.00</b>	<b>346,563,286.59</b>	<b>416,767,356.59</b>
Net Profit For The Year	-	-	-	19,335,069.26	19,335,069.26
<b>Balance As At 31<sup>st</sup> March 2014</b>	<b>46,375,070.00</b>	<b>23,229,000.00</b>	<b>600,000.00</b>	<b>365,898,355.85</b>	<b>436,102,425.85</b>

The Significant Accounting Policies and Notes on pages 08 to 33 form an integral part of these Financial Statements.

**KALUBOWITTIYANA TEA FACTORY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH**  
*(All Amounts Are In Sri Lanka Rupees )*

	Note	2014	2013 Restated
<b>Cash From Operating Activities</b>			
Net Profit Before Taxation		27,548,782.15	29,607,633
<b>Adjustments For:</b>			
Depreciation		23,407,729.82	19,006,430
Adjustments		-	(2,839,748)
Provision For Retirement Benefit Costs		1,390,056.06	1,075,861
Interest Income		(21,413,721.34)	(18,460,496)
<b>Operating Profit/(Loss) Before Working Capital Changes</b>		<b>30,932,846.69</b>	<b>28,389,680</b>
(Increase) / Decrease In Inventory		(9,621,336.27)	25,205,182
(Increase) / Decrease In Trade & Other Receivables		(12,950,979.28)	6,323,253
Increase / (Decrease) In Trade & Other Payables		(19,986,079.36)	15,379,670
<b>Cash Generated From/(Used In) Operations</b>		<b>(11,625,548.22)</b>	<b>75,297,785</b>
Gratuity Paid		(320,802.50)	(383,800)
Tax Paid		(14,646,303.17)	(2,000,000)
<b>Net Cash From / (Used In) Operating Activities</b>		<b>(26,592,653.89)</b>	<b>72,913,985</b>
			145,827,969
<b>Cash Flows From /(Used in) Investing Activities</b>			
Acquisition Of Property, Plant & Equipment		(44,826,183.63)	(62,636,478)
Interest Received		18,677,808.88	15,724,584
<b>Net Cash From /(Used In) Investing Activities</b>		<b>(26,148,374.75)</b>	<b>(46,911,895)</b>
<b>Net Cash From / (Used In) Finance Activities</b>			
Dividends Paid		-	-
<b>Net Cash Flows From / (Used In) Finance Activities</b>			-
<b>Net Increase / (Decrease) In Cash &amp; Cash Equivalents</b>		<b>(52,741,029)</b>	<b>26,002,090</b>
Cash & Cash Equivalents At The Beginning Of The Year (Note 1)		182,584,505	156,582,415
<b>Cash &amp; Cash Equivalents At The End Of The Year</b>		<b>129,843,476</b>	<b>182,584,505</b>
<b>Note 1 - Cash &amp; Cash Equivalents</b>			
Treasury Bills		44,584,872.40	43,915,028
Fixed Deposits - Peoples' Bank		113,621,747.69	101,603,315
Savings Account		1,232,357.86	1,125,398
People's Bank Account No.204100140084885		(31,887,893.11)	34,674,555
People's Bank Account No.204100140084911		3,134,977.50	1,017,333
People's Bank Account No.204100130084961		(1,164,468.06)	229,033
People's Bank Account No.060100110000681-Derangala		18,773.58	5,092
People's Bank Account No.060100100000592		112,974.09	2,634
Bank Of Ceylon Account No.0006065711		4,036.08	2,095
Bank Of Ceylon Account No.205604-Hiniduma		5,602.60	7,853
Cash In Hand		43,282.43	2,169
Cash In Transit		137,213.23	-
		<b>129,843,476.29</b>	<b>182,584,505</b>

The Significant Accounting Policies and Notes on pages 08 to 33 form an integral part of these Financial Statements.



**KALUBOVITIYANA TEA FACTORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014**

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**1 REPORTING ENTITY**

**1.1 Domicile & Legal Form**

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

The registered office of the Company is located at No 70, Parliament Road, Pelawatta, Battaramulla.

**1.2 Principal Activities & The Nature of Operations**

The principle activities of the Company are cultivation, manufacturing and sale of tea from tea leaf purchased from growers and from own estates.

**1.3 Directors**

The Directors present herewith the audited financial statements for the year ended 31<sup>st</sup> March 2014. The Directors are responsible for preparing and presenting the financial statements.

The Directors of the Company are as follows.

Mr. Donald Abeysundara.  
Ms. Indranie Sugathadasa.  
Mr. W.D.Upali Wijesinghe.  
Mr. D.L.S.A Jayasinghe.  
Mr.A.M.P.M. BandaraAtapattu  
Mr. M.F.S. WijesiriStembo.  
Mr.KarunatilakaBrahmana.

**1.4 Company Secretaries**

Corporate Services (Pvt) Ltd,  
216, De Saram Place,  
Colombo 10.

**1.5 Registered Office**

‘TSHDA’ Building,  
No.70, Parliament Road,  
Pelawatte,  
Battaramaulla.

**1.6 Auditors**

Jayasinghe & Co,  
Chartered Accountants,  
No. 94/12, Kirulapone Avenue,  
Colombo 05.

**KALUBOVITIYANA TEA FACTORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS***(Contd...)*  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014**

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**2.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 General Policies**

**2.1.1 Basis of Preparation**

The financial statements of Kalubowitiyana Tea Factory Ltd comprise the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity, accounting policies and notes to the financial statements. These financial statements are prepared in accordance with the Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka.

**2.1.2 Taxation**

**(a) Current Tax**

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.

**(b) Deferred Tax**

Deferred Tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for the financial reporting purpose and amounts used for tax purpose. Deferred tax is measured at the tax rate that is expected to apply to temporary differences when they are reversed, based on the laws that have been enacted by the reporting date.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which such timing difference can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**2.2 Valuation of Assets & their Bases of Measurement**

**2.2.1 Property, Plant & Equipment**

Property, plant and equipment are stated at cost or fair value less accumulated depreciation and any accumulated impairment in value. The carrying values of property plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. All items of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets is revalued at fair value. Revaluations are done with sufficient regularity. When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case the increase is recognized in the income statement.

*(Contd...)*

**KALUBOVITIYANA TEA FACTORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS***(Contd...)*  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014**

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Any revaluation deficit that offsets a previous surplus in the same asset is directly offset against the surplus in the revaluation reserve and any excess recognized as an expense.

Upon disposal, any revaluation reserve relating to the asset sold is transferred to retained earnings. Items of property, plant and equipment are derecognized upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognized.

**(a) Depreciation**

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

<b>Asset Category</b>	<b>Years</b>
Buildings	20
Paintings	5
Water & Electricity	20
Motor Vehicles	4
Plant & Machinery	8
Equipment	8
Furniture & Fittings	8
Computer Software	8

Freehold land is not depreciated as it is deemed to have an indefinite life.

**(b) Restoration Cost**

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

**2.2.2 Biological Assets**

The entity recognizes the biological assets when, and only when, the entity controls the assets as a result of a past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably. No depreciation is charged for biological assets.

*(Contd...)*

**KALUBOVITIYANA TEA FACTORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS***(Contd...)*  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014**

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**2.2.3 Financial Assets (Non-derivative)**

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following financial assets (non-derivative):

- Loans and receivables
- Cash and cash equivalents

**2.2.3.2 Loans & Receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

**2.2.3.3 Cash & Cash Equivalents**

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a Component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents comprise cash in hand and deposits at bank. Bank overdraft is included as a component of cash and cash equivalents for the purpose of the statement of cash flows, which has been prepared using the indirect method.

*(Contd...)*

**KALUBOVITIYANA TEA FACTORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS***(Contd...)*  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014**

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**2.2.4 Impairment**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. The Company considers evidence of impairment for receivables at collective level. All receivables with similar risk characteristics are grouped together and collectively assessed for any impairment that has been incurred but not yet identified.

**2.2.5 Inventories**

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

Other consumables are measured at lower of cost or net realizable value. When the inventories are sold, the Company recognizes the carrying amount of those inventories as an expense in the period in which the related revenue is recognized.

**2.3.1 Liabilities & Provisions**

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

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

*(Contd...)*

**KALUBOVITIYANA TEA FACTORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS***(Contd...)*  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014**

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**2.4 Retirement Benefit Obligations**

**(a) Defined Benefit Plan – Gratuity**

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

**(b) Defined Contribution Plan - Employees' Provident Fund & Employees' Trust Fund**

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

**2.5 Income Statement**

**2.5.1 Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of sales discounts and sales taxes.

**(a) Sale of Goods**

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

**(e) Gains & Losses**

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non current assets, including investments, are accounted for in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses. Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis. Any losses arising from guaranteed rentals are accounted for in the year of incurring the same. A provision is recognized if the best estimate indicates a loss.

**(f) Other Income**

Other income is recognized on an accrual basis.

*(Contd...)*

**KALUBOVITIYANA TEA FACTORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS***(Contd...)*  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014**

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**2.5.2 Expenditure Recognition**

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

**2.6 Comparatives**

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

**2.7 Events Occurring after the Balance Sheet Date**

All material post balance sheet events have been considered, disclosed and adjusted where appropriate.



**KALUBOWITTIYANA TEA FACTORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH**

*(All Amounts Are In Sri Lanka Rupees )*

	<b>Note</b>	<b>2014</b>	<b>2013</b> <b>Restated</b>
<b>NOTE 03 - REVENUE</b>			
Gross Sales		771,361,075.00	767,083,690
<u>Less: Brokerage &amp; Sales Expenses</u>		<u>(10,010,512.89)</u>	<u>(9,795,232)</u>
		761,350,562.11	757,288,458
<u>Add: Local Sales</u>		<u>18,135,729.48</u>	<u>12,195,037</u>
<b>Total</b>		<b><u>779,486,291.59</u></b>	<b><u>769,483,494</u></b>
<b>NOTE 04 - COST OF SALES</b>			
Green Leaf Purchases		533,817,351.75	502,093,914
Production Cost		165,803,734.87	154,741,901
Production Overheads		<u>53,741,077.86</u>	<u>48,959,225</u>
<b>Cost Of Manufacturing</b>		<b>753,362,164.48</b>	<b>705,795,040</b>
<b>Movement In Finished Goods</b>			
Balance As At The Beginning Of The Year		89,490,405.51	115,841,757
Balance As At The End Of The Year		<u>(95,222,143.72)</u>	<u>(89,490,406)</u>
<b>Cost Of Sales</b>		<b><u>747,630,426.27</u></b>	<b><u>732,146,392</u></b>
<b>NOTE 05 - OTHER INCOME</b>			
Sundry Income		5,240,496.98	3,184,042
Unpresented Cheques Written Off		47,708.49	-
Over Provision Of Audit Fees Written Off		<u>68,219.00</u>	<u>-</u>
<b>Total</b>		<b><u>5,356,424.47</u></b>	<b><u>3,184,042</u></b>

*(Contd...)*

**KALUBOWITTIYANA TEA FACTORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH**

*(All Amounts Are In Sri Lanka Rupees )*

	<b>Note</b>	<b>2014</b>	<b>2013</b> <b>Restated</b>
<b>NOTE 06 - ADMINISTRATION EXPENSES</b>			
Directors' Remuneration & Staff Cost	<b>6.1</b>	10,930,089.44	9,610,683
Travelling , Subsistence & Vehicle Hire	<b>6.2</b>	3,439,670.50	3,072,444
Maintenance Expenses - Office Building, - Equipment & Vehicles	<b>6.3</b>	5,504,829.14	5,176,450
Professional Fees	<b>6.4</b>	566,479.48	471,491
Insurance & License Fees	<b>6.5</b>	1,138,620.07	420,359
Printing Stationery & Postage	<b>6.6</b>	339,546.06	562,415
Other Administration Expenses	<b>6.7</b>	6,135,125.23	6,098,164
<b>Total</b>		<b>28,054,359.92</b>	<b>25,412,006</b>
<b>NOTE 06.1 - DIRECTORS' EMOLUMENTS &amp; STAFF COST</b>			
Directors' Emoluments		-	1,375,590
Staff Salaries		3,769,495.56	2,578,672
Gratuity		126,247.30	182,308
Allowances		4,307,522.16	2,633,026
Overtime & Holiday Payments		688,383.42	802,927
Contributions to Employee's Provident Fund		458,133.17	382,690
Contributions to Employee's Trust Fund		114,549.38	95,673
Bonus		668,500.00	652,000
Compensation		-	24,890
Board Fees		372,000.00	324,000
Staff Welfare		425,258.45	558,907
<b>Total</b>		<b>10,930,089.44</b>	<b>9,610,683</b>
<b>NOTE 06.2 - TRAVELING, SUBSISTENCE &amp; VEHICLE HIRE</b>			
Traveling & Subsistence		330,110.50	358,155
Hire Charges		3,109,560.00	2,714,289
<b>Total</b>		<b>3,439,670.50</b>	<b>3,072,444</b>
<b>NOTE 06.3 - MAINTENANCE OF OFFICE BUILDING, EQUIPMENT &amp; VEHICLES</b>			
Office Building Maintenance		117,252.50	31,779
Office Equipment Maintenance		83,142.35	442,750
Motor Vehicles Maintenance		1,358,105.00	1,292,508
Vehicle Fuel Cost		3,945,719.29	3,409,273
Tyre Repairs		610.00	140
<b>Total</b>		<b>5,504,829.14</b>	<b>5,176,450</b>
<b>NOTE 06.4 - PROFESSIONAL FEES</b>			
Other Fees		196,955.68	106,014
Secretarial Fees		166,263.80	137,277
Audit & Tax Fees		203,260.00	228,200
<b>Total</b>		<b>566,479.48</b>	<b>471,491</b>
<b>NOTE 06.5 INSURANCE &amp; LICENCE FEES</b>			
Insurance & License Fees		351,117.68	112,114
Other Insurance		787,502.39	308,244
<b>Total</b>		<b>1,138,620.07</b>	<b>420,359</b>
<b>NOTE 06.6 - PRINTING, STATIONERY &amp; POSTAGE</b>			
Printing		72,576.00	112,735
Postage		11,595.00	54,255
Computer Stationery		4,240.00	16,450
Other Stationery		251,135.06	378,975
<b>Total</b>		<b>339,546.06</b>	<b>562,415</b>

*(Contd...)*

**KALUBOWITTIYANA TEA FACTORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH**

*(All Amounts Are In Sri Lanka Rupees )*

	Note	2014	2013 Restated
<b>NOTE 06.7 - OTHER ADMINISTRATION EXPENSES</b>			
Legal Fees		90,774.00	126,019
Depreciation		2,601,440.97	2,493,586
Head Office Expenses		575,185.06	1,287,217
Donations		885,022.82	1,047,405
Telephone		421,016.90	382,773
Newspapers & Periodicals		169,790.00	273,870
Rent		752,000.00	260,000
Electricity		306,396.91	116,714
New Project Expenses		-	73,477
Inventory Balance Written Off		-	27,057
Other Utilities & Services		85,749.60	6,961
Supplies & Requisitions - Others		-	3,085
Staff Training		149,990.00	-
Festival Advances Written Off		26,577.74	-
Check Roll Debts Written Off		11,837.23	-
Surcharge		59,344.00	-
<b>Total</b>		<b>6,135,125.23</b>	<b>6,098,164</b>
<b>NOTE 07 - SELLING &amp; DISTRIBUTION EXPENSES</b>			
Trade Fair & Exhibition		404,050.09	566,764
Entertainment		388,260.50	305,961
Registration Fees		13,444.00	3,716
Advertising		111,272.00	-
Business Turnover Tax		-	534,729
<b>Total</b>		<b>917,026.59</b>	<b>1,411,169</b>
<b>NOTE 08 - NET FINANCE INCOME</b>			
<b>Finance Income</b>			
Fixed Deposit Interest		13,248,192.68	11,053,880
Treasury Bill Interest		5,112,778.64	4,429,896
Staff Loan Interest		316,837.56	240,807
BCC Lanka Limited Loan Interest		2,735,912.46	2,735,912
<b>Total</b>		<b>21,413,721.34</b>	<b>18,460,496</b>
<b>Finance Expenses</b>			
Bank Charges		(40,964.02)	-
Overdraft Interest		(2,037,768.37)	(107,679)
Short Term Loan Interest		(27,110.08)	-
<b>Total</b>		<b>19,307,878.87</b>	<b>18,352,817</b>
<b>Net</b>		<b>19,334,988.95</b>	<b>18,352,817</b>
<b>NOTE 09 - TAXATION</b>			
<b>Current Tax Expenses</b>			
Current Year		4,513,110	5,112,710
Adjustments		-	-
		<b>4,513,110</b>	<b>5,112,710</b>
<b>Deferred Tax Expenses</b>			
Origination & Reversal Of Temporary Differences		3,700,603	(2,767,260)
<b>Total Tax Expense</b>		<b>8,213,713</b>	<b>2,345,450</b>

*(Contd...)*

**KALUBOWITTIYANA TEA FACTORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH**  
*(All Amounts Are In Sri Lanka Rupees )*

	Note	2014	2013 Restated
<b>NOTE 10 - EARNINGS PER SHARE/DIVIDEND PER SHARE</b>			
<b>10.1 Earnings Per Share</b>			
The basic earnings per share is based on profits attributable to the ordinary shareholders divided by the weighted average number of ordinary shares on issue during the year calculated as follows;			
Net Profit For The Year		19,335,069	27,262,183
Weighted Average Number Of Shares		4,637,507	4,637,507
Basic Earnings Per Share		4.17	6
<b>10.2 Dividend Per Share</b>			
Dividend For The Year		-	-
Number Of Shares		4,637,507	4,637,507
Dividend Per Share		-	-
			(Contd...)

KALUBOWITTIYANA TEA FACTORY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
As At 31<sup>ST</sup> MARCH 2014  
(All Amounts Are In Sri Lanka Rupees )

NOTE 11 - PROPERTY, PLANT & EQUIPMENT

Cost	Free Hold Land	Buildings	Plant & Machinery	Factory Equipment	Computer Equipment	Office Equipment	Furniture & Fittings	Tools	Motor Vehicles	Other	Work In Progress	Total
<b>Cost As At 01.04.2013</b>	2,550,621.30	191,473,791.90	169,176,111.38	5,697,772.30	5,173,578.57	1,969,135.03	4,992,599.67	570,643.90	28,962,032.02	1,856,618.00	-	412,422,904.07
Additions	-	3,180,152.17	18,242,863.90	1,370,262.55	455,590.00	30,240.00	983,897.98	68,769.00	-	487,025.00	19,969,700.23	44,788,500.83
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
<b>Cost As At 31.03.2014</b>	<b>2,550,621.30</b>	<b>194,653,944.07</b>	<b>187,418,975.28</b>	<b>7,068,034.85</b>	<b>5,629,168.57</b>	<b>1,999,375.03</b>	<b>5,976,497.65</b>	<b>639,412.90</b>	<b>28,962,032.02</b>	<b>2,343,643.00</b>	<b>19,969,700.23</b>	<b>457,211,404.90</b>
<b>Accumulated Depreciation</b>	<b>Free Hold Land</b>	<b>Buildings</b>	<b>Plant &amp; Machinery</b>	<b>Factory Equipment</b>	<b>Computer Equipment</b>	<b>Office Equipment</b>	<b>Furniture &amp; Fittings</b>	<b>Tools</b>	<b>Motor Vehicles</b>	<b>Other</b>	<b>Work In Progress</b>	<b>Total</b>
<b>Accumulated Depreciation As At 01.04.2013</b>	-	85,402,516.88	141,056,289.92	1,858,100.02	3,154,663.50	1,391,756.47	2,289,952.10	377,337.68	18,787,101.92	728,862.00	-	255,046,580.49
Current Year Depreciation	-	10,430,729.32	6,189,838.57	695,967.90	401,807.64	133,241.68	494,562.72	42,268.53	4,855,329.68	163,983.78	-	23,407,729.82
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
<b>Accumulated Depreciation As At 31.03.2014</b>	<b>-</b>	<b>95,833,246.20</b>	<b>147,246,128.49</b>	<b>2,554,067.92</b>	<b>3,556,471.14</b>	<b>1,524,998.15</b>	<b>2,784,514.82</b>	<b>419,606.21</b>	<b>23,642,431.60</b>	<b>892,845.78</b>	<b>-</b>	<b>278,454,310.31</b>

(Contd...)

**KALUBOWITTIYANA TEA FACTORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**As At 31<sup>ST</sup> MARCH**

*(All Amounts Are In Sri Lanka Rupees )*

	<b>2014</b>	<b>2013</b>
<b>Note</b>		<b>Restated</b>

**NOTE 12 - BIOLOGICAL ASSETS**

At The Beginning Of The Year	2,900,115.94	2,900,116
Additions	37,682.80	-
At The End Of The Year	<b>2,937,798.74</b>	<b>2,900,116</b>

Kalubowitiyana, Derangala and Hiniduma Hills recognize managed trees as biological assets and managed trees consist of commercial timber plantations cultivated on estates and tea bushes in factory premises.

**NOTE 13 - INVENTORIES**

Food & Beverages	14,758,181.92	10,970,028
Finished Goods	94,592,580.00	88,766,963
Consumables Stocks	402,853.33	349,988
General & Other	3,591,711.64	3,637,013
<b>Total</b>	<b>113,345,326.89</b>	<b>103,723,991</b>

**NOTE 14 - AMOUNTS DUE FROM RELATED COMPANIES**

BCC Lanka Limited	39,231,042.36	36,495,130
<b>Total</b>	<b>39,231,042.36</b>	<b>36,495,130</b>

**NOTE 15 - FINANCIAL ASSETS**

Treasury Bills	44,584,872.40	43,915,028
Fixed Deposits - People's Bank	113,621,747.69	101,603,315
Savings Accounts - People's Bank	1,232,357.86	1,125,398
Interest Receivable	-	-
<b>Total</b>	<b>159,438,977.95</b>	<b>146,643,741</b>

**NOTE 16 - TRADE & OTHER RECEIVABLES**

Trade Debtors	23,316,324.13	18,997,944
Staff Debtors	4,785,447.33	3,919,998
Deposits	2,001,975.00	987,975
Advances & Prepayments	25,594,483.15	18,621,456
Non Moving Balances	2,167,300.48	2,387,178
Other Debit Balances	56,662.98	56,663
	57,922,193.07	44,971,214
Less; Provision For Bad Debts	(2,834,252.56)	(2,834,253)
<b>Total</b>	<b>55,087,940.51</b>	<b>42,136,961</b>

**NOTE 17 - CASH & CASH EQUIVALENTS**

People's Bank	Account No.204100140084885	-	34,674,555
People's Bank	Account No.204100130084961	-	229,033
People's Bank	Account No.204100140084911	3,134,977.50	1,017,333
People's Bank	Account No.060100110000681	18,773.58	5,092
People's Bank	Account No.060100100000592	112,974.09	2,634
Bank Of Ceylon	Account No.0006065711	4,036.08	2,095
Bank Of Ceylon	Account No.205604-Hiniduma	5,602.60	7,853
Cash In Hand		43,282.43	2,169
Cash In Transit		137,213.23	-
<b>Total</b>		<b>3,456,859.51</b>	<b>35,940,764</b>

*(Contd...)*

**KALUBOWITTIYANA TEA FACTORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**As At 31<sup>ST</sup> MARCH**

*(All Amounts Are In Sri Lanka Rupees )*

	2014	2013
Note		(Restated)

**NOTE 18 - STATED CAPITAL**

**Issued & Fully Paid**

4,637,507 Numbers Ordinary Shares	46,375,070	46,375,070
<b>Total</b>	<b>46,375,070.00</b>	<b>46,375,070</b>

**NOTE 19 - RESERVES**

Grant - General Treasury	23,229,000.00	23,229,000
Capital Reserves	600,000.00	600,000
Profit & Loss Account	365,898,355.85	346,563,287
<b>Total</b>	<b>389,727,355.85</b>	<b>370,392,287</b>

**NOTE 20 - SRI LANKA TEA BOARD**

At The Beginning Of The Year	22,465,416.00	22,465,416
Additions During The Year	-	-
Amortized During The Year	-	-
At The End Of The Year	<b>22,465,416.00</b>	<b>22,465,416</b>

Funds were received from Ceylon Tea Board to acquire capital assets at the commencement of the operations at the Kalubowititiyana Tea Factory. Amounts spent thereof were capitalized in the relevant property plant and equipment account. This balance is not amortized as the company intends to settle this when the assets are disposed.

**NOTE 21 - RETIREMENT BENEFIT OBLIGATION**

Present Value Of Defined Benefit Obligation	-	-
Fair Value Of Plan Asset	5,820,142.77	5,160,250
<b>Total</b>	<b>5,820,142.77</b>	<b>5,160,250</b>

**21.1 Movement in fair value of the Plan Asset**

At the beginning of the year	<b>5,160,250.00</b>	5,160,250
Contributions paid to Plan Asset		
Benefits paid during the year		
Fair value increase		
At the end of the year	<b>5,160,250.00</b>	5,160,250

**Movement In The Present Value Of Defined Benefit Obligation**

At The Beginning Of The Year	6,781,707.69	5,707,053
Current Service cost		
Interest Cost		
Actuarial Gain/Loss		
Provision For The Year	1,390,056.06	1,458,455
Prior Year Adjustments	109,080.00	-
Payments During The Year	(320,802.50)	(383,800)
In Cash Payable	(37,240.00)	-
At the End Of The Year	<b>7,922,801.25</b>	<b>6,781,708</b>

**NOTE 22 - CREDITORS & ACCRUED CHARGES**

**21.3 Actuarial Assumptions**

Bought Leaf Suppliers	20,506,183.32	24,617,149
Trade Creditors	16,814,845.79	28,999,247
Service Contractors	1,491,182.90	3,687,748
Staff Creditors	1,382,828.30	2,149,294
Accrued Expenses	8,672,637.54	9,465,628
Unclaimed Balances	298,087.97	301,619
Suspense & Other Credit Balances	485,424.59	488,425
<b>Total</b>	<b>49,651,190.41</b>	<b>69,709,110</b>

**NOTE 23- BANK OVERDRAFTS**

People's Bank Account No.204100140084885	31,887,893.11	-
People's Bank Account No.204100130084961	1,164,468.06	-
<b>Total</b>	<b>33,052,361.17</b>	-

**NOTE 24 - DEFERRED TAX LIABILITY/(ASSET)**

At The Beginning Of The Year	689,169.90	3,456,430
Transferred To / (From) Income Statement	3,700,603.35	(2,767,260)
At The End Of The Year	<b>4,389,773.25</b>	<b>689,170</b>

*(Contd...)*



**KALUBOWITTIYANA TEA FACTORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**As At 31<sup>ST</sup> MARCH**

*(All Amounts Are In Sri Lanka Rupees )*

	<b>2014</b>	<b>2013</b>
<b>Note</b>		<b>Restated</b>
<b>NOTE 25 - COMMISSIONER GENERAL OF INLAND REVENUE</b>		
Balance As At The Beginning Of The Year	8,804,268.11	6,194,051
<u>Add: Provision For The Year</u>	4,513,109.54	5,112,710
Withholding Tax Payable	-	1,200
	<u>13,317,377.65</u>	<u>11,307,961</u>
<u>Less: Payments Made During The Year</u>		
Y/A 2011/2012	(5,359,173.00)	(2,000,000)
Y/A 2012/2013	(4,612,946.00)	-
Y/A 2013/2014	(3,110,199.00)	-
Withholding Tax Paid	<u>(1,563,985.17)</u>	<u>(503,693)</u>
Balance As At The End Of The Year	<u><b>(1,328,925.52)</b></u>	<u><b>8,804,268</b></u>

**NOTE 26 - CAPITAL EXPENDITURE & COMMITMENTS**

Land	-	600,000
Buildings	3,180,152.17	33,797,317
Plant & Machinery	18,242,863.90	21,997,180
Equipment	1,856,092.55	3,652,485
Furniture & Fittings	983,897.98	1,370,809
Tools	68,769.00	119,517
Motor Vehicles	-	234,620
Other	487,025.00	864,550
Work In Progress	19,969,700.23	-
<b>Total</b>	<u><b>44,788,500.83</b></u>	<u><b>62,636,478</b></u>

**NOTE 27 - CONTINGENCIES**

**Pending Legal Cases**

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

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

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

**NOTE 28 - EVENTS AFTER THE REPORTING DATE**

No material events have taken place after the reporting date, that require adjustments to or disclosures in the financial statements.

*(Contd...)*

**KALUBOWITTIYANA TEA FACTORY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**As At 31<sup>ST</sup> MARCH 2014**

*(All Amounts Are In Sri Lanka Rupees )*

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**NOTE 29 - RELATED PARTY DISCLOSURES**

Transactions with the Related Parties in the ordinary course of business carried out on an arm's length basis.

**29.1. Transactions With Key Management Personnel (KMP)**

KMP are persons who have authority and responsibility directly or indirectly for planning, directing and controlling the activities of

The KMP of the company comprise of the Board of Directors of the reporting entity.

29.1.1. The compensation of KMPs are disclosed in the note 6 to the accounts

29.1.2. No loans were given to KMP during the Year.

29.1.3. The shareholdings of the KMP together with their close family members  
None

29.1.4. The names of the Directors of the company, who are also directors of other companies:  
None

**29.2. Transactions With Close Family Members**

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

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

**29.3. Dealing with Subsidiaries, Associates & Joint Ventures - None**

*(Contd...)*

**KALUBOWITIYANA TEA FACTORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014**  
*(All Amounts Are In Sri Lanka Rupees )*

**NOTE 30 - OPERATING SEGMENTS**

<b>30.1 Sales</b>	<b>Head Office</b>	<b>Kalubowitiyana</b>	<b>Derangala</b>	<b>Hiniduma Hills</b>	<b>Total</b>
	<b><u>Rs</u></b>	<b><u>Factory</u></b> <b><u>Rs</u></b>	<b><u>Factory</u></b> <b><u>Rs</u></b>	<b><u>Factory</u></b> <b><u>Rs</u></b>	<b><u>Rs</u></b>
Gross Sales	-	547,837,470.00	145,554,830.00	77,968,775.00	771,361,075.00
<u>Less: Brokerage &amp; Sales Expenses</u>	-	(6,270,301.79)	(2,422,645.63)	(1,317,565.47)	(10,010,512.89)
	-	541,567,168.21	143,132,184.37	76,651,209.53	761,350,562.11
<u>Add: Local Sales</u>	6,356,995.50	8,729,415.48	2,629,405.00	419,913.50	18,135,729.48
<b>Total</b>	<b><u>6,356,995.50</u></b>	<b><u>550,296,583.69</u></b>	<b><u>145,761,589.37</u></b>	<b><u>77,071,123.03</u></b>	<b><u>779,486,291.59</u></b>
<b>30.2 Cost Of Sales - Kalubowitiyana, Derangala &amp; Hiniduma Hills</b>	<b><u>Rs</u></b>	<b><u>Rs</u></b>	<b><u>Rs</u></b>	<b><u>Rs</u></b>	<b><u>Rs</u></b>
Bought Leaf	-	374,733,726.05	103,673,719.50	55,409,906.20	533,817,351.75
<b>Manufacturing Cost</b>					
Production Cost	4,528,934.02	117,581,570.30	27,938,392.82	15,754,837.73	165,803,734.87
General Charges	2,337,348.97	24,339,787.19	16,455,849.46	10,608,092.24	53,741,077.86
	<b><u>6,866,282.99</u></b>	<b><u>516,655,083.54</u></b>	<b><u>148,067,961.78</u></b>	<b><u>81,772,836.17</u></b>	<b><u>753,362,164.48</u></b>
<u>Add: Opening Stock</u>	723,443.01	50,664,240.00	21,314,695.00	16,788,027.50	89,490,405.51
<u>Less: Closing Stock</u>	(629,563.72)	(65,627,355.00)	(18,482,400.00)	(10,482,825.00)	(95,222,143.72)
<b>Total</b>	<b><u>6,960,162.28</u></b>	<b><u>501,691,968.54</u></b>	<b><u>150,900,256.78</u></b>	<b><u>88,078,038.67</u></b>	<b><u>747,630,426.27</u></b>

**KALUBOWITTYANA TEA FACTORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014**  
*(All Amounts Are In Sri Lanka Rupees )*

**NOTE 31 - RESTATEMENT NOTE**

**Reasons for Restatements:-**

	<b>Before 01/4/2012</b>	<b>2012/2013</b>	<b>Total Effect on the Financial Statements Upto 2012/2013</b>
PAYE Payable For 2008/09	185,448.00	-	185,448.00
Tax Fees Payable For 2010/11, 2011/12 & 2012/13	62,500.00	35,000.00	97,500.00
BCC Lanka Limited Loan Interest Upto 2012/13	23,759,217.44	2,735,912.46	26,495,129.90
Deferred Tax Liability/(Asset) Upto 2012/13	3,456,430.20	(2,767,260.30)	689,169.90
Net Effect to Retained Earnings	20,054,839.24	5,468,172.76	25,523,012.00

Above figures which were not recognized in previous years, have been rectified in this financial years by restating previous year financial statements as follows.

**Restatement Balances As At 01<sup>st</sup> April 2012**

	<b>Balances As At 1/4/2012 Before Restatement</b>	<b>Adjustments</b>	<b>Restated Balances As At 1/4/2012</b>
Accrued Expenses	5,635,576.00	247,948.00	5,883,524.00
Amounts Due From Related Companies	10,000,000.00	23,759,217.44	33,759,217.44
Deferred Tax Liability/(Asset)	-	3,456,430.20	3,456,430.20
Retained Earnings	299,246,264.53	20,054,839.24	319,301,103.77

**Restatement Balances As At 01<sup>st</sup> April 2013**

	<b>Balances As At 1/4/2013 Before Restatement</b>	<b>Adjustments</b>	<b>Restated Balances As At 1/4/2013</b>
Accrued Expenses	9,182,680.24	282,948.00	9,465,628.24
Amounts Due From Related Companies	10,000,000.00	26,495,129.90	36,495,129.90
Deferred Tax Liability/(Asset)	-	689,169.90	689,169.90
Retained Earnings	321,040,274.59	25,523,012.00	346,563,286.59

**KALUBOWITIYANA TEA FACTORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS** *(Contd.)*  
**AS AT 31<sup>ST</sup> MARCH 2014**  
*(All Amounts Are In Sri Lanka Rupees)*

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**NOTE 32 - FINANCIAL RISK MANAGEMENT**

**32.1 Overview**

The Company has exposure to the following risks from its use of financial instruments. These are monitored by Company on a regular basis:

1. Credit Risk
2. Liquidity Risk
3. Operational Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies, and processes for

**32.2 Risk Management Framework**

The Board of Directors has overall responsibility for the established and oversight of the Company's risk management framework. The Company's risk

**32.2.1. Credit Risk**

Credit risk refers to the risk carried by the Company owing to a counter party defaulting on its contractual obligations in relation to a financial

The maximum credit risk of the Company is limited to the carrying value of these financial assets as 31<sup>st</sup> March

<u>Carrying Value as at 31<sup>st</sup> March</u>	<b>2014</b>	<b>2013</b>
Amount Due from Related Company	39,231,042.36	36,495,130
Financial Assets	159,438,977.95	146,643,741
Trade & Other Receivables	55,087,940.51	42,136,961
Cash & Cash Equivalents	3,456,859.51	35,940,764
<b>Total</b>	<b>257,214,820.33</b>	<b>261,216,595.70</b>

*(Contd.)*

**KALUBOWITTIYANA TEA FACTORY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

**AS AT 31<sup>ST</sup> MARCH 2014**

*(All Amounts Are In Sri Lanka Rupees)*

**32.2.2. Liquidity Risk**

Liquidity risk arises from Company of working capital. It is the risk that Company will encounter when difficulty in meeting its financial obligations

The maturity analysis of liabilities

As at 31 March 2014

	Carrying Value	Current			Non Current	
		Upto 1yr	up to 2 yrs	up to 5 yrs	over 5 yrs	
Creditors & Accrued Charges	49,651,190.41	49,651,190.41	-	-	-	-
Sri Lanka Tea Board	22,465,416.00					22,465,416.00
Bank Overdrafts	33,052,361.17	33,052,361.17	-	-	-	-
	105,168,967.58	82,703,551.58	-	-	-	22,465,416.00

**32.2.3. Capital Management**

The Board's policy is to maintain a strong capital base so as to maintain share holder, creditors and market confidence and to sustain future

There were no charges in the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

*(Contd.)*

**KALUBOWITTIYANA TEA FACTORY LIMITED**  
**DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS**

**As At 31<sup>ST</sup> MARCH**

**2014**

*(All Amounts Are In Sri Lanka Rupees )*

**TRADE & OTHER RECEIVABLES**

**1.1 Trade Debtors**

Bought Leaf Supplier Debts	2,853,277.82
Bought Leaf Supplier Loans	451,000.06
Bought Leaf Loan	-
Bought Leaf Transport Loans	145,061.10
Fertilizer Debtors	1,733,945.78
Trade Debtors	18,133,039.37
	<b>23,316,324.13</b>

**1.2 Staff Debtors**

Checkroll Debts	56,997.86
Check Roll Loans	9,825.06
Distress Loans	4,029,174.41
Festival Advances	689,450.00
	<b>4,785,447.33</b>

**1.3 Deposits**

Deposits Receivables	<b>2,001,975.00</b>
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**1.4 Prepayments & Advances**

PAYE Tax Recoverable	4,197.00
Prepayments	2,328,910.36
Other Advances	21,608,441.76
Eastern Trading	4,412.00
Kotapola MPCs	323,445.75
Sundry Debtors	335,631.10
MPCS Agalawatta	-
Lorry JJ - 1961	91,462.50
WHMU Priyantha	26,350.00
Baur Fertilizers (Pvt) Ltd	340,750.00
CIC Fertilizer	520,830.83
Stamps	1,231.85
Tea Nursery	8,820.00
	<b>25,594,483.15</b>

**1.5 Non Moving Balances**

Lorry 226 - 1532	42,833.93
Survey Department	42,511.88
Rice Supplier	1,100.00
Bank Loan Neluwa	9,370.00
Tea Small Holding Development Authority	18,931.25
T.G. Hemachandra	27,258.70
Sunil Trade Enterprises	26,920.30
Siripura Traders	45,457.75
Silk & Allied Products Development Authority	451,547.30
Lalitha Trade Center	4,585.00
Kandy Transport	350.00
Jayasekara Motors	8,260.40
Jayakody Filling Station	984.38
Iddamalgoda Commercial Company	174,626.00
Divisional Secretariat	3,238.00
Over Paid Insurance	5,201.27
Asha Agencies	63,444.51
Asia Siyaka Commodity Limited	434,924.00
Somerville & Company	798,461.15
Lent Labour	1,128.46
Staff Debts	6,166.20
	<b>2,167,300.48</b>

**1.5 Other Debit Balances**

Suspense Account	55,975.66
Stock Purchases Suspense	687.32
Electricity Board	-
Stamps	-
Petty Cash	-
Tea Nursery	-
Tea Short Delivery	-
	<b>56,662.98</b>
	<b>57,922,193.07</b>
Provision For Bad & Doubtful Debts	<b>(2,834,252.56)</b>
	<b>55,087,940.51</b>



**KALUBOWITTIYANA TEA FACTORY LIMITED**  
**DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS**

**As At 31<sup>ST</sup> MARCH**

**2014**

*(All Amounts Are In Sri Lanka Rupees )*

**CREDITORS & ACCRUED CHARGES**

**2.1 Bought Leaf Creditors**

Bought Leaf Suppliers	<b>20,506,183.32</b>
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**2.2 Trade Creditors**

Abans Ltd	800.00
Allied Commercial	252,800.00
Agstar Fertilizer	97,297.60
Abyewickrama Stores	22,730.75
Baurs Fertilizer	282,000.00
CIC Fertilizer	1,528,280.87
CIC Poultry Farms	29,964.20
Ceylon Fertilizer	3,877,500.00
Chandana Engineering	132,500.00
Eastera Trading Agency	
Kotapola MPCS	
Kotapola Hardware	457.00
Morawaka Hardware	23,627.50
P A Ariyadasa & Son	151,452.00
SLN Sangamaya	2,040.00
Singer Sri Lanka	103,751.00
Sundry Creditors	5,984,460.10
St Regis Packaging	302,794.60
Thanuja Hardware	1,200.00
A.W. Ranasinghe	
Ariyasiri Hardware	300.00
Ceylon Paper Sacks Ltd.	116,427.64
Ceylon Petroleum Company	173,580.00
Colombo Commercial Company	18,657.40
Colombo Agro Fertilizer	10,233.10
Eagle Traders	54,750.79
Falcan Enterprises	25,700.00
Hettiarachchi Hardware	365.20
Helix Engineering	66,781.65
Jayakody Filling Station	74,569.19
Jayasekara Motors	5,285.00
Kala Motors	19,000.00
Lanka Sathosa	505,389.00
Rent Payable To BCC Lanka Ltd.	750,000.00
Southern Engineering Company Ltd	59,844.00
Firewood Contractors	256,000.00
Vithanage (Pvt) Ltd	4,785.00
Quikpack (Pvt) Ltd	1,861.80
Morawaka Stores	86,997.50
MPCS Agalawatttha	943,390.35
A.W.Ranasighe Filling Satation	254,022.95
Accounts Payable	24,054.56
Audit Fees	318,760.00
Bank Loan	3,000.00
CPPS Account	8,827.46
Eastern Trading	75,682.58
Firewood	114,000.00
Hightech Engineeres	44,350.00
Sandaru Products	4,575.00
	<b>16,814,845.79</b>

**2.3 Service Contractor Payments**

Green Leaf Transport	1,381,337.06
Leaf Bag Unloading Contractors	48,046.74
Leaf Bag Loading Contractors	34,319.10
Sundry Contractors	27,480.00
	<b>1,491,182.90</b>

**KALUBOWITTIYANA TEA FACTORY LIMITED**  
**DETAILED SCHEDULES TO THE FINANCIAL STATEMENTS**

**As At 31<sup>ST</sup> MARCH**

**2014**

*(All Amounts Are In Sri Lanka Rupees )*

**2.4 Staff Creditors**

Check Roll	1,056,320.52
Provision For Holiday Wages	217,582.16
Staff Overtime	108,925.62
	<b>1,382,828.30</b>

**2.5 Accrued Expenses**

Ceylon Electricity Board	1,479,516.74
Coconut Suppliers	770.00
Cancelled Cheques	2,475.78
Deposit Payable	190,000.00
Employees' Provident Fund	616,036.11
Employees' Trust Fund	83,204.26
Filling Station	5,075.66
G.W. Sriyaratne	4,520.00
General Engineering Services	240,150.86
Insurance	75,687.76
PAYE Tax	13,025.00
Turnover Tax	
Stamp Duty	23,381.00
Stamps	774.50
Sri Lanka Telecom	9,146.99
Sundry Abetment	64,330.79
Sundry Transport	210.75
Sundry Creditors	4,000.00
Shantha Estates	12,512.50
Shantha Electricals	36,590.00
Sunil Trade Enterprises	11,925.00
Tea Shakthi Fund	273,000.00
Welfare Society	3,050.00
Welfare Society DTF	41,820.00
Welfare	27,500.00
Unidil Paper Sacks	7,498.40
Jayasinghe & Company	10,000.00
Gratuity Payable	37,240.00
PAYE Surcharge	59,344.00
Tax Fees	135,000.00
Salaries Payable	13,416.33
Other Accrued Expenses	5,191,435.11
	<b>8,672,637.54</b>

**2.6 Other Credits**

Suspense Account	474,295.53
Tea Short Deliveries	11,129.06
	<b>485,424.59</b>

**2.7 Unclaimed Balances**

Checkroll Wages	29,436.15
Insurance	2,738.80
Bought Leaf Suppliers	196,524.07
Salaries & Wages	18,804.86
Staff Salaries	44,561.84
Insurance	2,500.00
Cheques	3,522.25
	298,087.97
	<b>49,651,190.41</b>

**FINANCIAL HIGHLIGHTS OF PRECEDING TEN YEARS**

	<u>2004/2005</u>	<u>2005/2006</u>	<u>2006/2007</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2009/2010</u>	<u>2010/2011</u>	<u>2011/2012</u>	<u>2012/2013</u>	<u>2013/2014</u>
Net Sales	352,594,447	362,116,908	409,112,340	491,437,212	458,241,211	498,967,014	547,568,613	638,941,282	769,483,494	779,486,292
Cost of Sales	(324,220,847)	(324,608,978)	(359,218,231)	(427,810,880)	(418,479,646)	(425,784,176)	(492,030,156)	(536,329,532)	(732,146,392)	(747,630,426)
<b>Gross Profit</b>	<b>28,373,600</b>	<b>37,507,930</b>	<b>49,894,109</b>	<b>63,626,332</b>	<b>39,761,565</b>	<b>73,182,838</b>	<b>55,538,457</b>	<b>102,611,750</b>	<b>37,337,103</b>	<b>31,855,865</b>
Other Income	2,193,082	2,484,409	4,958,098	14,154,380	23,299,933	22,502,885	18,564,382	13,697,746	18,908,625	26,770,146
<b>Profit Before Operating Expenses</b>	<b>30,566,682</b>	<b>39,992,339</b>	<b>54,852,207</b>	<b>77,780,712</b>	<b>63,061,499</b>	<b>95,685,723</b>	<b>74,102,839</b>	<b>116,309,496</b>	<b>56,245,728</b>	<b>58,626,011</b>
Administration & Establishment Expenses										
Selling & Distribution & Other Expenses	(14,130,180)	(14,469,062)	(18,318,703)	(28,432,172)	(20,713,539)	(23,794,303)	(43,324,929)	(25,279,941)	(29,231,329)	(28,971,387)
<b>Profit From Operating Activities</b>	<b>16,436,502</b>	<b>25,523,277</b>	<b>36,533,504</b>	<b>49,348,540</b>	<b>42,347,960</b>	<b>71,891,420</b>	<b>30,777,909</b>	<b>91,029,555</b>	<b>27,014,399</b>	<b>29,654,625</b>
Finance Expenses	(316,431)	(392,523)	(249,512)	(246,743)	(190,273)	(234,404)	(238,321)	(585,337)	(107,679)	(2,105,842)
<b>Net Profit Before Taxation</b>	<b>16,120,071</b>	<b>25,130,754</b>	<b>36,283,992</b>	<b>49,101,797</b>	<b>42,157,687</b>	<b>71,657,016</b>	<b>30,539,589</b>	<b>90,444,218</b>	<b>26,906,720</b>	<b>27,548,782</b>
Income Tax	(4,196,864)	(5,779,730)	(12,096,366)	(21,119,935)	(15,857,050)	(6,485,203)	(5,128,363)	(11,182,452)	(5,112,710)	(8,213,713)
<b>Net Profit After Taxation</b>	<b>11,923,207</b>	<b>19,351,024</b>	<b>24,187,626</b>	<b>27,981,862</b>	<b>26,300,637</b>	<b>65,171,813</b>	<b>25,411,226</b>	<b>79,261,766</b>	<b>21,794,010</b>	<b>19,335,069</b>

# FACTORY INFORMATION

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

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

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**FACTORYWISE PROFIT / (LOSS) POSITION - 2013/2014**

<b>Sales</b>	<b><u>Kalubowitiyana</u></b>	<b><u>Derangala</u></b>	<b><u>Hiniduma Hills</u></b>
Gross Sales	547,837,470.00	145,554,830.00	77,968,775.00
Less: Brokerage & Sales Expenses	(6,270,301.79)	(2,422,645.63)	(1,317,565.47)
	<b>541,567,168.21</b>	<b>143,132,184.37</b>	<b>76,651,209.53</b>
Add: Local Sales	8,729,415.48	2,629,405.00	419,913.50
	<b>550,296,583.69</b>	<b>145,761,589.37</b>	<b>77,071,123.03</b>
Bought leaf	374,733,726.05	103,673,719.50	55,409,906.20
<b><u>Manufacturing Cost</u></b>			
Production Cost	117,581,570.30	27,938,392.82	15,754,837.73
General Charges	24,339,787.19	16,455,849.46	10,608,092.24
<b>Cost Of Production</b>	<b>516,655,083.54</b>	<b>148,067,961.78</b>	<b>81,772,836.17</b>
Add: Opening Stock	50,664,240.00	21,314,695.00	16,788,027.50
Less: Closing Stock	(65,627,355.00)	(18,482,400.00)	(10,482,825.00)
<b>Cost Of Sales</b>	<b>501,691,968.54</b>	<b>150,900,256.78</b>	<b>88,078,038.67</b>
<b>Profit/(Loss)</b>	<b>48,604,615.15</b>	<b>(5,138,667.41)</b>	<b>(11,006,915.64)</b>

**Kalubowitiyana Tea Factory**

During the financial year of 2013/14, Kalubowitiyana Tea Factory secured a crop of 4,638,578 kgs which recorded as 92% of the estimated crop of 500,000 kgs, in spite of unfavorable weather conditions prevailed in the region. There was heavy competition among the Factories for Green Leaf which was inevitable as the prices was improving due to demand globally for quality Tea. Kalubowitiyana continued to obtain Good Leaf the thereby improving the end product, as a result factory maintained a reasonable N.S.A of 572.46.

Kalubowitiyana Tea Factory recorded a profit of Rs. 48,604,615.15 during the financial year which is remarkable; one area which focused was the Cost of Production to be within the acceptable levels.

Kalubowitiyana Tea Factory continued to support the Tea Small Holders by way of improving their income and living standards by paying a reasonable price for Green Leaf Supplied by them.

**Derangala Tea Factory**

Derangala Tea Factory secured 1,386,298 Kgs as against the estimated crop of 1,400,000Kgs, which is commendable despite of competition among the Factories in the area. Although Factory focused on Good Quality Green Leaf, due to unfavorable marketing conditions N.S.A realized was far below the expectations which resulted factory been recorded a loss during the year.

Management has indentified process improvements by way of automation the rolling operation in the factory will be under taken during the year 2014/2015.

**Hiniduma Tea Factory**

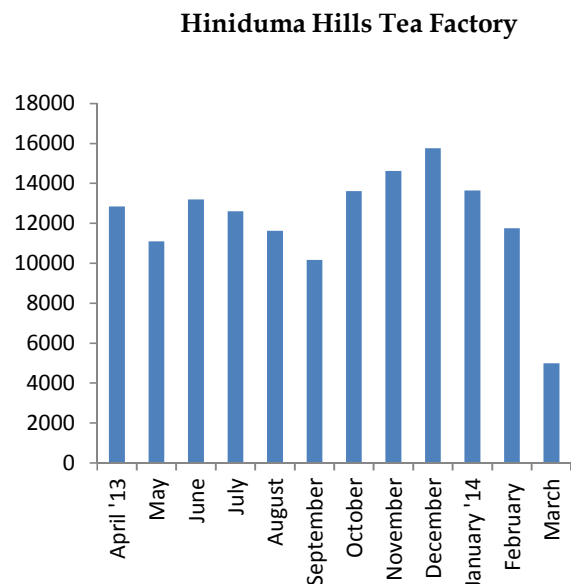
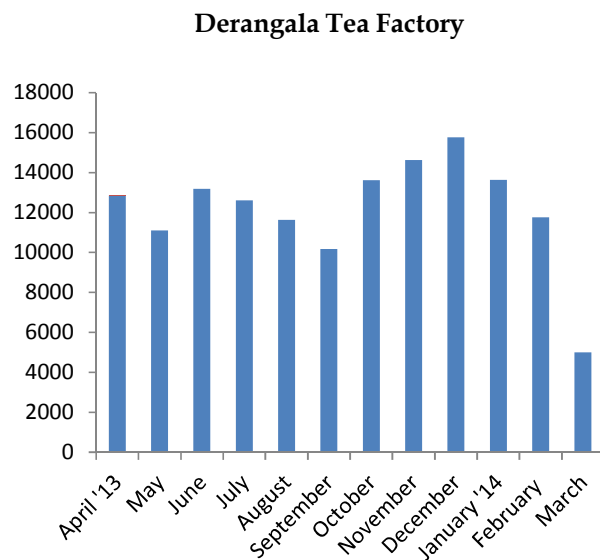
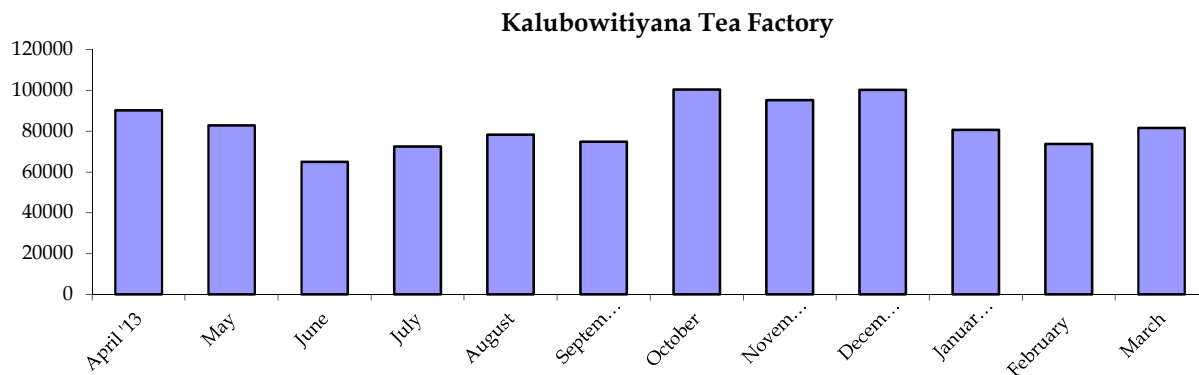
Due to unfavorable climatic conditions factory recorded 731,251 kg green leaf which is 56% only of the estimated crop. During the year management of the factory had made attempts to introduce new bought leaf lines which would increase in crop intakes during ensuing period. Cost of production of Rs 566.73 considered as above expected levels which was due to not achieving the estimate crop for the season.

Factory recorded Rs 33.90 below the low grown elevation average which has been a concern of the company during the year. Factory focus excepting only good quality leaf in order to produce better end product to achieve a NSA above the elevation average during the year 2013/14.

## DETAILS OF MONTHLY PRODUCTION OF TEA - 2013/'14

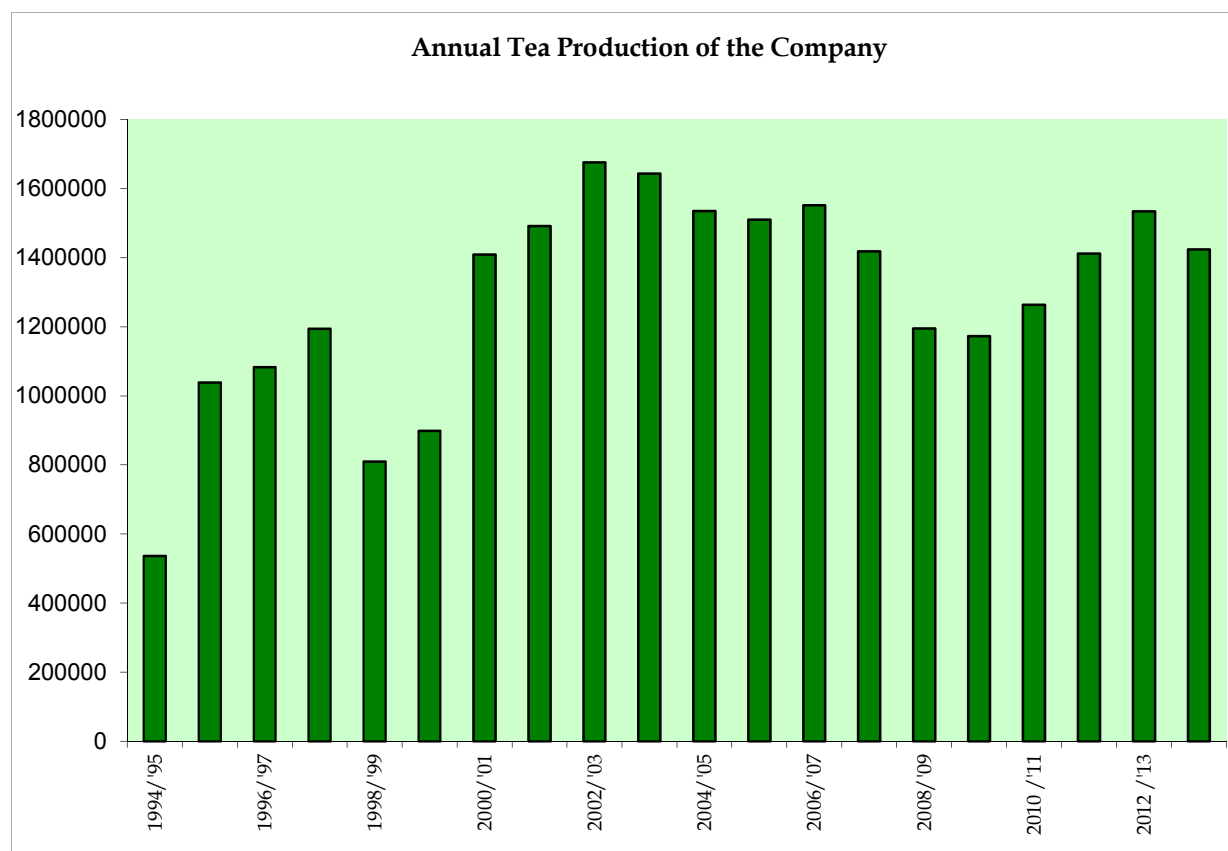
Month	Kalubowitiyana Tea Factory Kg.	Derangala Tea Factory Kg.	Hiniduma Hills Tea Factory Kg.	Total Kg.
April '13	90,184	27,834	12,858	130,876
May	82,832	27,353	11,106	121,291
June	65,051	23,985	13,199	102,235
July	72,457	24,556	12,616	109,629
August	78,368	24,423	11,635	114,426
September	74,919	21,442	10,183	106,544
October	100,396	26,664	13,625	140,685
November	95,318	25,679	14,638	135,635
December	100,309	24,551	15,773	140,633
January '14	80,607	19,386	13,645	113,638
February	73,802	16,830	11,764	102,396
March	81,601	18,963	4,989	105,553
<b>Total</b>	<b>995,844</b>	<b>281,666</b>	<b>146,031</b>	<b>1,423,541</b>

### Monthly Made Tea Production 2013/'14



## DETAILS OF ANNUAL PRODUCTION OF TEA

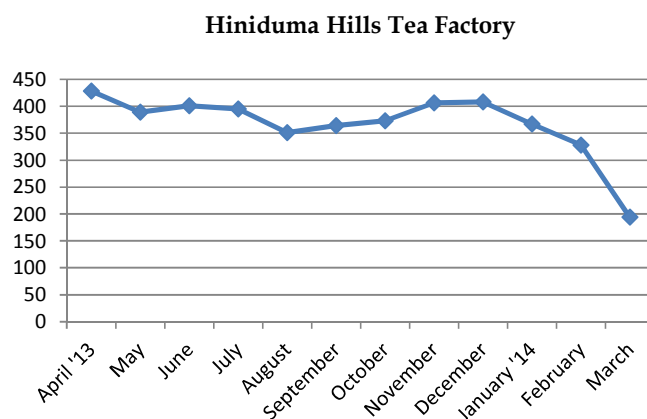
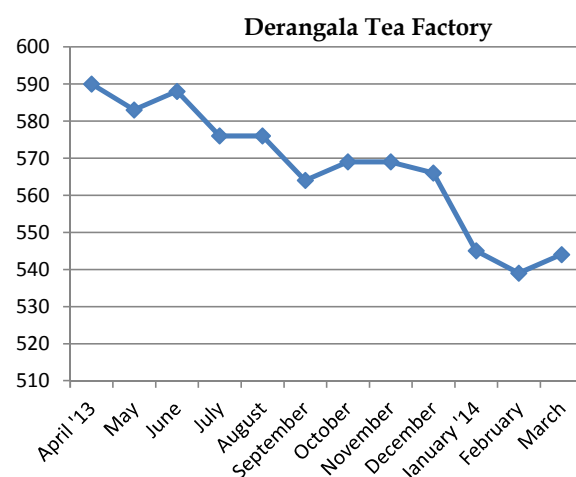
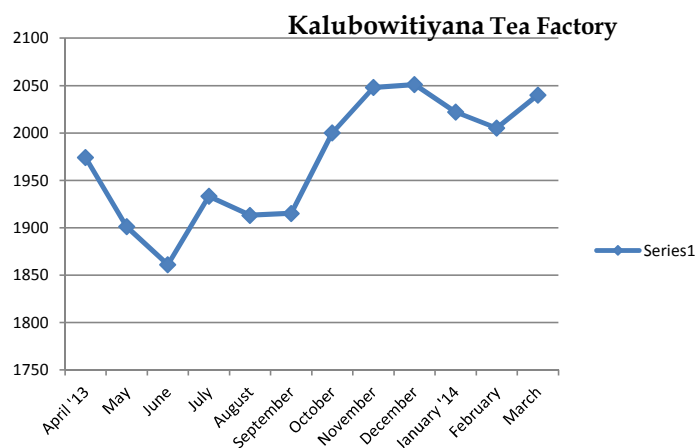
Year	Kalubowitiyana Tea Factory Kg	Derangala Tea Factory Kg	Hiniduma Hills Tea Factory Kg	Total Kg
1994/'95	536,780	-		536,780
1995/'96	1,038,739	-		1,038,739
1996/'97	1,082,973	-		1,082,973
1997/'98	1,194,418	-		1,194,418
1998/'99	809,741	-		809,741
1999/'00	884,197	14,584		898,781
2000/'01	914,433	494,894		1,409,327
2001/'02	954,905	536,601		1,491,506
2002/'03	1,039,447	636,762		1,676,209
2003/'04	1,154,969	488,915		1,643,884
2004/'05	1,173,659	361,154		1,534,813
2005/'06	1,161,031	348,651		1,509,682
2006/'07	1,272,903	278,828		1,551,731
2007/'08	1,097,681	320,512		1,418,193
2008/'09	967,631	227,617		1,195,248
2009/'10	950,347	222,824		1,173,171
2010 /'11	994,746	269,314		1,264,060
2011 /'12	1,170,972	240,901		1,411,873
2012 /'13	1,110,907	254,706	168,425	1,534,038
2013 /'14	995,844	281,666	146,031	1,423,541
<b>Total</b>	<b>19,510,479</b>	<b>4,696,263</b>	<b>168,425</b>	<b>24,375,167</b>



## DETAILS OF MONTHLY GREEN LEAF INTAKES 2013/'14

Month	Kalubowitiyana Tea Factory		Derangala Tea Factory		Hiniduma Hills Tea Factory		Total	
	No. of Suppliers	Qty - supplied kg	No. of Suppliers	Qty - supplied kg	No. of Suppliers	Qty - supplied kg	No. of Suppliers	Qty - supplied kg
April '13	1,974	417,519	590	135,775	428	64,189	2,564	553,294
May	1,901	385,445	583	133,426	389	55,473	2,484	518,871
June	1,861	309,768	588	116,150	401	65,923	2,449	425,918
July	1,933	344,377	576	118,622	395	63,016	2,509	462,999
August	1,913	361,141	576	117,983	351	57,376	2,489	479,124
September	1,915	348,135	564	106,675	364	52,067	2,479	454,810
October	2,000	466,956	569	132,923	373	67,992	2,569	599,879
November	2,048	450,673	569	128,328	406	74,527	2,617	579,001
December	2,051	466,554	566	122,632	408	80,227	2,617	589,186
January '14	2,022	373,183	545	96,444	367	68,059	2,567	469,627
February	2,005	339,319	539	83,111	328	58,441	2,544	422,430
March	2,040	375,508	544	94,229	194	23,961	2,584	469,737
<b>Total</b>		<b>4,638,578</b>		<b>1,386,298</b>		<b>731,251</b>		<b>6,024,876</b>

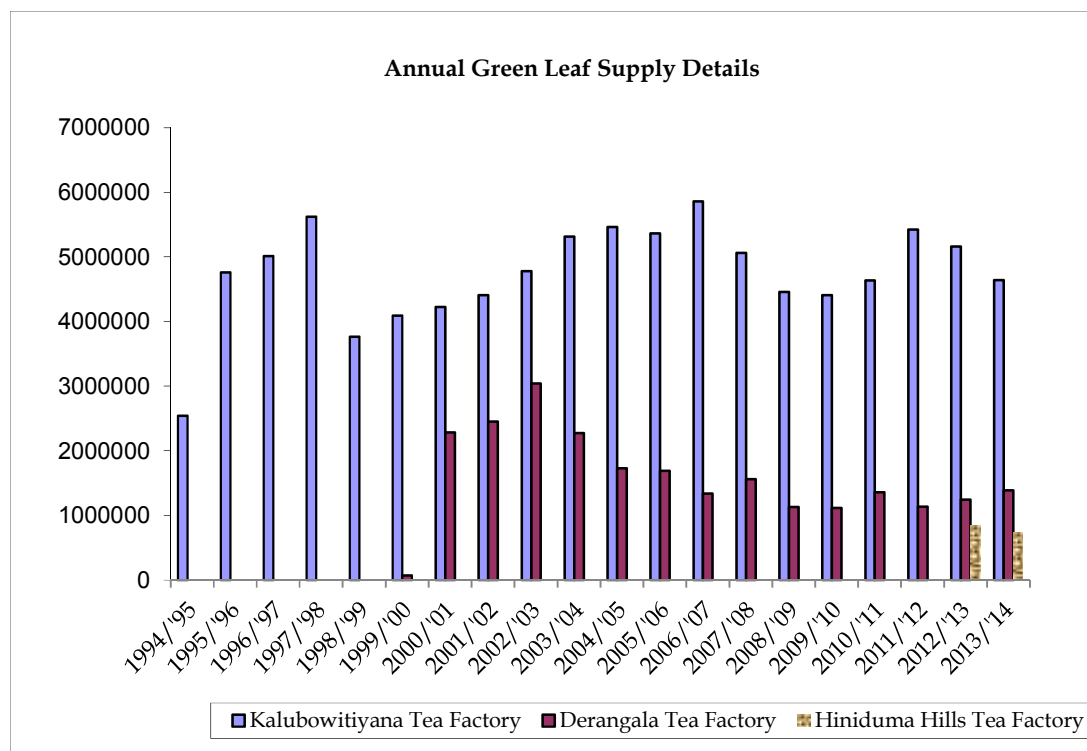
### Monthly Green Leaf Supply Factory Wise





## DETAILS OF ANNUAL GREEN LEAF INTAKES

Year	Kalubowitiyana Tea Factory			Derangala Tea Factory			Hiniduma Hills Tea Factory		
	Quantity kg	Rate Rs.	Amount Paid Rs.	Quantity kg	Rate Rs.	Amount Paid Rs.	Quantity kg	Rate Rs.	Amount Paid Rs.
1994/'95	2,539,978	11.65	29,587,982.13	-	-	-			
1995/'96	4,758,850	13.50	64,251,776.63	-	-	-			
1996/'97	5,011,298	16.76	83,946,849.41	-	-	-			
1997/'98	5,619,161	21.49	120,746,103.55	-	-	-			
1998/'99	3,764,498	20.99	79,009,251.87	-	-	-			
1999/'00	4,092,958	20.54	84,059,716.54	68,377	21.00	1,435,917.00			
2000/'01	4,225,019	24.73	104,493,119.37	2,283,999	23.21	53,001,315.79			
2001/'02	4,406,549	25.76	113,531,489.13	2,452,187	23.33	57,224,296.34			
2002/'03	4,779,581	27.06	129,321,153.69	3,042,878	22.67	68,985,911.36			
2003/'04	5,316,428	29.28	155,642,831.99	2,274,012	23.82	54,158,850.23			
2004/'05	5,464,753	34.08	186,241,089.52	1,727,312	27.70	47,847,765.77			
2005/'06	5,362,732	36.30	194,683,064.10	1,688,298	29.11	49,302,770.60			
2006/'07	5,859,734	38.43	225,182,103.24	1,339,562	32.28	43,239,914.14			
2007/'08	5,061,084	51.08	258,498,237.53	1,559,138	46.93	73,165,311.51			
2008/'09	4,455,756	53.57	238,716,305.27	1,129,629	46.22	52,214,017.57			
2009/'10	4,406,749	62.57	275,722,181.37	1,114,004	57.22	63,746,050.83			
2010/'11	4,634,137	66.28	307,172,293.98	1,359,341	59.29	80,593,192.05			
2011/'12	5,421,437	69.59	377,269,886.08	1,136,937	58.20	64,713,552.59			
2012/'13	5,161,301	71.16	367,260,153.59	1,243,421	64.55	80,264,641.77	838,887	65.05	54,569,118.77
2013/'14	4,638,578	80.13	374,733,726.05	1,386,298	74.78	103,673,719.50	731,251	75.77	55,409,906.20



## COMPARISON DETAILS - PRODUCTION

### *Contribution to Low Grown CTC Production & National CTC Production*

Month	CTC		Production of KTF *	Contribution to the production of	
	Low Grown	National		Low Grown	National
	kg 000,	kg 000,	kg 000,	%	%
April '13	637.84	2,362.25	90.18	14.14	3.82
May	556.59	2,106.13	82.83	14.88	3.93
June	486.31	1,266.69	65.05	13.38	5.14
July	621.13	1,164.81	72.46	11.67	6.22
August	695.32	1,884.60	78.37	11.27	4.16
September	556.94	1,577.46	74.92	13.45	4.75
October	776.37	2,034.77	100.40	12.93	4.93
November	736.83	2,105.00	95.32	12.94	4.53
December	840.73	2,007.66	100.31	11.93	5.00
January '14	697.44	1,754.35	80.61	11.56	4.59
February	683.24	1,518.95	73.80	10.80	4.86
March	711.66	1,644.23	81.60	11.47	4.96
<b>Total</b>	<b>8,000.40</b>	<b>21,426.90</b>	<b>995.84</b>	<b>150.41</b>	<b>56.89</b>

\* Kalubowitiyana Tea Factory

### *Contribution to Low Grown Orthodox Production & National Orthodox Production*

Month	Orthodox Production of		Production of DTF & HHT*	Contribution to the production of	
	Low Grown	National		Low Grown	National
	kg 000,	kg 000,	kg 000,	%	%
April '13	18,049.17	30,890.14	40.69	0.23	0.13
May	18,780.34	31,200.42	38.46	0.20	0.12
June	15,541.72	23,150.47	37.18	0.24	0.16
July	15,421.91	21,221.17	37.17	0.24	0.18
August	16,169.82	24,372.61	36.06	0.22	0.15
September	14,721.77	23,327.24	31.63	0.21	0.14
October	18,648.44	28,160.61	40.29	0.22	0.14
November	16,478.94	27,310.61	40.32	0.24	0.15
December	17,928.83	27,854.89	40.32	0.22	0.14
January '14	14,040.68	21,762.81	33.03	0.24	0.15
February	13,129.42	20,866.63	28.59	0.22	0.14
March	14,636.52	23,803.31	23.95	0.16	0.10
<b>Total</b>	<b>193,547.55</b>	<b>303,920.89</b>	<b>427.70</b>	<b>2.65</b>	<b>1.70</b>

\* Derangala Tea Factory

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

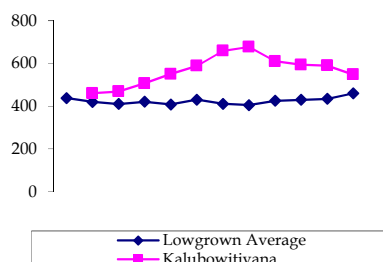
Month	Total Production of		Total Production Company	Contribution to the production of	
	Low Grown	National		Low Grown	National
	kg 000,	kg 000,	kg 000,	%	%
April '13	18,687.01	33,252.39	130.88	0.70	0.39
May	19,336.93	33,306.55	121.29	0.63	0.36
June	16,028.03	24,417.16	102.24	0.64	0.42
July	16,043.04	22,385.98	109.63	0.68	0.49
August	16,865.14	26,257.21	114.43	0.68	0.44
September	15,278.71	24,904.70	106.54	0.70	0.43
October	19,424.81	30,195.38	140.69	0.72	0.47
November	17,215.77	29,415.61	135.64	0.79	0.46
December	18,769.56	29,862.55	140.63	0.75	0.47
January '14	14,738.12	23,517.16	113.64	0.77	0.48
February	13,812.66	22,385.58	102.40	0.74	0.46
March	15,348.18	25,447.54	105.55	0.69	0.41
<b>Total</b>	<b>201,547.95</b>	<b>325,347.79</b>	<b>1,423.54</b>	<b>0.71</b>	<b>0.44</b>

## COMPARISONS DETAILS - SALES AVERAGE

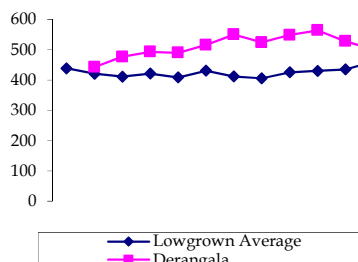
### Comparison with low grown Average

Month	Lowgrown Average Rs.	Monthly Average		
		Kalubowitiyana Rs.	Derangala Rs.	Hiniduma Rs.
April '13	458.32	499.52	476.70	443.15
May	460.41	459.77	442.33	445.50
June	444.53	468.61	476.44	376.29
July	444.02	507.31	492.74	478.75
August	459.84	550.19	489.86	497.10
September	495.33	588.44	515.59	510.05
October	531.02	659.19	549.66	557.94
November	512.39	677.43	524.18	529.58
December	534.05	610.60	548.55	577.76
January '14	544.71	594.22	563.45	546.01
February	510.99	590.08	527.73	516.84
March	492.46	548.27	501.49	458.56

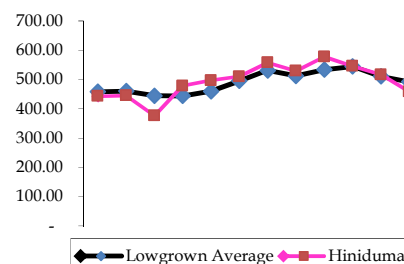
Comparison with Monthly Low Grown Average Kalubowitiyana Tea Factory



Comparison with Monthly Low Grown Average Derangala Tea Factory



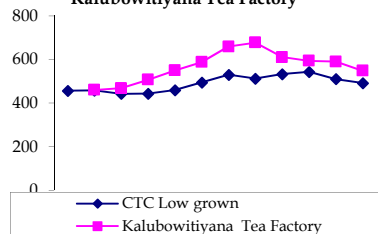
Comparison with Monthly Low Grown Average Hiniduma Tea Factory



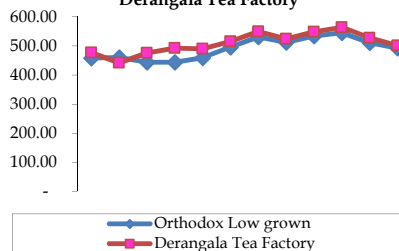
### Comparison with low grown CTC & Orthodox Average

Month	CTC Low grown Rs.	Kalubowitiyana Tea Factory Rs.	Orthodox Low grown Rs.	Derangala Tea Factory Rs.	Hiniduma Hills Tea Factory Rs.
April '13	456.98		458.32	476.70	
May	458.09	459.77	460.41	442.33	445.50
June	442.91	468.61	444.53	476.44	376.29
July	443.43	507.31	444.02	492.74	478.75
August	459.84	550.19	459.86	489.86	497.10
September	494.96	588.44	495.53	515.59	510.05
October	530.51	659.19	531.02	549.66	557.94
November	512.65	677.43	512.39	524.18	529.58
December	533.08	610.60	534.05	548.55	577.76
January '14	543.67	594.22	544.71	563.45	546.01
February	510.37	590.08	510.99	527.73	516.84
March	492.07	548.27	492.46	501.49	458.56

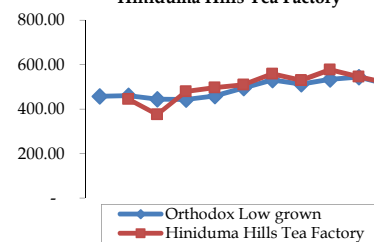
Comparison with Low grown CTC Average Kalubowitiyana Tea Factory



Comparison with Low grown Orthodox Average Derangala Tea Factory



Comparison with Low grown Orthodox Average Hiniduma Hills Tea Factory



**TOP PRICES 2013/'14**

Date	Grade					Broker
	KTF				DTF/ HHTF	
	BP1 RS.	PF1 RS.	P.DUST	PFGS RS.	RS.	
2013.04.02	430.00	550.00				FW
2013.04.09	440.00	540.00				LCBL/AS/CTB/FW
2013.04.22	430.00	510.00				LCBL
2013.04.29	430.00	530.00	460			LCBL /FW
2013.05.07	425.00	520.00	480			LCBL / FW
2013.05.14	420.00	495.00				FW
2013.05.20		460.00				AS
2013.05.29		460.00	440.00			LCBL/CTB/FW
2013.06.04		470.00	415.00			LCBL / FW
2013.06.11		470.00				LCBL/AS/CTB/FW
2013.06.19		490.00				LCBL/AS/FW
2013.06.25		510.00				FW / AS
2013.07.03	470.00	520.00				FW
2013.07.09		510.00				LCBL/AS/CTB/FW
2013.07.16		510.00				LCBL/AS/CTB/FW
2013.07.24		520.00				AS/CTB/FW
2013.07.30	490.00	540.00	550			AS / FW
2013.08.07		560.00	520			LCBL/AS/FW
2013.08.13	500.00	560.00				LCBL/AS/FW
2013.08.19	490.00	570.00				AS / LCBL
2013.08.27	480.00	580.00	560			LCBL/AS/CTB/FW
2013.09.04	490.00	590.00	560			LCBL/AS/CTB/FW
2013.09.11	490.00	610.00	570			LCBL/AS/FW
2013.09.16	470.00	620.00	550			AS/FW
2013.09.24		620.00				LCBL/AS/CTB/FW
2013.10.02		640.00	500			LCBL/FW
2013.10.09		660.00				AS/CTB
2013.10.14		670.00	490			LCBL/AS/CTB/FW
2013.10.22		690.00				LCBL/AS/CTB
2013.10.30		<b>720.00</b>				LCBL/AS/FW
2013.11.06		720.00				LCBL/AS/FW
2013.11.11		720.00	510			FW
2013.11.20		720.00	470			FW
2013.11.27		670.00				LCBL/AS/CTB/FW
2013.12.04		660.00				AS/CTB/FW
2013.12.10	450.00	640.00				LCBL/AS/FW
2013.12.17		620.00				AS
2013.12.30		600.00				LCBL/AS/CTB/FW
2014.01.07		610.00				FW / AS
2014.01.13		610.00				AS
2014.01.21		610.00				LCBL/AS/CTB/FW
2014.01.29		610.00				CTB
2014.02.03		600.00				LCBL/AS/CTB/FW
2014.02.10		600.00				LCBL/AS/CTB/FW
2014.02.18		600.00				LCBL/AS/CTB/FW
2014.02.25		600.00				AS/CTB
2014.03.05	510.00	575.00				AS
2014.03.11		570.00				LCBL/CTB/AS
2014.03.18		550.00				LCBL/AS/CTB/FW

AS : Asia Siyaka Commodities (Pvt) Ltd

FW : Forbes & Workers Tea Brokers (Pvt) Limited

CTB : Ceylon Tea Brokers Ltd

LCBL: Lanka Commodity Broker Ltd