



RENUKA AGRI FOODS PLC

ANNUAL REPORT 2012

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Profile

Renuka Agri foods PLC is a Agribusiness organisation listed on the Colombo Stock Exchange.

We are an integrated organisation engaged in plantations, manufacturing and distribution across the value chain.

As an organisation focused on results, the emphasis has been towards the creation of long term shareholder value in all our businesses, while being a socially responsible corporate citizen.

Vision

To be a leading global manufacturer and marketer of branded agriculture based food and beverage products from Sri Lanka.

Culture and Values

Renuka's culture reflects more than a structure, it is a statement of values. Our commitment to a Responsive, Enterprising, Nurturing, Unrelenting, Knowledgeable and Accountable workplace enables us to build relationships with clients and with colleagues, on honesty and trust. It drives our ability to deliver great products and services and to generate superior long-term financial performance for our shareholders.



RESPONSIVE
ENTERPRISING
NURTURING
UNRELENTING
KNOWLEDGEABLE
ACCOUNTABLE





Portfolio



Ceylon Tea

Renuka Teas (Ceylon) (Pvt) Ltd manufactures and exports Ceylon Tea-Black, Green, Flavoured and Herbal teas in bulk, packets, tea bags and speciality packaging.

Coconut and Organic Products

Renuka Agri Foods PLC is listed under the food and beverage sector of the Colombo Stock Exchange. It manufactures and markets a range of premium coconut based food & beverages in both conventional and organic forms to over 61 countries. Renuka Organics (Pvt) Ltd is the administrator for Organic Certified products and Kandy Plantations Ltd owns the Organic plantations.

Dairy

Richlife Dairies Ltd, manufactures dairy based products such as fresh and flavoured milk in UHT tetra paks, plastic bottles, pasteurized plastic sachets, dairy cream, semi solid milk food such as set yoghurts, flavoured yoghurts, fruit based yoghurts, drinking yoghurts, curd, ghee and fruit juices.

Forestry

Ceylon Forestry (Pvt) Ltd was established in 2008 and is our entry into the world of forestry. With growing demand for forestry products the company intends to plan and manage sustainable forestry while being profitable for its shareholders. Our site in Matale has been completed and consists of Teak, Broadleaf Mahogany and Khaya planted in our own nursery.

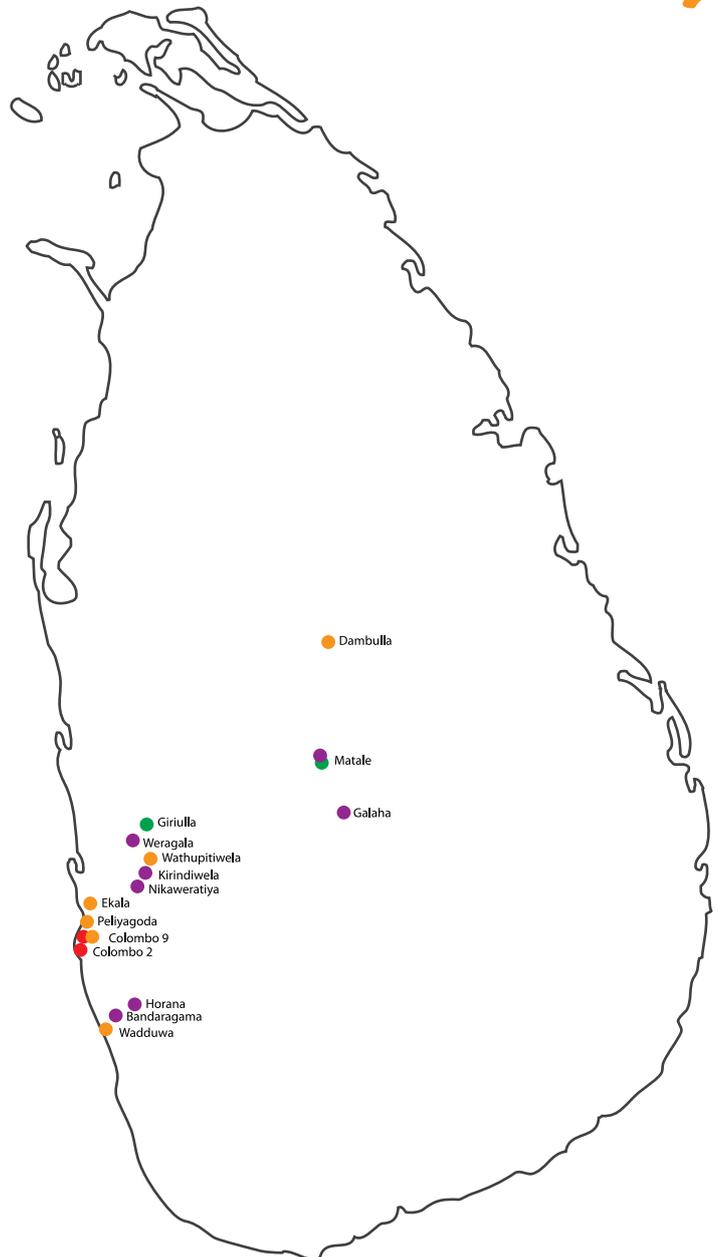


Our Markets



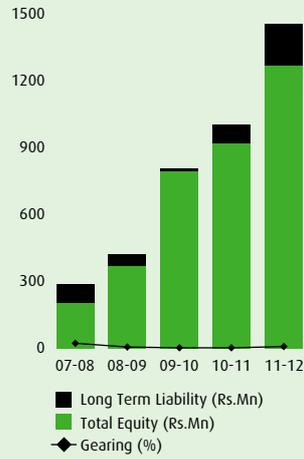
Our Locations

- Offices
- Factories & Warehouses
- Collection & Processing Centers
- Plantations

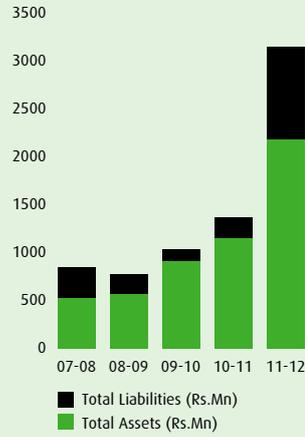


Financial Highlights

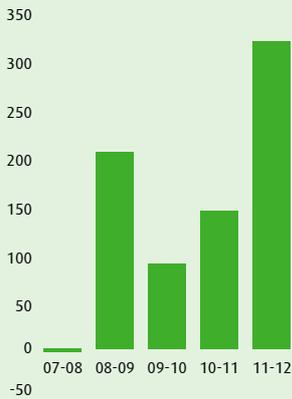
Total Equity, Long Term Liability & Gearing



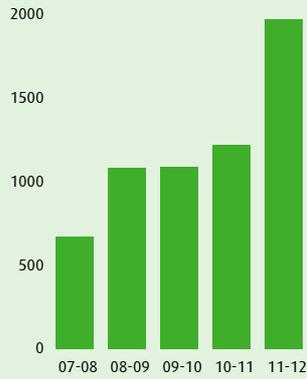
Total Assets & Liabilities



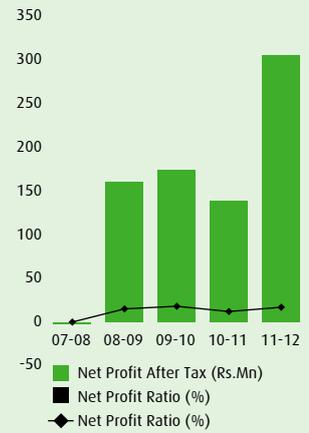
Cash Generated from/(used in) Operation (Rs.Mn)



Group Turnover (Rs.Mn)

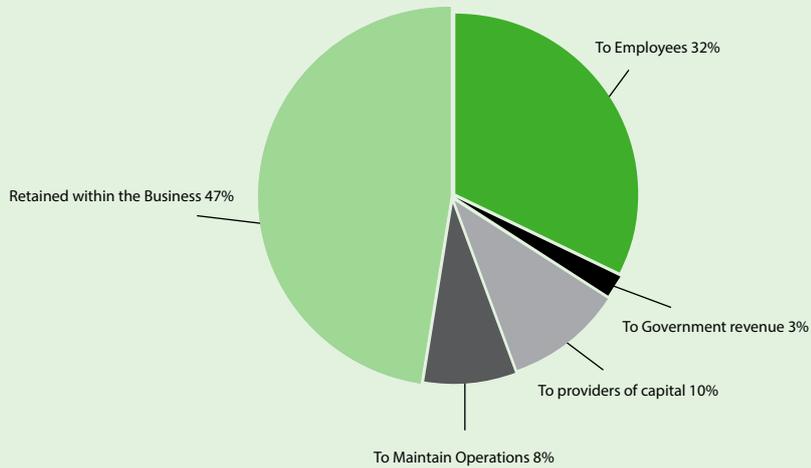


Profit After Tax and Net Profit Ratio

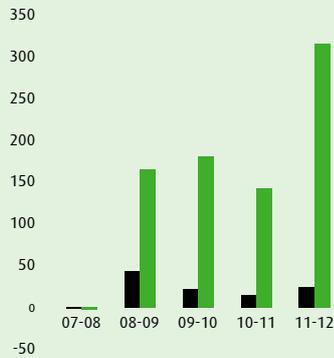




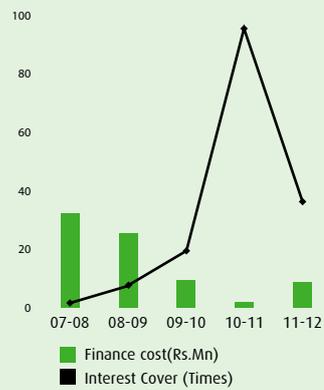
Value Added Distribution



Profit After Tax & Return on Equity



Finance Cost & Interest Cover



Profiles of Directors

Dr. S.R. Rajiyah

Dr. S.R. Rajiyah is the Chairman of the Company. He is also the Chairman of Coco Lanka PLC, Shaw Wallace Ceylon Limited and the Managing Director of the Renuka Group. He is a medical doctor qualified in Sri Lanka and counts over 35 years of corporate experience in operations, quality management, research and development as well as in founding and running businesses.

Mrs. I.R. Rajiyah

Mrs. I.R. Rajiyah is an Executive Director of the Company. She is qualified in Business Studies from the United Kingdom and is a fellow of the British Institute of Management. She counts over 35 years of corporate experience in founding and running businesses. She was presented with the Best Women Exporter Award in 2009 by the National Chamber of Exporters Sri Lanka. She is also the Chairperson of Renuka Holdings PLC and Director of Coco Lanka PLC, Shaw Wallace Ceylon Limited, Richlife Dairies Limited and several un-listed companies.

Mr. S. Vasantha Kumara

Mr. S. Vasanthakumara is the Chief Operating Officer of the Company. He holds a Bachelor of Engineering Degree from the Mangalore University. He counts over 25 years of industrial work experience, out of which, 15 years have been with the Renuka Group Companies. He has extensive experience in supply chain management and overall general management functions. He is a Director of Coco Lanka PLC, Shaw Wallace Ceylon Limited and Richlife Dairies Limited.

Mr. S.V. Rajiyah

Mr. S.V. Rajiyah is an Executive Director of the Company. He is also an Executive Director of Renuka Holdings PLC & Coco Lanka PLC. He is the Managing Director of Shaw Wallace Ceylon Limited, Richlife Dairies Limited and Joint Managing Director of McShaw Automotive Limited. He also heads the Business Development, International Marketing and Investment Division of the Group. Mr. Rajiyah is a graduate in Management from the Warwick Business School, University of Warwick, United Kingdom. His direct interest includes corporate strategy, key product and brand development and portfolio management. He has over 10 years experience in General Management.

Mr. C. J. De S. Amaratunge

Mr. C.J. De. S. Amaratunge is an Independent Non Executive Director of the Company. He is an Attorney at law and Notary Public and was called to Bar in 1967. He is the Senior Partner of M/s Dissanayake Amaratunge Associates, Attorney at Law, Notaries Public and Solicitors. He counts over 40 years experience in all civil branches of the law including Commercial Corporate Convenancing and Litigation and Convenancing. He serves as a Director on several boards of both private and public companies.

Mr. L.M. Abeywickrama

Mr. L.M. Abeywickrama is a Non-Executive Director of the company. He is a Management consultant and trainer with over 25 years management experience in the private sector both Sri Lanka and Overseas. He holds a Bachelors Degree in Science from the University of Colombo, a Post Graduate Diploma in Marketing from the Chartered Institute of Marketing and 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. He serves as a Director on the Boards of Shaw Wallace Ceylon Limited, Richlife Dairies Limited, Coco Lanka PLC & Renuka Holdings PLC.

Mr. P.C.K. Abeykoon

Mr. P.C.K Abeykoon is an Independent Non-Executive Director, an experienced and qualified financial specialist. An associate of the Institute of Chartered Accountants of Sri Lanka. A fellow member of the Institute of Certified Management Accountants of Sri Lanka, having over 16 years of professional experience in business. He holds a Bachelors' Degree in Business Administration from the University of Sri Jayewardenepura and a Masters Degree in Business Administration from the Postgraduate Institute of Management, University of Sri Jayewardenepura.

Mr. W. Rajapakshe

Mr. W. Rajapakshe is an attorney at law and a President counsel. He is an Independent Non-Executive Director and Head of the Bar Association of Sri Lanka.

Mr. M. Terfloth

Mr. M. Terfloth is an Non-Executive Director and holds an 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 & Kennedy (U.K.) Limited. Since 1991 he has been President and CEO of B. Terfloth & Cie (Canada) Inc, then also taking over the chairmanship. His direct interests include international strategic sourcing, key product and brand development.

Mr. J.E. Brennan

Mr. J.F. Brennan is an Non-Executive Director He has over 40 years experience in the food industry in the United Kingdom specializing in the development, sourcing and marketing of ethnic and specialty food products.

Chairman's Review

I am delighted to welcome you to the 12th Annual General Meeting of the Company and present to you the Annual Report and Audited Financial Statements for the year ended 31st March 2012.

Economy

At the time of writing this report our economic climate has changed with interest rates and exchange rates on the increasing trend. The increase in interest rates has hampered the avenue for companies to access capital; however the upward trend in the exchange rate is beneficial to maintain competitiveness in the export markets against the other manufacturers in the region.

Performance

Renuka Agri Foods PLC Group recorded a significant revenue growth of 62% in the year under review. The Group revenue for the year was Rs.1.972 Bn while Group profit after tax stood at Rs.316.6 Mn. This is a remarkable increase of 120% over the previous year. The earnings per share increased by 117% to Rs.0.78 per share.

The balance sheet has become fundamentally very strong. The net assets per share as at 31st March 2012 has increased by 30% to Rs.2.87 per share. The fixed assets of the Company also increased significantly in the year under review with capital expenditure incurred on the Coconut Water Project which will generate returns only during 2012/2013.

We were able to achieve the above performance due to a number of key strategies adopted by the company to increase profitability. Better supply chain management, expense control, pricing strategy resulted in an increase in productivity which paved the way for better performance.

The Business

An important milestone achieved by the Group was acquiring a 76% shareholding of Richlife Dairies Limited for an investment of Rs.505 Mn in January 2012. Within three months of acquisition the Company was turned profitable by restructuring the organization and putting in place a new leadership team.

On the back end we are unlocking synergies between our Coconut and Dairy farmers and bringing together quality, research and development resources as well as best manufacturing practices. On the front end the established distribution channel of our affiliated companies Shaw Wallace Ceylon Limited and Shaw Wallace Food Services Limited create opportunities not only for Richlife Dairy products but all products manufactured by the Renuka Agri Foods PLC Group in the local market.

Renuka Agri Foods has always been a company driven by innovation and technology and is constantly changing to the dynamic environment of the world market. Our growth strategy is centered on launching new products, expanding geographical reach and increasing market share.

Post Balance Event

The company has successfully raised Rs.642 Mn on 30th June 2012 by way of a Rights Issue in a market which is not the most conducive for raising equity capital. This is a clear indication of the confidence placed in the Company.

My sincere thanks to the Management team for their effort during the past year, I would also like to thank my colleagues on the Board for providing valuable guidance and advice. The employees have shown high levels of dedication and commitment, I thank them for their contribution. It is also my duty to thank all the shareholders and stakeholders including our loyal customers.

Sgd.
Dr. S.R. Rajiyah
Chairman

8th August, 2012

Corporate Governance

Renuka Agri Foods PLC is the holding company of subsidiaries namely Renuka Teas Ceylon (Private) Limited, Renuka Organics (Private) Limited, Renuka Products (Private) Limited and Richlife Dairies Limited.

The Company's business and operations are managed under the supervision of the Board which consists of members with experience and knowledge in the areas of business in which the company is engaged with specific acumen in terms of commercial, financial and or technical expertise in relation to information and communications technology management.

The Group's policy is to adopt and implement the best practice of business integrity in the conduct of its operations. This includes a strong commitment to maintain the highest levels of Corporate Governance and ethics throughout the Group. Corporate Governance is the system by which companies within the Group are directed and managed and influences the manner in which the objectives of the company are formulated, adopted, communicated, understood and achieved.

The Board of Directors is responsible for the good governance of the company and maintaining a balance between the achievement of corporate objectives and the alignment of corporate behaviour within the wide expectations of the society and its accountability to the shareholders.

The Group is guided by the requirements of Rule 6 of the Securities and Exchange Commission of Sri Lanka in formulating and maintaining the best principles and practices of corporate governance.

Board of Directors

The board of directors is fully accountable to its shareholders for setting the direction of the company through the establishment of key strategic objectives and key policies. The Board meets regularly. The composition and the working of the Board comprised Six Non-Executive Directors and Four Executive Directors, one of whom is the Chairman of the Board.

The main responsibilities of the Board include:

- Initiating and setting strategic direction, goals and policies;
- Monitoring performance against these goals;
- Ensuring the maintenance of adequate internal controls and highest ethical standards;
- Managing Business Risk;
- Reporting to stakeholders on their stewardship; and
- Approval of annual and interim financial statements for publication.

Composition and Attendance at Meetings

The Board of Directors, Audit committee and Remuneration committee meet quarterly to discharge its duties effectively. The Table below shows the attendance of Directors to the Board meetings and committee meetings.

Name of Director	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting
Dr. S.R. Rajiyah	2/3	-	-
Mrs. I.R. Rajiyah	3/3	-	-
Mr S. V.Rajiyah	3/3	-	-
Mr. S.Vasanthakumara	3/3	-	-
Mr. C.J. De. S. Amaratunge	2/3	3/3	2/2
Mr. P.C.K. Abeykoon	1/3	3/3	-
Mr L.M. Abeywickrama	2/3	3/3	2/2
Mr. W. Rajapakshe	1/3	-	1/2
Mr. J. Brennan	-	-	-
Mr. M. Terfloth	1/3	-	-

Board of Directors and Independence

Our Board currently has 10 members of which 4 members are Executive Directors and six members are Non Executive Directors.

There is a Board balance and complies with the Independent Directors criteria set out under Listing Rules of the Colombo Stock Exchange. Together, the Directors with their wide experience in both the public and private sectors and diverse academic backgrounds provide a collective range of skills, expertise and experience which is vital for the successful direction of the Group. A brief profile of each Director is presented on page 6.

The Board periodically reviews directors composition with the company's that are similarly situated to ensure that board and committee composition is reasonable and competitive.

Information

The Directors are provided with quarterly reports on performance, minutes of quarterly meetings and such other reports and documents as necessary. The Chairman ensures that all Directors are adequately briefed on issues arising at Meetings.

Re-election of Directors

The provisions of the company's Articles of Association require that one third of the non executive directors retire at each annual general meeting and the director who retires are those who have served for the longest period after their appointment/ re-appointment.



Going Concern

The Directors, after making necessary inquiries and reviews including reviews of capital expenditure requirements, future prospects and risks, have a reasonable expectation of the Company's existence in the foreseeable future. Therefore, the going concern basis is adopted in the preparation on the Financial Statements.

Internal Control

The Board is responsible for the company's internal controls and for reviewing their effectiveness. Internal control is established with emphasis placed on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision making. It covers all controls, including financial, operational and compliance control and risk management. It is important to state, however that any system can ensure only reasonable and not absolute, assurance that errors and irregularities are prevented or detected within a reasonable time.

Communication with Stakeholders

Shareholders are provided with bi-annual Financial Statements and the Annual Report, which the Group considers as its principal communication with them and other stakeholders. These reports are provided to the Colombo Stock Exchange.

Board Committees

To assist the Board in discharging its duties, various Board Committees are established. The functions and terms of references of the Board Committees are clearly defined and where applicable, comply with the recommendations of the Code of Best Practice and Corporate Governance. The audit committee ensures the integrity of financial information, the effectiveness of the financial controls and the internal controls and risk management system.

Corporate Governance Disclosure

The Company has published bi-annual financial statements with the necessary explanatory notes as required by the rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka to all stakeholders. Any other financial and non financial information, which is price sensitive or warrants the shareholders and stakeholders, attention and consideration, is promptly disclosed to the public.

Major Transactions

There are no transactions during the year under review which fall within the definition of "Major Transactions" in terms of the Companies Act.

Auditors Report

The Auditors Report on the Financial Statements is given on page 19 of this Annual Report.



Audit Committee Report

The Audit Committee appointed by and responsible to the Board of Directors comprise of three independent Non Executive Directors. The Managing Director, Head of Finance and Company Secretary attend the meetings by invitation.

Terms of Reference

The Audit Committee ensures highest compliance with the Corporate Governance Rules applicable to Listed Companies in accordance with the Rules of the CSE and the Code of Best Practice on Corporate Governance.

As allowed by the listing rules of the Colombo Stock Exchange, the Audit Committee of the Company, functions as the Audit Committee of each of the subsidiary companies which have not appointed a separate Audit Committee. All matters are dealt with through the Agenda of the Parent Company Audit Committee

Responsibilities

The Committee reviewed the financial reporting system adopted by the Group in the preparation of its quarterly and annual financial statements. Purpose being to ensure reliability of the processes and the consistency of the Accounting Policies adopted and its compliance with the Sri Lanka Accounting Standards and the provisions of the Companies Act No.7 of 2007.

Meetings

The Audit Committee met three times during the year

External Audit

The Committee carried out an annual evaluation of the External Auditors to establish their independence. The Audit Committee has recommended to the Board of Directors that Messrs. KPMG Chartered Accountants to be re-appointed as Auditors for the financial year ending 31st March 2013.

Compliance with Law and Regulations

The Committee reviewed the quarterly compliance reports submitted by the relevant officers to ensure that the Group complied with all statutory requirements.

Conclusion

The Audit Committee is satisfied that the Group's accounting policies, operational controls and risk management processes provide reasonable assurance that the affairs of the Group are managed in accordance with Group policies. Group assets are properly accounted for an adequately safeguarded.

Sgd.
P.C.K. Abeykoon
Chairman

Audit Committee

8th August, 2012

Remuneration Committee Report



The Remuneration Committee of Renuka Agri Foods PLC comprises of the three independent Non Executive Directors. It is responsible for determining the remuneration packages of the key Management Personnel of the Group.

All three Directors of this Committee are totally independent of the Management of the Company. Moreover, they are free from all business and other relationships which could hamper their duties as members of this Committee.

The Committee formally met once during the year with Managing Director attending it by invitation.

The Committee strongly believes that it must formulate policies so as to ensure that the objectives of the Remuneration Committee Charter are met. It is also committed to attract, retain and motivate the key Management Personnel.

The Remuneration Committee also took into consideration the market rates prevailing at the time of performance evaluation of key Management Personnel. Individual remuneration packages are designed to be fair to the company and to its employees.

Sgd.

C.J. De. S. Amaratunge

Chairman

Remuneration Committee

8th August, 2012

Risk Management

Enterprise Risk Management and Issues Pertaining to Employees and Industrial Relations

The Board has overall responsibility for risk management and internal control within the context of achieving the Group's objectives

An effective risk management framework enables us to prioritize and allocate resources against those risks that underscore the ongoing sustainability of the organization. Our systematic policies help us to identify and uncover risks and help us to be cognizant of the same. This preparedness builds the resilience of the organization and allows us to put in place procedures for risk mitigation.

The principal risk in achieving the Group objective of enhancing shareholder value and safeguarding the Group's assets have been identified as set out below. The nature and the scope of risks are subject to change and not all of the factors listed are within the control of your Company. It should be noted that the other factors besides those listed may affect the performance of the business.

Risk Management

Our Group's risk management framework takes into account the range of risks to be managed, the systems and processes in place to deal with these risks, and the chain of responsibility within the organization to monitor the effectiveness of our mitigation measures. The risks that we take into account in the pursuit of our business goals are detailed below.

Credit Risk

Credit risk is where the customer of the Group is unable to meet his financial obligations. This is a strong possibility in the conduct of business for any organization and in order to mitigate this, we measure monitor and manage credit risk for each borrower, having put into place clear credit approval procedures. We regularly review credit ratings of customers and constantly update our records to ensure complete awareness of the credit status.

Legal and Regulatory Risk

We monitor and review the introduction of new regulation or the amendments to existing regulation by the government locally and or internationally which may be adverse to business and complexity in complying with all regulatory requirements.

Attraction and Retention of Talent

This is risk arising from the inability to attract and retain skilled staff at middle to senior management. The migration of skilled workers has created a brain drain situation and the Group remains at risk of losing key personnel to better job prospects overseas. To mitigate this risk, the Group retains its skills and main personnel via above industry remuneration schemes, skills upgrading opportunities for professional growth, performance based reward systems and other best practices in training, motivation and recognition.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Group has put in place a structured internal control framework in place to mitigate this risk, comprising of a sophisticated MIS system and insurance policies. Moreover, a clear system is followed whereby any loss is communicated to all related parties and across the company to prevent a similar incident in the future. Regular meetings are conducted to assess these risks. Back up as well as disaster recovery plans are implemented.

Product Risk

Product risk implies any negative effect of perceived impact of our products on stakeholders in general which could bring down our market share. We employ established operating procedures to review and approve all raw materials prior to use to ensure that quality control is maintained. We take into account safety, health and environmental hazards to cover all avenues of possible negative publicity. Our research and development team is equipped to field any technical questions about our product, whilst our marketing and distribution procedures ensure complete control of the supply chain.

Market Risk

In overall to eliminate loss of market share or market leadership, we monitor market and customer needs and develop innovations that add value to our customers. We also enhance productivity and efficiency to improve price competitiveness and investing in high quality machinery and equipment.

Interest Rate Risk

We ensure minimum negative impact on the profitability as a result of interest rate increases by maintaining optimum gearing ratio.

Exchange Rate Risk

It is the Group objective to limit its exposure to fluctuation in exchange rate while retaining the opportunity to benefit. Accordingly, the Group manages exchange rate fluctuation through forward contracts by centralized treasury management function.

Issues Pertaining to Employees and Industrial Relationship

The Board of Directors reviews all the issues with regard to employees and Industrial Relation which affect the performance of the Group. Renuka Agri Foods PLC takes considerable amount of steps to ensure employees are satisfied at all the levels and their issues are addressed in order to retain talented employees. A well structured grievance handling system is in place to handle the grievance of employees at all levels. We also ensure proper industrial relationships with all the governmental agencies.



Sustainability is the key element of our strategy for future growth where the resource efficient, environmentally responsible manufacturing of products and provision of services that deliver sustainability benefits can leverage commercial advantage for the group.

The key business drivers for sustainability are internal operations and stakeholder engagement. The first focuses on our internal operations and manufacturing our products and provision of our services more efficiently using fewer resources. This approach helps us to reduce our costs and at the same time reduces our impact on the environment. The second approach focuses on our partnerships with our stakeholders. Stakeholders are any individual or party that has an interest in our group, and who are affected by, or can affect our organizational activities. Partnerships help to build trust among our key stakeholders and to reach a better understanding on a variety of issues. It can also pave the way for more successful solutions to problems, concerns and challenges.

Internal Operations

Economic Performance - Implemented IT/ERP systems for the group which monitors all aspects in providing up to date information and real time data.

Renuka Work place - At Renuka we have created a work place policy and created employee awareness for the total group. With an employee base of 700 and expanding, creation of a group identity and belongingness is priority. We also have an open communication policy and implemented a process to identify corruption within the business units. Effective two way communication with employees is important and in particular face to face dialogue. Communication on matters is through in-house email presentation and team briefings. Employees are also encouraged to access the corporate websites.

Environmental Impact - Renuka has strived to ensure that all our manufacturing and production processes will not knowingly harm people and will minimize the negative impact our business will have on human life. We maintain in good order the property we are privileged to use, protecting the environment and our natural resources.

Stakeholder Engagement

Our Customers- In meeting their needs, everything we must do must be of world class quality. We engage our customers through weekly, monthly and annual meetings, customer visits, International trade fair participation and corporate websites.

Our Employees - The employees are the foundation that our business is built on. Our constant employee engagement helps us to retain and motivate our employees and to maintain an organizational culture formed by respect, honesty and integrity. We pay considerable attention to employee remuneration, career development and progress, health and safety and organizational ethics.

Our business partners - We have built lasting business relationships all over the world and not only centered in Sri Lanka. It is through our business partners that we co exist to full fill customer needs and wants. We also look at our business partners as a resource base to develop business efficiencies and innovative products.

Our Investors/Shareholders -Shareholder engagement is important for us to have access to growth capital and in the process we must make a sound profit. In meeting global challenges and evolving consumer needs we must be geared to be proactive with new ideas and ready with the output as well. When we operate according to these principles the shareholders should realize a fair return.

Local Community - Renuka has been actively involved in supporting the rural farmer network for our coconut division as well as the dairy division. Renuka procures over Rs.1 Bn worth of produce from our farmer network. It also conducts farmer training programmes, medical camps, veterinary services which assist in improving the livelihood and wellness of the communities in Sri Lanka.

Renuka considers engagement to be an increasingly important component of its corporate citizenship strategy. Our engagement efforts help Renuka identify those issues that are most material to our business operations and shape our approach to addressing a range of areas relating to the financial, social and environmental performance of the organization.

Report of the Directors

The Board of Directors of Renuka Agri Foods PLC is pleased to present its Report and the Audited Financial Statements of the Company and its subsidiaries ('the Group') for the financial year ended 31st March 2012.

The details set out herein provide the pertinent information required by the Companies Act No.07 of 2007, the Colombo Stock Exchange Rules and are guided by recommended best Accounting Practices.

The Principal Activities of the Group and Structure

There were no significant changes in the nature of the principal activities of the company and its subsidiaries during the financial year under review where the principal activity of the company to manufacture and export of Coconut Milk, Coconut Milk Powder, UHT treated Coconut Milk and by products derived out of primary processing of Coconut. The activity of the Group is namely on Agri based business and companies within each sector and their principal activities are described on page 50 of the Annual Report.

Review of Business

The review of the performance during the year, with comments on financial results and future developments is contained in the Chairman's statement. These reports form an integral part of the report of the Directors.

Financial Results

The company recorded a net profit of Rs.315 Mn and Rs.317 Mn at group level for the year. An abridgment of the performance is presented in the table below.

For the year ended 31st March

	Group		Company	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
Profit after Taxation	316,692	143,604	315,180	122,324
Profit available for appropriation	601,019	335,273	599,686	324,631

Auditors Report

The Auditors report on the financial statement is given on page 19 of this Annual Report

Significant Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on page 24 to 30. There have been no changes in the accounting policies adopted by the Group during the year under review.

Financial Statements

Financial statements of the Group comprises the balance sheet, statement of income, changes in equity and cash flow together with the accounting policies and notes to the Financial Statements for the year ended 31st March 2012 are set out in page 20 to 50.

Statement of Directors' Responsibilities

The Statement of Director's Responsibilities for the Financial Statements is given on page 17.

Board of Directors

The following Directors held office as at the balance sheet date. Brief portfolios of the Current Directors are given in page 6 of the Annual Report.

Directors	Executive	Non-Executive	Independent
Dr. S.R. Rajiyah	√		
Mrs. I.R. Rajiyah	√		
Mr. S.V. Rajiyah	√		
Mr. W. Rajapakshe		√	√
Mr P.C.K. Abeykoon		√	√
Mr. S. Vasanthakumara	√		
Mr. C.J. De. S. Amaratunge		√	√
Mr. L.M. Abeywickrama		√	√
Mr. J. Brennan		√	
Mr. M. Terflath		√	

All Directors' held office during the entire year.

The following Directors; served as members of the Audit Committee and Remuneration Committee

Audit Committee

1. Mr. P.C.K. Abeykoon (Chairman)
2. Mr. C.J. De. S. Amaratunge
3. Mr. L.M. Abeywickrama

Remuneration Committee

1. Mr. C.J. De. S. Amaratunge (Chairman)
2. Mr. L.M. Abeywickrama
3. Mr. W. Rajapakshe

Directors' Interest

Directors' interest in contracts or proposed contract with the Company both direct and indirect are disclosed on page 47 & 48 of the Annual Report under related party transactions. It discloses the transactions with entities where a Director of the either has control or exercise significant influence. These interests have been declared at Director's Meetings.

Report of the Directors (contd.)

Directors' interests in transactions and shares

The Directors have no direct or indirect interest in any other contracts or proposed contracts in relation to the business of the Company, while they had the following interest in Ordinary shares of the Company.

As at 31 st March	2012	2011
Dr. S.R. Rajiyah	-	-
Dr. & Mrs. I.R. Rajiyah (Jt)	3,300,020	3,300,020
Mr. S.V. Rajiyah	100,111	720,911
Mr. P.C.K. Abeykoon	-	-
Mr. W. Rajapakshe	-	-
Mr. C.J. De. S. Amaratunge	-	-
Mr. L.M. Abeywickrama	20,000	-
Mr. S. Vasanthakumara	1,010	1,010
Mr. J. Brennan	-	-
Mr. M. Terfloth	-	-

Remuneration of Directors

Directors' remuneration, in respect of the Company for the financial year ended 31st March 2012 is given in Note 7 to the Financial Statements, on page 31.

Recommendation for re-election

Mr J.Brennan retires by rotation in terms of Article 102 of the Articles of Association of the company and being eligible is recommended by the Board for re-election at the forthcoming Annual General Meeting.

Mr. M. Terfloth retires in terms of Article 102 of the Articles of Association of the Company and being eligible is recommended by the Board for re-election at the forthcoming Annual General Meeting.

Mr. C.J. De.S. Amaratunge who is above the age 70 years and in accordance with Section 210 (ii) of the companies Act No.7 of 2007, he vacates office at the forthcoming Annual General Meeting. A notice of a resolution has been received from a shareholder that the age limit of 70 years referred to in Section 210 (i) of the said companies act shall not apply to Mr C.J.De.S.Amaratunge and that he be re-appointed as a Director at the Annual General Meeting. The Directors recommend the adoption of the Ordinary Resolution.

Corporate Donations

During the year donations amounting to Rs 110,488/- were made by the Group.

Auditors

Company's Auditors during the year under review were Messrs. KPMG Chartered Accountants. Their report on the Financial Statements is given on page 19 of the Annual Report.

As far as the Directors are aware the Auditors do not have any other relationship or interest with the Company other than that of an auditor of the Company.

The retiring auditors have expressed their willingness to continue in office. A resolution to re-appoint them as Auditors of the Company and authorizing the Directors to fix their remuneration will be proposed at the Annual General Meeting.

Corporate Governance

Compliance of corporate governance rules as per the Listing Rules of the Colombo Stock Exchange (CSE)

Solvency Test

Solvency Test has been carried out by the Board of Directors before the payment of the final dividend as required by the Companies Act No.7 of 2007.

Dividends

The Board of Directors have recommended a payment of Rs.0.14 per share payable for 2011/2012 (2010/2011 – Rs.0.10 per share) The Directors are confident that the company would meet the Solvency Test requirement under section 56 (2) of the companies Act No.7 of 2007 immediately after the proposed final dividend distribution.

Stated Capital

The stated capital of the Company as at 31st March 2012 was Rs.552.4 Mn consisting of 401,250,000 Ordinary shares

Shareholders Funds

Total Group shareholders funds stood at Rs.1.15 Bn as at 31st March 2012 (2011 Rs.888 Mn) comprising of stated capital of Rs.552 Mn and reserves of Rs.601 Mn. The movements are shown in the statement of changes in equity.

Property, Plant & Equipment

The carrying value of Property, Plant & Equipment for the company and the group as at 31st March 2012 amounted to Rs.467 Mn and Rs.1.16 Bn respectively. The total expenditure on the acquisition of property, plant & equipment during the year in respect of new assets and replacements by the company and the group amounted to Rs.219 Mn and Rs.827 Mn (including through acquisition of subsidiaries) respectively.

Statutory Payments

The Directors to the best of their knowledge and belief are satisfied that all statutory payments have been paid up to date or have been provided for in these financial statements

Report of the Directors *(contd.)*

Going Concern

The Board of Directors is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly the financial statements are prepared based on the going concern concept.

Events Occurring after the Balance Sheet Date

Subsequent to the balance sheet date, no material circumstances have arisen, which would require adjustments to or disclosure in these financial statements other than those disclosed in note 31 to these financial statements.

Share information

Information relating to shareholding, earnings, dividend, net assets and market price per share are given on page 53 & 54 of the Annual Report.

Annual Report

The Board of Directors approved the Company's financial statements together with the reviews which forms part of the Annual Report, on 8th August 2012. The appropriate number of copies of the Report would be submitted to the Colombo Stock Exchange, Sri Lanka Accounting and Auditing Standard Monitoring Board and the Registrar of Companies within the given time frames.

Notice of Meeting

The notice of meeting of the 12th Annual Report meeting is given on page No.55.

Public Holding

The percentage of shares held by the public as at 31st March 2012 was 49.05%

By order of the Board

Dr S.R.Rajiyah	C.J. De. S. Amaratunge	Renuka Enterprises (Private) Limited
Chairman	Director	Company Secretaries

8th August, 2012

Statement of Directors' Responsibility



This Statement of Directors' responsibilities is to be read in conjunction with the Report of the Auditors and is made to distinguish the respective responsibilities of the Directors and to the Auditors in relation to the Financial Statements contained in this Annual Report.

The Directors of your Company are required by the Companies Act No.7 of 2007 to prepare financial statements which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year, and of the income and expenditure of the Company and of the Group for the financial year.

The Directors confirm that the Financial Statements of the Company for the year ended 31st March 2012 presented in the Report have been prepared in accordance with the Sri Lanka Accounting Standards and the Companies Act of No.7 of 2007. In preparing the Financial Statement, the Directors have selected appropriate accounting policies and have applied them consistently. Reasonable and prudent judgment and estimates have been made and applicable accounting standards have been followed and the Financial Statements have been prepared on a going concern basis.

The Directors are of the view that adequate funds and other resources are available within the company for the company to continue in operation for the foreseeable future.

The Directors have taken all reasonable steps expected of them to safeguard the assets of the Company and of the Group and to establish appropriate systems of internal controls in order to prevent, deter and detect any fraud, misappropriation or other irregularities.

The Directors have also taken all reasonable steps to ensure that the Company and its subsidiaries maintain adequate and accurate accounting books of record which reflect the transparency of transactions and provide an accurate disclosure of the Company's financial position.

The Directors are required to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspection they consider appropriate for the purpose of enabling them to give their Audit Report. The Directors are of the view that they have discharged their responsibilities in this regard.

Compliance Report

The Directors confirm that, to the best of their knowledge all taxes and levies payable by the Company and all contributions, levies and taxes payable on behalf of the employees of the Company, and all other know statutory obligations as at the Balance Sheet date have been paid or provided for in the Financial Statements.

As required by section 56 (2) of the Companies Act No.7 of 2007, the Board of Directors have confirmed that the Company satisfies the Solvency test immediately after the distribution, in accordance with section 57 of the Companies Act No.7 of 2007.

By order of the Board

Renuka Enterprises (Private) Limited
Company Secretaries

8th August, 2012



Financial Reports

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Independent Auditors' Report



KPMG
(Chartered Accountants)
32A, Sri Mohamed Macan Makar Mawatha,
P.O.Box 186,
Colombo 00300,
Sri Lanka.

Tel : +94 – 11 542 6426
Fax : +94 – 11 244 5872
+94 – 11 244 6058
+94 – 11 254 1249
+94 – 11 230 7345
Internet : www.lk.kpmg.com

TO THE SHAREHOLDERS OF RENUKA AGRI FOODS PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Renuka Agri Foods PLC, (the "Company"), the consolidated financial statements of the Company and its subsidiaries as at 31st March 2012 which comprise the balance sheet as at 31st March 2012, the income statement, statement of changes in equity and cash flow statement for the year then ended and summary of significant accounting policies and other explanatory notes as set out on pages 20 to 50.

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

Opinion - Company

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31st March 2012 and the financial statements give a true and fair view of the Company's state of affairs as at 31st March 2012 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Opinion - Group

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at 31st March 2012 and the profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Sections 153(2) to 153(7) of the Companies Act No. 07 of 2007.

Chartered Accountants
8th August, 2012

Colombo

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA	Ms. M.P. Perera FCA	P.Y.S. Perera FCA
C.P. Jayathilake FCA	T.J.S. Rajakarier FCA	W.W.J.C. Perera FCA
Ms. S. Joseph FCA	Ms. S.M.B. Jayasekara ACA	W.K.D.C. Abeyrathne ACA
S.T.D.L. Perera FCA	G.A.U. Karunanarathne ACA	R.M.D.B. Rajapakse ACA

Principals – S.R.I. Perera ACMA, LLB, Attorney-at-Law, H.S. Goonewardene ACA

Income Statement

For the Year Ended 31 st March	Note	Group		Company	
		2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Revenue	5	1,972,627,482	1,220,896,088	1,626,891,682	1,139,005,860
Cost of Sales		(1,348,228,266)	(999,650,050)	(1,111,179,132)	(943,921,262)
Gross Profit		624,399,216	221,246,038	515,712,550	195,084,598
Other Operating Income	6	12,863,426	32,433,533	3,565,731	11,095,565
Administration Expenses		(171,748,234)	(100,311,569)	(84,191,359)	(79,215,415)
Selling and Distribution Expenses		(121,942,563)	(22,024,948)	(93,254,212)	(14,958,907)
Profit from Operations	7	343,571,845	131,343,054	341,832,710	112,005,841
Net Finance Income/(Costs)	8	(28,026,516)	15,085,834	(26,688,048)	12,829,651
Profit before Tax		315,545,329	146,428,888	315,144,662	124,835,492
Taxation	9	1,146,335	(2,824,113)	35,405	(2,510,791)
Profit for the year		316,691,664	143,604,775	315,180,067	122,324,701
Attributable to					
Equity holders of the Company		311,409,821	144,008,960	315,180,067	122,324,701
Minority Interest		5,281,843	(404,185)	-	-
		316,691,664	143,604,775	315,180,067	122,324,701
Basic Earnings Per Share	10	0.78	0.36	0.79	0.30
Dividend Per Share	10.1	0.10	0.10	0.10	0.10

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements set out on pages 24 to 50.

Balance Sheet

As at 31 st March	Note	Group		Company	
		2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	11	1,157,432,650	464,825,832	467,124,997	277,944,658
Intangible Assets	12	10,918,522	-	10,918,522	-
Immovable Estate Assets on Lease	13	57,749,988	60,499,992	-	-
Premium Paid for Leasehold Premises	14	2,624,602	2,693,672	2,624,602	2,693,672
Investment Property	15	55,089,160	46,274,894	-	-
Investments in Subsidiaries	16	-	-	670,625,000	146,875,000
Goodwill on Acquisition	16.3	265,553,003	-	-	-
		1,549,367,925	574,294,390	1,151,293,121	427,513,330
Current Assets					
Inventories	17	317,728,021	250,603,984	241,326,137	207,657,221
Trade and Other Receivables	18	216,781,989	112,294,137	130,806,938	87,473,371
Tax Recoverable	19	18,393,159	18,901,995	8,660,850	4,425,119
Amounts Due from Related Companies	20	56,854,204	30,044,873	177,975,141	122,547,997
Cash and Cash Equivalents	21	77,189,143	158,770,140	40,365,512	129,464,899
		686,946,516	570,615,129	599,134,578	551,568,607
Total Assets		2,236,314,441	1,144,909,519	1,750,427,699	979,081,937
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	22	552,452,950	552,452,950	552,452,950	552,452,950
Retained Earnings		601,019,154	335,273,890	599,686,524	324,631,457
Total Equity Attributable to the Equity Holders		1,153,472,104	887,726,840	1,152,139,474	877,084,407
Minority Interest		116,900,550	34,311,901	-	-
Total Equity		1,270,372,654	922,038,741	1,152,139,474	877,084,407
Non-Current Liabilities					
Retirement Benefit Obligations	23	23,514,010	10,749,268	10,893,054	6,358,287
Loans and Borrowings	24	117,564,187	13,096,316	108,055,784	13,100,651
Finance Lease Obligation	25	65,486,066	67,000,000	-	-
Deferred Tax Liability	26	49,743,615	16,883,651	16,089,215	16,883,651
		256,307,878	107,729,235	135,038,053	36,342,589
Current Liabilities					
Loans and Borrowings	24	222,699,678	18,219,861	207,019,693	3,208,356
Finance Lease Obligation	25	2,163,702	2,128,079	-	-
Trade and Other Payables	27	311,707,187	65,868,240	162,875,611	50,767,917
Amounts due to Related Companies	28	62,315,463	7,167,052	52,775,357	3,449,314
Dividend Payable		1,993,936	1,350,000	643,936	-
Income Tax Payable		1,114,336	6,024,879	-	-
Bank Overdraft	21	107,639,607	14,383,432	39,935,575	8,229,354
		709,633,909	115,141,543	463,250,172	65,654,941
Total Liabilities		965,941,787	222,870,778	598,288,225	101,997,530
Total Equity and Liabilities		2,236,314,441	1,144,909,519	1,750,427,699	979,081,937

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements set out on pages 24 to 50.

I certify that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

Sgd.

A.F. Feroze Noon

Head of Finance & Administration

The Board of Directors is Responsible for preparation of these Financial Statements

Approved and signed for and on behalf of the board;

Sgd.

S. Vasanthakumara

Director

Sgd.

C.J. De. S. Amaratunge

Director

8th August, 2012
Colombo

Statement of Changes In Equity

For the Year Ended 31st March

	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Company			
Balance as at 1 st April 2010	552,452,950	242,431,756	794,884,706
Dividend paid during the year	-	(40,125,000)	(40,125,000)
Profit for the year	-	122,324,701	122,324,701
Balance as at 31st March 2011	552,452,950	324,631,457	877,084,407
Dividend paid during the year	-	(40,125,000)	(40,125,000)
Profit for the year	-	315,180,067	315,180,067
Balance as at 31st March 2012	552,452,950	599,686,524	1,152,139,474

For the Year Ended 31st March

	Attributable to Equity Holders of the Company			Minority Interest Rs.	Total Rs.
	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.		
Group					
Balance as at 1 st April 2010	-	-	-	-	-
Effect of acquisitions	552,452,950	231,389,930	783,842,880	34,954,786	818,797,666
Dividend paid to Minority	-	-	-	(238,700)	(238,700)
Dividend Paid	-	(40,125,000)	(40,125,000)	-	(40,125,000)
Profit for the year	-	144,008,960	144,008,960	(404,185)	143,604,775
Balance as at 31st March 2011	552,452,950	335,273,890	887,726,840	34,311,901	922,038,741
Effect of Acquisitions, Disposals and Changes in Percentage Holding in Subsidiaries	-	(5,539,557)	(5,539,557)	81,010,504	75,470,947
Dividend Paid	-	(40,125,000)	(40,125,000)	(3,703,698)	(43,828,698)
Profit for the year	-	311,409,821	311,409,821	5,281,843	316,691,664
Balance as at 31st March 2012	552,452,950	601,019,154	1,153,472,104	116,900,550	1,270,372,654

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements set out on pages 24 to 50.

Cash Flow Statement

For the Year Ended 31 st March	Group		Company	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
Cash Flows from Operating Activities				
Profit Before Tax	315,545,329	146,428,888	315,144,662	124,835,492
Adjustments for:				
Depreciation	50,432,193	29,498,816	30,125,398	28,722,761
Amortization on Intangible Assets	2,729,631	-	2,729,631	-
Amortization on Immovable Estate Assets on Lease	2,750,004	22,100,008	-	-
Provision for Retirement benefit obligation	7,151,165	2,659,936	4,753,767	1,702,258
Provision for Bad Debts	7,289,011	600,000	-	-
Provision for Obsolete inventories	-	1,544,097	-	1,544,097
Write-off of inventories	5,488,095	1,238,566	5,488,095	1,238,566
VAT Recoverable write off	1,882,668	942,520	1,860,522	-
Finance Income	(4,168,036)	(12,321,870)	(3,484,272)	(11,549,876)
Finance Expenses	9,154,577	1,602,773	5,571,914	1,432,880
Negative Goodwill	-	(20,247,000)	-	-
Loss on Disposal of Property, Plant and Equipment	36,429	(195,833)	-	11,624
Dividend Income	-	-	(450,000)	-
Amortization of Lease Premium	69,070	69,070	69,070	69,070
Operating Profit before Working Capital Changes	398,360,136	173,919,971	361,808,787	148,006,872
(Increase)/Decrease in Inventories	(46,314,009)	4,084,713	(39,157,011)	(46,846,285)
(Increase)/Decrease in Trade and Other Receivables	(68,136,760)	47,427,422	(44,857,451)	36,452,380
(Increase)/Decrease in Amounts Due from Related Companies	(26,809,331)	196,089,946	(55,427,144)	(48,781,515)
Increase/(Decrease) in Trade and Payables	78,249,731	(190,007,523)	110,707,898	(16,085,969)
Increase/(Decrease) in Amounts Due to Related Companies	55,148,411	(81,724,586)	30,576,043	3,444,314
Cash Generated from Operations	390,498,178	149,789,943	363,651,122	76,189,797
Gratuity Paid	(1,264,260)	(1,028,375)	(219,000)	(615,997)
Interest Paid	(9,154,577)	(1,602,773)	(5,571,914)	(1,432,880)
Tax Paid	(6,499,994)	(793,144)	(3,931,604)	(4,507,135)
Net Cash flow Generated from Operating Activities	373,579,347	146,365,651	353,928,604	69,633,785
Cash Flows From Investing Activities				
Purchase of Property, Plant and Equipment	(222,909,656)	(78,639,581)	(219,305,737)	(10,681,594)
Proceeds from Property, Plant and Equipment	303,571	-	-	-
Purchase of Intangible Assets	(13,648,153)	-	(13,648,153)	-
Proceeds from Disposal of Investment	5,000,000	-	-	-
Investment in Repurchase of Treasury Bonds	-	205,000,000	-	205,000,000
Finance Income Received	4,168,036	12,321,870	3,484,272	11,549,876
Acquisition of Subsidiaries	(505,000,000)	(281,225,563)	(505,000,000)	(146,875,000)
Net Cash flow Generated from/(Used in) Investing Activities	(732,086,202)	(142,543,274)	(734,469,618)	58,993,282
Cash Flows From Financing Activities				
Loans obtained during the year	306,398,449	33,292,632	301,974,826	-
Repayments of Loans and Borrowings	(27,051,503)	(1,976,455)	(3,208,356)	(2,940,993)
Repayments of Lease Obligation	(2,166,260)	(2,219,564)	-	-
Dividend Income	-	-	450,000	-
Payment of Dividend	(43,184,762)	(40,363,700)	(39,481,064)	(40,125,000)
Net Cash Flows Generated From/(Used in) Financing Activities	233,995,924	11,267,087	259,735,406	(43,065,993)
Net Increase/(Decrease) in Cash and Cash Equivalents	(124,510,931)	(7,444,7110)	(120,805,608)	85,561,074
Net Cash and Cash Equivalents acquired (Note 16.2)	(50,326,241)	151,831,418	-	-
Cash and Cash Equivalents at the Beginning of the Year	144,386,708	-	121,235,545	35,674,471
Cash and Cash Equivalents at the End of the Year (Note 21)	(30,450,464)	144,386,708	429,937	121,235,545

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements set out on pages 24 to 50.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 Reporting Entity

Renuka Agri Foods PLC (“the Company”) is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No.69, Sri Jinaratne Road, Colombo 2.

The consolidated financial statements of the Company as at and for the year ended 31st March 2012 comprises the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”)

1.2 Principal Activities and Nature of Operations

The principal activities of the Company and Group entities are disclosed in Note No.34.

1.3 Parent and Ultimate Parent Undertaking

The Company’s parent Company is Coco Lanka PLC, and in the directors’ opinion, the Company’s ultimate parent Company is Renuka Group Limited.

1.4 Financial Year

Financial Statements of the Company and Group entities ends on 31st March.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements have been prepared in accordance with Sri Lanka Accounting Standards adopted by the Institute of Chartered Accountants of Sri Lanka (SLAS) and the requirements of the Companies Act No.7 of 2007 and Sri Lanka Accounting and Auditing standard Act No.15 of 1995.

2.2 Basis of Measurement

The financial statements have been prepared on the historical cost basis. No adjustment has been made for inflationary factors affecting the financial statements. The accounting policies are consistent with those used in the previous years. Certain comparative amounts have been reclassified to conform with the current year’s presentation.

2.3 Functional and Presentation Currency

The Group adopted Sri Lanka Rupee as the functional currency since it is used to a significant extent in the operations and is useful to reflect the economic substance of the underlying events and circumstances relevant to the Group.

These financial statements are presented in Sri Lanka rupees, unless stated otherwise.

2.4 Use of Estimates and Judgments

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

2.5 Transactions in Foreign Currencies

All transactions in foreign currencies are translated at the rate of exchange prevailing at the time the transaction was effected. All monetary assets and liabilities in foreign currencies at the year end are translated at the rate prevailing on the Balance Sheet date. Non monetary assets and liabilities which are carried in terms of historical cost denominated in foreign currencies are translated using the exchange rate at the date of transaction. Non monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to reporting currency using the exchange rate that was prevailing on the date the fair value was determined. The resulting gains or losses on translations are dealt with in the income statement.

2.6 Going Concern

The Board of Directors have made an assessment of the Group’s ability to continue as a going concern in the foreseeable future and they do not intend to liquidate or cease trading.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements. The accounting policies of the Group have been consistently applied by Group entities where applicable and deviations if any, have been disclosed accordingly.

3.1 Basis of Consolidation

The consolidated financial statements include the financial statements of the company, its subsidiaries and sub subsidiaries. The group's financial statements comprise of the consolidated financial statements of the company and the group which have been prepared in compliance with the group's accounting policies.

3.1.1 Acquisitions and Divestments

Acquisitions of subsidiaries are accounted for using the purchase method of accounting. The results of subsidiaries acquired during the year have been included from the date of acquisition.

3.1.2 Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. A list of Subsidiaries within the group is provided in Notes to the financial statements.

The interest of the outside shareholders of the Group is disclosed separately under the heading of "Minority Interest"

3.1.3 Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognized. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets pro-rata to the carrying amount of each asset in the unit. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the

goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

3.1.4 Transactions Eliminated on Consolidation

Intra-group balances and transactions and any unrealized gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the enterprise, against the investment in the associate. Unrealized losses are eliminated in the same way as unrealized gains.

3.2 Assets and Bases of Their Valuation

3.2.1 Property, Plant and Equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment. The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. This also includes costs of dismantling and removing the items and restoring the site on which they are located. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property plant and equipment.

3.2.1.1 Subsequent Expenditure

The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

3.2.1.2 De-recognition

The carrying amount of an item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal.

3.2.1.3 Depreciation

Depreciation is recognised in profit and loss on a straight line basis over the estimated useful lives of items of property, plant and equipment. Depreciation is not provided on land and assets under construction.

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 derecognised.

Notes to the Financial Statements *(contd.)*

The estimated useful lives are as follows:

Class of Assets	Useful Lifetime
Factory Buildings	20-40
Plant and machinery	10-25
Electrical Installation	10
Spare Parts and Tools	10
Laboratory Equipment	10
Factory Equipment	05-25
Office Equipment	05-10
Furniture and Fitting	05-20
Motor vehicle	03-05
Dairy Equipments	05-25

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

3.2.1.4 Capital Work in Progress

Capital work in progress is transferred to the respective asset accounts at the time of the first utilization or at the time the asset is commissioned.

3.2.2.1 Immature and Mature Plantations

The cost of replanting and new planting are classified as immature plantation up to the time of harvesting the crop.

Further, the general charges incurred on the plantation are apportioned based on the labour days spent on respective replanting and new planting and capitalised on the immature areas. The remaining portion of the general charges is expensed in the accounting period in which it is incurred.

The cost of immature areas coming into bearing are transferred to mature plantations and depreciated over their useful life period.

3.2.2.2 Finance Leases

Property, Plant and Equipment on finance leases, which effectively transfer to the Company substantially all the risk and rewards incidental to ownership of the leased items, are capitalised and disclosed as finance leases at their cash price and depreciated over the period the Company is expected to benefit from the use of the leased assets.

The corresponding principal amount payable to the lessor is shown as a liability. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the

outstanding balance of the liability. The interest payable over the period of the lease is transferred to an interest in suspense account. The interest element of the rental obligations pertaining to each financial year is charged to the Income Statement over the period of lease.

3.2.2.3 Leasehold Property

Leasehold property comprising of land use rights and stated at valuation, is amortised on a straight line basis over the period of the lease. Leasehold properties are tested for impairment annually and are written down where applicable. The impairment loss if any, is recognised in the income statement.

3.2.2 Intangible Assets

An intangible asset is recognised if it is probable that future economic benefit that are attributable to the asset will flow to the enterprise and the cost can be measured reliably in accordance with SLAS 37 on intangible assets. Accordingly, these are stated in the balance sheet at cost less accumulated impairment losses.

3.2.3 Investment Property

Properties held to earn a rental income, and properties held for capital appreciation have been classified as investment property.

Investment Properties are initially recognised at cost. Subsequent to initial recognition the Investment Properties are stated at fair values, which reflect market conditions at the balance sheet date.

Gains or Losses arising from changes in fair value are included in the income statement in the year in which they arise.

3.2.4 Investments

a) Long Term Investments

Long term investments are carried at cost, less impairment losses. Provision for impairment is made when there has been a decline other than temporary in the value of the investment.

3.2.5 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formula.

- Raw Material - At cost determined at the factory on weighted average cost method
- Finished Goods - At factory cost of direct materials, direct labour and appropriate proportion of fixed production overheads at normal operating capacity.
- Goods in transit - At the actual cost
- Packing Material - At cost determined on first-in first-out basis
- Consumables - At actual cost on first in first out basis

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

3.2.5.1 Harvested Crop

Inventory of harvested crop since sold has been valued at since realised price. Unsold harvested crop has been valued at estimated realisable value net of direct selling expenses. This basis has been adopted to recognise the profit / loss on perennial crops in the financial period of harvesting.

3.2.5.2 Provision for Obsolete Inventory

Specific provisions are made by giving consideration to the condition of inventory.

3.2.6 Trade and Other Receivables

Trade and other receivables are recognized at the amounts they are estimated to realise net of provisions for impairment.

Other receivables and dues from related parties are recognised at cost less provision for impairment. The amount of the provision is recognized in the income statement.

3.2.7 Cash and Cash Equivalents

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

For the purpose of the Cash Flow Statement, cash and cash equivalents consists of cash in hand and deposits in banks net of outstanding bank overdrafts. Interest paid are classified as operating cash flows, while dividend paid are classified as financing cash flows for the purpose of presentation of the cash flow statement, reported based on the indirect method.

3.2.8 Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

3.2.8.1 Calculation of Recoverable Amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

3.2.8.2 Impairment/Reversal of Impairment

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit and loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.3 Liabilities and Provisions

3.3.1 Liabilities

All known liabilities have been accounted for in preparing the Financial Statements. Provision and liabilities are recognized when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.3.1.1 Current Liabilities

Liabilities classified as current liabilities in the Balance Sheet are those obligations expected to be settled in the entity's normal operating cycle, it is held primarily for the purpose of being traded, it is due to be settled within

Notes to the Financial Statements *(contd.)*

twelve months after the balance sheet date, or the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the Balance Sheet date.

3.3.1.1.1 Trade and Other payables

Trade and other payables are stated at their cost.

3.3.1.2 Non Current Liabilities

All liabilities other than current are classified as non-current.

3.3.1.2.1 Retirement Benefit Obligations

a) Defined Benefit Plan – Gratuity

The defined benefit obligation is calculated by the Group using “Projected Unit Credit Method” based on the formula prescribed in Sri Lanka Accounting Standard No.16 (Revised 2006) - Employee Benefits.

The present value of defined benefit obligation is determined by discounting the estimated future cash flows.

The key assumptions used in the computation are stated in Note 23 to the Financial Statements.

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

This liability is not externally funded. The item is grouped under non-current liabilities in the Balance Sheet.

b) Defined Contribution Plans - Employees Provident Fund and Employees Trust Fund

All employees who are eligible for Employees Provident Fund contribution and Employees Trust Fund contribution are covered by relevant contribution funds in line with respective statutes and regulations. The Group contributes 12 % and 3% of gross emoluments of employees to Employees’ Provident Fund and Employees’ Trust Fund respectively.

3.3.2. Provisions

Provisions are recognized if as a result of a past event the Group has a present legal or constructive Obligation that can be estimated reliably and it is probable that an outflow of economic benefit will be required to settle the obligation. Provisions and liabilities are recognized in the Balance Sheet.

3.4 Income Statement

3.4.1 Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Revenue from the sale of goods is recognized when the risks and rewards of ownership has been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of Goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue and profit or loss on perennial crops are recognised in the financial period of harvesting. Revenue is recorded at invoice value net of brokerage, public sale expenses and other levies related to revenue.

3.4.2 Interest Income

Interest income is recognised as the interest accrues, unless future collection is in doubt.

3.4.3 Grant Income

Grants received in relation to assets are deducted from the cost of the assets. Thus grant is recognised as income over the useful life of the depreciable asset by way of a reduced depreciation charge.

3.4.4 Disposal of Property, Plant and Equipment

Gains or losses on the disposal of Property, Plant and Equipment are accounted for in the Income Statement.

3.4.5 Other Income

Other income is recognised on an accrual basis.

3.4.6 Expenditure Recognition

a) All expenditure incurred in running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year.

b) For the purpose of presentation of Income Statement, the Directors are of the opinion that the function of expenses method present fairly the elements of the enterprise’s performance, hence such presentation method is adopted.

Notes to the Financial Statements (contd.)

3.4.7 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

3.4.8 Income Tax Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognized in Income Statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

3.4.8.1 Current Income 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 No. 10 of 2006 and subsequent amendments thereon.

Income Tax liabilities for the current period are measured at the amounts expected to be paid to the taxation authorities in accordance with the provisions of the Inland Revenue Act No. 10 of 2006. and subsequent amendments thereon.

3.4.8.2 Economic Service Charge (ESC)

As per the provisions of the Economic Service Charge Act No. 13 of 2006, ESC is payable on the liable turnover at specified rates. ESC paid is deductible from the income tax liability. Any unclaimed liability can be carried forward and set off against the income tax payable as per the relevant provisions in the Act.

3.4.8.3 Turnover Based Taxes

Turnover based taxes include Value Added Tax (VAT) and Nation Building Tax (NBT). The Company pays such taxes in accordance with the respective statutes.

3.4.8.4 Deferred Taxation

Deferred tax is provided using the liability method on temporary difference at the Balance Sheet date between the tax base 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.

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.

3.5 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged.

3.6 Earnings Per Share

The Company presents basic Earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period.

3.7 Cash Flow Statement

The cash flow statement is prepared under the Indirect Method. Interest paid is classified as operating cash flows whereas interest received and dividend received are classified as investing cash flows.

3.8 Corresponding Information

The Accounting Policies have been consistently applied by the Group and are consistent with those of the previous year's figures and phrases which have been re-arranged wherever necessary to conform to the current presentation.

3.9 Events after Balance Sheet Date

All material post balance sheet events have been considered and where appropriate adjustments or Disclosures have been made in the Financial Statements.

3.10 Commitments and Contingencies

Commitments and contingencies as at the Balance Sheet date are disclosed in the Financial Statements.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE BALANCE SHEET DATE

The Institute of Chartered Accountants of Sri Lanka has issued new volume of Sri Lanka Accounting standards which will become applicable for financial periods beginning on or after 1st January 2012. Accordingly, these standards have not been applied in preparing these financial statements as they were not effective for the year ended 31st March 2012.

These Sri Lanka Accounting standards comprise accounting standards prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS). Application of Sri Lanka Accounting Standards prefixed SLFRS and LKAS for the first time shall be deemed to be an adoption of SLFRSs.

The Group is currently in the process of evaluating the potential effects of these Standards on its Financial Statements and the impact on the adoption of these Standards have not been quantified as at Balance Sheet date.

Notes to the Financial Statements (contd.)

For the Year Ended 31 st March	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
5. REVENUE				
Export Sales	1,522,384,047	1,024,010,939	1,483,778,251	991,883,632
Local Sales	449,523,435	196,645,149	143,113,431	147,122,228
Rent Income	720,000	240,000	-	-
	1,972,627,482	1,220,896,088	1,626,891,682	1,139,005,860
6. OTHER OPERATING INCOME				
Insurance Claim	199,580	825,282	72,667	820,149
Dividend Income	-	-	450,000	-
Income from Export Development Reward Scheme	-	10,000,000	-	10,000,000
Profit on Disposal of Property, Plant and Equipment	-	195,833	-	-
Negative Goodwill on acquisition of subsidiaries	-	20,247,000	-	-
Sundry Sales	12,663,846	1,165,418	3,043,064	275,416
	12,863,426	32,433,533	3,565,731	11,095,565
7. PROFIT FROM OPERATIONS				
Is stated after charging all expenses including the following :				
Directors' Remuneration and Fees	4,105,000	2,800,000	4,105,000	2,800,000
Auditors' Remuneration				
Audit Services	1,145,796	651,521	430,000	360,000
Non Audit Services	150,000	126,912	150,000	100,000
Other Auditor's Fee	600,172	-	600,172	-
Provision for bad debts	7,889,011	600,000	-	-
Provision on Obsolete Stocks	-	1,544,097	-	1,544,097
Depreciation on Property, Plant and Equipment	50,432,193	29,498,816	30,125,398	28,722,761
Aamortization on Intangible Assets	2,729,631	-	2,729,631	-
Write off of Inventory	5,488,095	1,238,566	5,488,095	1,238,566
Write off of VAT Receivable	1,882,668	942,520	1,860,522	-
Personnel Costs (Note 7.1)	185,171,252	118,646,586	132,194,868	106,593,488
7.1 PERSONNEL COSTS				
Salaries, Wages and Related Expenses	164,757,539	105,940,180	118,712,899	97,617,677
Defined Contribution Plan Costs - EPF and ETF	13,262,548	10,046,470	8,728,202	7,273,553
Defined Benefit Plan Costs - Retirement Gratuity	7,151,165	2,659,936	4,753,767	1,702,258
	185,171,252	118,646,586	132,194,868	106,593,488

Notes to the Financial Statements (contd.)

For the Year Ended 31 st March	Group		Company	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
8. NET FINANCE INCOME/ (COST)				
Financing Income				
Interest on - Call Deposit	2,052,762	2,167,556	1,433,242	1,562,240
- Foreign Currency Accounts	1,194,706	295,683	1,115,322	261,050
- Fixed Deposits	853,656	9,726,586	935,708	9,726,586
- Repo Investments	66,912	132,045	-	-
Exchange Gain	1,560,431	4,366,736	-	2,712,655
	5,728,467	16,688,606	3,484,272	14,262,531
Financing Cost				
Interest on - Bank Loans	4,199,464	1,183,844	3,241,828	1,168,285
- Bank Overdrafts	3,259,661	272,929	1,167,427	264,595
- Lease	20,429	28,938	-	-
- Packing Credit Loans	1,675,023	117,061	1,162,659	-
Exchange Loss	24,600,406	-	24,600,406	-
	33,754,983	1,602,772	30,172,320	1,432,880
	(28,026,516)	15,085,834	(26,688,048)	12,829,651
9. TAXATION				
Income Tax on Current Income (Note 9.1)	3,650,370	4,707,607	759,031	4,394,285
Under Provision in respect of Previous Year	101,663	-	-	-
Provision for Deferred Tax (Note 25)	(4,898,368)	(1,883,494)	(794,436)	(1,883,494)
	(1,146,335)	2,824,113	(35,405)	2,510,791
9.1 Reconciliation between Accounting Profit and Taxable Income				
Profit before Tax	315,545,329	146,428,887	315,144,662	124,835,492
Aggregate Disallowable Expenses	78,315,851	23,084,470	38,967,041	35,045,906
Aggregate Allowable Expenses	(37,409,456)	(17,665,417)	(24,689,527)	(14,531,245)
Aggregate Other Income	(6,743,504)	(1,006,095)	(2,710,826)	(261,049)
Aggregate Exempt Income	(859,975)	(10,000,000)	(773,445)	(10,000,000)
Adjusted Business Profit	348,848,245	140,841,845	325,937,905	135,089,104
Exempted Business Profit	(325,937,905)	(140,685,823)	(325,937,905)	(135,089,104)
Taxable Business Profit	22,910,340	156,022	-	-
Taxable Aggregate other income	3,397,247	13,095,508	2,710,826	12,369,556
Income Tax at 28% (2011 : 35%)	1,992,387	4,638,036	759,031	4,329,345
Income Tax at 12% (2011 : 15%)	712,396	-	-	-
Income Tax at 10% (2011 : 10%)	945,587	-	-	-
Social Responsibility Levy at 1.5%	-	69,571	-	64,940
	3,650,370	4,707,607	759,031	4,394,285

9.2 Income Tax Rates Applicable to the Company and Subsidiaries are as Follows;

9.2.1 Company

In terms of the agreement with the Board of Investment of Sri Lanka (BOI), business profit of the Company is exempt from income tax for a period of 12 years from the date of commencement of its business. This exemption period came to end the year of assessment 2011/2012. After the expiration period, the company is liable for taxation at the rate of 12%.

Dividend paid by the Company out of exempt profits during the 12 year tax holiday period or within one year thereafter is exempt from income tax.

9.2.2 Subsidiaries

9.2.2.1 Renuka Teas (Ceylon) (Private) Limited

The company's export profit is liable to income tax at a concessionary rate of 12%. However, local sales and other income is liable to income tax at 28%.

9.2.2.2 Renuka Organics (Private) Limited

According to the agreement entered into with the Board of Investment of Sri Lanka, the profit and income of the company is exempt for a period of 5 years. This tax holiday expired on 31st March 1999.

Further, from the Year of Assessment 2006/2007, under Section 16 of the Inland Revenue Act No. 10 of 2006, the Company's profit is exempt from income tax for a period of five years. This tax holiday expired on 31st March 2011.

The company is liable to income tax at 12% on profit from Exports.

The Company is liable to income tax at 28% on other income.

9.2.2.3 Campbell Teas (Private) Limited

From the Year of Assessment 1999/2000, according to Section 52 of the Inland Revenue Act No. 10 of 2006, the Company's export profit is liable to income tax at a concessionary rate of 12%. The Company's other income is liable to income tax at the rate of 28%.

9.2.2.4 Renuka Trading (Private) Limited

The Company is liable to income tax at the rate of 28%.

9.2.2.5 Ceylon Botanicals (Private) Limited

The Company is liable to income tax at the rate of 28%.

9.2.2.6 Renuka Products (Private) Limited

Since the company's turnover is less than Rs. 300Mn, the company is liable to income tax at the rate of 10% for the year of assessment 2011/2012 as per the section 59B of the Inland Revenue Act No. 22 of 2011 which was subsequently amended excluding the group of companies from applying the rate of 10% with effect from year of assessment 2012/2013.

9.2.2.7 Ceylon Forestry (Private) Limited

In accordance with the provisions of Section 17 of the Board of Investment of Sri Lanka Law No. 4 of 1978, the Company is entitled to the following exemptions/benefits with regard to income tax:

- (i) For a period of eight (08) years reckoned from the Year of Assessment as may be determined by the BOI, Sri Lanka, Profit of the Company is exempt from Income Tax. For the above purpose, the year of assessment shall be reckoned from the year in which the Company commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operations whichever year is earlier, as specified in a certificate issued by the BOI, Sri Lanka.
- (ii) After the expiration of the aforesaid tax exemption period, referred to in sub clause (i) above, the profits and income of the Company shall for each year of assessment be charged at the rate of ten per centum (10%) for a period of two (2) years ("concessionary period") immediately succeeding the last date of the tax exemption period during which the profits and income of the Company is exempted from the income tax.
- (iii) After the expiration of the aforesaid concessionary period referred to in sub clause (ii) above, the profits and income of the Company shall be charged for any year of assessment at the rate of twenty per centum (20%).

However, other income would be liable to Income Tax at the rate of 28%.

Notes to the Financial Statements *(contd.)*

9.2.2.8 Kandy Plantations Limited

According to the Agreement with the Board of Investment of Sri Lanka, the Profits and Income of Kandy Plantations Ltd were exempt for a period of 5 years from the year of assessment in which the Enterprises commence to make profit (i.e. 2003/2004). Accordingly the tax holiday expired on 31st March 2008.

However, the profit from Agriculture of the Company continued to be exempt from income tax for further 3 years of Assessments ending 2010 / 2011. Under Section 16 of the Inland Revenue Act No. 10 of 2006,

The company is liable to income tax at the rate of 10% on profit from agriculture from the Year of Assessment 2011/2012.

The other income of the company is liable to income tax at 28%. The profit from export sales is liable to income tax at 12%.

9.2.2.9 Richlife Dairies Limited

The Company's trading profit is liable for income tax at the rate of 12% for the year of assessment 2011/2012.

10. BASIC EARNINGS PER SHARE

The computation of the basic earnings per share is based on the profit after tax attributable to ordinary shareholders for the year divided by the weighted average number of ordinary shares outstanding during the year and calculated as follows :

	Group		Company	
	2012	2011	2012	2011
Profit after tax attributable to Ordinary Shareholders (Rs.)	311,409,821	144,008,960	315,180,067	122,324,701
Weighted Average number of Ordinary Shares	401,250,000	401,250,000	401,250,000	401,250,000
Basic Earnings per Share (Rs.)	0.78	0.36	0.79	0.30
10.1 Dividend Per Share				
Dividend Paid during the year (Rs.)	40,125,000	40,125,000	40,125,000	40,125,000
Number of Shares as at the year end	401,250,000	401,250,000	401,250,000	401,250,000
Dividend Per Share (Rs.)	0.10	0.10	0.10	0.10

Notes to the Financial Statements (contd.)

11. PROPERTY, PLANT AND EQUIPMENT												
11.1 Company												
As at 31 st March												
	Factory Buildings Rs.	Plant and Machinery Rs.	Furniture and Fittings Rs.	Electrical Installations Rs.	Workshop Tools Rs.	Laboratory Equipment Rs.	Factory Equipment Rs.	Office Equipment Rs.	Motor Vehicles Rs.	Capital Work-In Progress Rs.	Total 2012 Rs.	Total 2011 Rs.
Cost												
Balance as at 1 st April	88,920,547	312,791,550	13,549,339	12,635,049	104,701	1,898,749	10,251,091	2,731,170	6,412,644	-	449,294,839	438,624,869
Additions during the year	-	86,755,090	307,382	-	-	-	1,437,659	1,456,005	19,530,901	109,818,700	219,305,737	10,681,594
Disposals/Transfers	-	-	-	-	-	-	-	-	-	-	-	(11,624)
Balance as at 31 st March	88,920,547	399,546,640	13,856,721	12,635,049	104,701	1,898,749	11,688,750	4,187,175	25,943,545	109,818,700	668,600,576	449,294,839
Depreciation												
Balance as at 1 st April	13,242,747	131,810,039	9,101,469	8,703,235	60,365	1,351,407	5,883,871	730,135	466,913	-	171,350,181	142,627,420
Charge for the year	2,243,280	22,344,345	1,357,489	1,263,151	10,373	150,557	1,063,365	310,148	1,382,690	-	30,125,398	28,722,761
Balance as at 31 st March	15,486,027	154,154,384	10,458,958	9,966,386	70,738	1,501,964	6,947,236	1,040,283	1,849,603	-	201,475,579	171,350,181
Written Down Value												
As at 31 st March 2012	73,434,520	245,392,256	3,397,763	2,668,663	33,963	396,785	4,741,514	3,146,892	24,093,942	109,818,700	467,124,997	-
As at 31 st March 2011	75,677,800	180,981,511	4,447,870	3,931,814	44,335	547,342	4,367,220	2,001,035	5,945,731	-	277,944,658	-

Notes to the Financial Statements (contd.)

11. PROPERTY, PLANT AND EQUIPMENT

11.2 Group

As at 31 st March	Freehold Land Rs.	Factory Buildings Rs.	Plant and Machinery Rs.	Leased Plant and Machinery Rs.	Furniture and Fittings Rs.	Electrical Installations Rs.	Workshop Tools Rs.	Laboratory Equipment Rs.	Factory Equipment Rs.	Office Equipment Rs.	Motor Vehicles Rs.	Lease Motor vehicles Rs.	Immature Plantation Rs.	Tea bagging Machine Rs.	Capital Work In Progress Rs.	Total 2012 Rs.	Total 2011 Rs.
Balance as at 1 st April	56,642,660	132,943,948	326,999,121	-	15,566,404	13,556,054	205,901	9,880,339	59,208,819	7,820,474	40,397,655	1,150,000	5,633,879	29,498,816	-	699,504,070	-
Additions/Acquisition during the year	107,752,400	193,058,496	325,773,482	862,400	3,017,725	1,605,577	-	19,001	43,130,044	9,363,967	31,515,548	-	441,705	-	110,228,700	826,769,045	700,155,694
Disposals/Transfers	(5,054,160)	(3,760,106)	80,000	-	-	-	-	(366,025)	-	286,025	(1,200,000)	-	-	-	-	(10,014,266)	(651,624)
Balance as at 31 st March	159,340,900	322,242,338	652,852,603	862,400	18,584,129	15,161,631	205,901	9,533,315	102,338,863	17,470,466	70,713,203	1,150,000	6,075,584	29,498,816	110,228,700	1,516,258,849	699,504,070
Depreciation																	
Balance as at 1 st April	-	16,494,285	135,740,948	-	9,983,531	8,910,462	83,134	2,234,942	18,980,584	3,104,320	8,612,216	1,035,000	-	29,498,816	-	234,678,238	-
Charge for the year/Acquisition of Subsidiaries	-	4,691,573	60,090,615	59,092	3,437,579	1,448,911	20,493	766,565	31,349,973	5,102,171	17,925,989	115,000	-	-	-	125,007,961	234,678,238
Disposals/Transfers	-	-	-	-	-	-	-	(85,807)	-	85,807	(860,000)	-	-	-	-	(860,000)	-
Balance as at 31 st March	-	21,185,858	195,831,563	59,092	13,421,110	10,359,373	103,627	2,915,700	50,330,557	8,292,298	25,678,205	1,150,000	-	29,498,816	-	358,826,199	234,678,238
Written Down Value																	
As at 31 st March 2012	159,340,900	301,056,480	457,021,040	803,308	5,163,019	4,802,258	102,274	6,617,615	52,008,306	9,178,168	45,034,998	-	6,075,584	-	110,228,700	1,157,432,650	-
As at 31 st March 2011	56,642,660	116,449,663	191,258,173	-	5,582,873	4,645,592	122,767	7,645,397	40,228,235	4,716,154	31,785,439	115,000	5,633,879	-	-	464,825,832	-

Notes to the Financial Statements (contd.)

	Group		Company	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
12. INTANGIBLE ASSETS				
Balance as at 1 st April	-	-	-	-
Additions made during the year	13,648,153	-	13,648,153	-
Amortization during the year	(2,729,631)	-	(2,729,631)	-
Balance as at 31 st March	10,918,522	-	10,918,522	-

13. IMMOVABLE ESTATE ASSETS ON LEASE

Balance as at 1 st April	60,499,992	-	-	-
Additions made during the year	-	82,600,000	-	-
Amortization during the year	(2,750,004)	(22,100,008)	-	-
Balance as at 31 st March	57,749,988	60,499,992	-	-

Kandy Plantations (Pvt) Ltd

Lease have been executed for 3 estates (Primarily coconut) comprising 33 contiguous allotments of Land called and known as "Giriulla Estate" by Mr. L.H. Croos Dabrera. This contiguous allotments of Land comprise a total extent of 640A-3R-32P. This lease has been executed for a period of 30 years under 2 separate lease agreements. The first lease agreement relates to 10 years period from 1st April 2003 to 31st March 2013 and the second lease agreement relates to the next 20 years commencing from 1st April 2013 and ending on 31st March 2033.

A valuation report dated 11th October 2003 prepared by Mr. Leon M.P. Perera Dip.In.Val. F.I.V. indicates only the method of ascertaining the maximum amount payable to the owner of the Estate for the 30 years period which was Rs.88,000,000/-. The agreed amount payable of Rs.82.5 Mn. had been capitalised on the basis that it represents the value of immovable assets taken over by the Company.

	Group		Company	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
14. PREMIUM PAID FOR LEASEHOLD PREMISES				
Balance as at 1 st April	2,693,672	2,762,742	2,693,672	2,762,742
Amortization during the year	(69,070)	(69,070)	(69,070)	(69,070)
Balance as at 31 st March	2,624,602	2,693,672	2,624,602	2,693,672

This represents the premium paid to the Board of Investment of Sri Lanka for the acquisition of leasehold land in 2006 and it is amortized over the leasehold period of 50 years with effect from the year 2006.

Notes to the Financial Statements *(contd.)*

	Group		Company	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
15. INVESTMENT PROPERTY				
Balance as at 1 st April	46,274,894	-	-	-
Additions during the year	-	46,274,894	-	-
Transfers during the year	8,814,266	-	-	-
Balance as at 31 st March	55,089,160	46,274,894	-	-

The fair value of the investment properties, which is situated at Colombo-09 is based on market valuations carried out as at 30th December 2009 by Mr. Leon M.P. Perera incorporated valuer, who is independent valuer not connected with the Group. The directors are of the opinion that the value stated above does not materially differ from the fair value of the property as at 31st March 2012.

Rental income earned from Investment Property by Group amounted to Rs 720,000/- (2010/2011 - Rs.720,000/-) and Direct operating expenses incurred in relation to the investment property amounted to Rs. 239,904/- (2010/2011 - Rs. 255,725/-)

	% Holding		No of Shares		Company	
	2012	2011	2012	2011	2012	2011
					Rs.	Rs.
16. INVESTMENTS IN SUBSIDIARIES						
Renuka Organics (Private) Limited	100%	100%	500,000	500,000	50,000,000	50,000,000
Renuka Teas (Private) Limited	100%	100%	2,500,000	2,500,000	96,875,000	96,875,000
Richlife Dairies Limited (Note 16.1)	76%	-	15,420,400	-	505,000,000	-
Renuka Products (Private) Limited Note (16.2)	37.5%	-	150,000	-	18,750,000	-
					670,625,000	146,875,000

16.1 The company acquired 76% shares of Richlife Dairies Limited in January 2012.

16.2 Renuka Agri Foods PLC owns 37.5% of the shareholding of Renuka Products (Private) Limited as at 31st March 2012 which amounts to 150,000 shares and Shaw Wallace Ceylon Limited owns 62.5% of the shareholding of Renuka Products (Private) Limited which amounts to 250,000 shares, making both companies together holding 100% shareholding in Renuka Products (Private) Limited. Renuka Agri Foods PLC and Shaw Wallace Ceylon Limited have entered into an agreement on 31st August 2011 to guarantee achieving the objective of setting forth the terms and conditions under which both parties intend to co-operate and participate jointly in granting the authority to Renuka Agri Foods PLC to appoint members to the Board of Directors of Renuka Products (Private) Limited.

The above agreement is pursuant to the fact that as at 31st March 2011 Renuka Organics (Private) Limited (100% subsidiary of Renuka Agri Foods PLC) held 100% shareholding of Renuka Products (Private) Limited, making Renuka Products (Private) Limited a sub subsidiary of Renuka Agri Foods PLC.

Further, subsequent to the balance sheet date, the Board of Directors of Renuka Products (Private) Limited has resolved to increase the shareholding of Renuka Agri Foods PLC in Renuka Products (Private) Limited to 50%.

As per the above agreement, Renuka Agri Foods PLC still has the control to govern the financial and operating policies of Renuka Products (Private) Limited, As per SLAS 25 (Revised 2005) - "Business Combinations", the Group has therefore accounted for Renuka Products (Private) Limited as a Subsidiary in the consolidated financial statements.

Notes to the Financial Statements *(contd.)*



16.3 The acquisition had the following effect on the Group's assets and liabilities

Property, Plant and Equipment	529,283,621
Investments	5,000,000
Inventories	26,298,123
Trade and Other Receivables	43,746,910
Cash and Cash Equivalents	(50,326,241)
Retirement Benefit Obligations	(6,877,837)
Loans and Borrowings	(30,288,691)
Deferred Tax Liability	(37,758,332)
Trade and Other Payables	(167,589,217)
Income Tax Receivable	3,573,502
Total Net Assets as at the Acquisition Date	315,061,838
Total Net Assets Acquired (76% of Total Net Assets)	239,446,997
Goodwill on Consolidation	265,553,003
Total cash consideration	505,000,000
Analysis of net outflow of cash and cash equivalents in respect of the purchase of subsidiary	
Cash consideration	505,000,000
Cash at bank and cash in hand acquired	(50,326,241)
Net cash outflow on acquisition	555,326,241

16.4 The management is of the view that a provision for impairment of goodwill on acquisition of Richlife Dairies Limited of Rs. 265,553,003 is not required as at the balance sheet date.

Notes to the Financial Statements *(contd.)*

As at 31 st March	Group		Company	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
17. INVENTORIES				
Raw Materials and Consumables	39,851,984	33,616,941	24,087,664	19,453,485
Finished Goods	136,088,733	109,518,601	116,388,929	101,475,162
Packing Materials and Chemicals	81,765,231	73,831,503	48,288,457	58,024,697
Machinery Spare Parts	9,631,321	2,210,376	9,051,260	2,169,844
Work In Progress	40,141,497	30,256,929	33,260,572	25,370,113
Goods in Transit	11,338,625	4,491,580	11,338,625	4,485,866
	318,817,391	253,925,930	242,415,507	210,979,167
Less : Provision for Obsolete Inventories (Note 17.1)	(1,089,370)	(3,321,946)	(1,089,370)	(3,321,946)
	317,728,021	250,603,984	241,326,137	207,657,221
17.1 Provision for Obsolete Inventories				
Balance as at 1 st April	3,321,946	-	3,321,946	1,777,849
Provision made during the year	-	3,321,946	-	1,544,097
Write off during the year	(2,232,576)		(2,232,576)	-
Balance as at 31 st March	1,089,370	3,321,946	1,089,370	3,321,946
18. TRADE AND OTHER RECEIVABLES				
Trade Debtors	115,671,877	84,038,702	42,973,992	74,711,745
Staff Loans and Advances	2,320,336	177,970	2,297,836	145,871
Other Receivables	15,663,877	15,092,182	2,213,296	835,603
Pre-payments	8,367,505	167,200	1,064,743	-
Deposits and Advances	82,392,071	12,318,503	82,257,071	11,780,152
Sundry Debtors	255,334	1,099,580	-	-
	224,671,000	112,894,137	130,806,938	87,473,371
Less : Provision for Bad debts	(7,889,011)	(600,000)	-	-
	216,781,989	112,294,137	130,806,938	87,473,371
19. TAX RECOVERABLES				
VAT Recoverable	5,057,546	8,220,520	-	1,730,636
NBT Recoverable	2,341,139	1,210,876	2,348,024	1,210,876
WHT Recoverable	582,832	325,982	582,832	325,982
Income Tax	3,957,791	-	-	-
ESC Recoverable	6,453,851	9,144,617	5,729,994	1,157,625
	18,393,159	18,901,995	8,660,850	4,425,119

Notes to the Financial Statements (contd.)

As at 31 st March	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
20. AMOUNTS DUE FROM RELATED COMPANIES				
Campbell Teas (Private) Limited	-	-	1,652,708	1,652,709
Renuka Enterprises (Private) Limited	7,800,000	1,800,000	7,800,000	1,800,000
Renuka Agro Exports Limited	285,051	6,158,359	-	-
Kandy Plantations Limited	-	-	737,003	539,155
Renuka Travels and Tours (Private) Limited	5,904,500	2,054,500	5,900,000	2,050,000
Renuka Organics (Private) Limited	-	-	13,068,050	20,981,940
Coco Lanka PLC	-	17,532,014	-	17,532,014
Renuka Teas Ceylon (Private) Limited	-	-	57,467,882	45,920,821
Renuka Holdings Limited	211,140	2,500,000	211,140	2,500,000
Renuka Products (Private) Limited	-	-	25,042,120	29,571,358
Richlife Dairies Limited	-	-	50,581,373	-
Shaw Wallace Ceylon Limited	27,138,648	-	-	-
Shaw Wallace Food Services (Private) Limited	15,514,865	-	15,514,865	-
	56,854,204	30,044,873	177,975,141	122,547,997
21. CASH AND CASH EQUIVALENTS				
Short Term Deposits	15,137,510	119,528,683	3,354,356	106,033,894
Call Deposits	15,813,684	9,016,763	2,619,900	6,075,082
Cash at Bank and in Hand	46,237,949	30,224,694	34,391,256	17,355,923
	77,189,143	158,770,140	40,365,512	129,464,899
Less : Bank Overdraft	(107,639,607)	(14,383,432)	(39,935,575)	(8,229,354)
Cash and Cash Equivalent for Cash Flow Purpose	(30,450,464)	144,386,708	429,937	121,235,545
22. STATED CAPITAL				
Ordinary Shares (No of shares : 401,250,000)	552,452,950	552,452,950	552,452,950	552,452,950
	552,452,950	552,452,950	552,452,950	552,452,950
23. RETIREMENT BENEFIT OBLIGATIONS				
Balance as at 1 st April	10,749,268	-	6,358,287	5,272,026
Acquisition of Subsidiary	6,877,837	9,117,707	-	-
Provision made during the year	7,151,165	2,659,936	4,753,767	1,702,258
Payments made during the Year	(1,264,260)	(1,028,375)	(219,000)	(615,997)
Balance as at 31 st March	23,514,010	10,749,268	10,893,054	6,358,287

An actuarial valuation of the retirement benefit obligation was carried out as at 31st March 2012 by Mr. M. Poopalanathan, Actuarial and Management Consultants (Private) Limited.

The Valuation method used by the Actuary to value the benefit is the "Projected Unit Credit Method", the method recommended by the Sri Lanka Accounting Standard No.16 (Revised 2006) "Employee Benefits".

Following assumptions and data were used in evaluating the defined obligation by the Actuary

1. Retirement age	55
2. Discount rate	11%
3. Salary increment rate	10%

Notes to the Financial Statements (contd.)

As at 31 st March	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
23.1 Movement in the Present Value of The Retirement Benefit Obligations				
Balance as at 1 st April	10,749,268	-	6,358,287	5,272,026
Acquisition of Subsidiary	6,877,837	9,117,707	-	-
Interest Cost	926,693	754,696	762,994	632,643
Current Service Cost	1,970,691	1,203,568	1,729,557	1,069,615
Provision made during the year	1,275,319	927,950	-	-
Payments during the year	(1,264,260)	(1,028,375)	(219,000)	(332,256)
Actuarial (gain)/ loss	2,978,462	(226,278)	2,261,216	(283,741)
Balance as at 31 st March	23,514,010	10,749,268	10,893,054	6,358,287
24. LOANS AND BORROWINGS				
Balance as at 1 st April	31,316,177	-	16,309,007	19,250,000
Additions due to acquisition of Subsidiary	29,600,742	-	-	-
Borrowings during the year	306,398,449	33,292,632	301,974,826	-
Repayments during the year	(27,051,503)	(1,976,455)	(3,208,356)	(2,940,993)
Balance as at 31 st March	340,263,865	31,316,177	315,075,477	16,309,007
Payable within one year	222,699,678	18,219,861	207,019,693	3,208,356
Payable due after one year	117,564,187	13,096,316	108,055,784	13,100,651
	340,263,865	31,316,177	315,075,477	16,309,007

24.1 Details of loans obtained by the Company and the Group are set out below.

a. Company

Name of the Bank /Lessor	Facility Obtained	Outstanding Balance Rs.	Interest Rate	Repayment Terms	Assets Pledged
DFCC Bank	Boiler Loan	13,100,651	AWPR + 6.5% p.a	To be paid in 72 installments with a grace period of 24 months starting from July 2008 in monthly installment of Rs.267,363/-	Primary mortgage over leasehold rights of an allotted plot of land depicted on lot no:28 at Yatadawala.
National Development Bank PLC	Medium term loan	98,163,487	1year LIBOR+ 3.75% p.a	24 equal monthly installments of USD 40,625/- each	a. Primary Mortgage over stock and book debts for USD 740,000/-
	Letters of credits	102,247,506	3 months LIBOR+ 4% p.a	120 Days (Maximum)	b. Agreement to mortgage over stocks and book debts for USD 1,180,000/- c. Corporate guarantee from Renuka Agro exports Limited for USD 940,000/-.
HSBC	Packing credit loan	77,480,389	1 or 3 months LIBOR+3.5% p.a	Repayable on demand	Corporate Guarantee of USD 1,000,000/- from Coco Lanka PLC and LKR 25,000,000/- from Rich Life Dairies Ltd.
	Packing credit loan	24,083,444	1 or 3 months LIBOR+3.5% p.a	Repayable on demand	Letter of set off / Memo of deposit dated 26 February 2010
		315,075,477			

Notes to the Financial Statements (contd.)

24.1 Details of loans obtained by the Company and the Group are set out below.

b. Group

Name of the Bank /Lessor	Facility Obtained	Outstanding Balance Rs.	Interest Rate	Repayment Terms	Assets Pledged
DFCC Bank	Boiler Loan	13,100,651	AWPR + 6.5% p.a	To be paid in 72 installments with a grace period of 24 months starting from July 2008 in monthly installment of Rs.267,363/-	Primary mortgage over leasehold rights of an allotted plot of land depicted lot no:28 at Yatadawala.
National Development Bank PLC	Medium term loan	98,163,487	1year LIBOR+ 3.75 p.a	24 equal monthly installments of USD 40,625/- each	a. Primary Mortgage over stock and book debts for USD 740,000/-
	Letters of credits	102,247,506	3Month LIBOR+ 4% p.a	120 Days (Maximum)	b. Agreement to mortgage over stocks and book debts for USD 1,180,000/- c. Corporate guarantee from Renuka Agro exports Limited for USD 940,000/-.
HSBC	Packing credit loan	77,480,388	1 or 3 months LIBOR+3.5% p.a	Repayable on demand	Corporate Guarantee of USD 1,000,000/- from Coco Lanka PLC and LKR 25,000,000/- from Rich Life dairies Ltd.
	Packing credit loan	24,083,443	1 or 3 months LIBOR+3.5% p.a	Repayable on demand	Letter of set off / Memo of deposit dated 26 February 2010.
Bank of Ceylon	Long Term Loans	15,241,740	6.5%	Repayable over 96 equal monthly installments	Property held at Pirivena Road, Molligoda, Wadduwa for Rs.426 Mn.
	Long Term Loans	225,650	14%	To be paid in 66 equal monthly installments	
	Import Loan Facility	9,721,000	16.5%	3 Months	
		<u>340,263,865</u>			

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.

25. FINANCE LEASE OBLIGATIONS

Balance Payable as at 31st March	67,649,768	69,128,079	-	-
Lease Rentals Payable within one year	(2,163,702)	(2,128,079)	-	-
Lease Rentals Payable after one year	65,486,066	67,000,000	-	-

25.1 Finance Lease Obligation as at 31st March

Kandy Plantations Limited (Note 25.2)	67,000,000	69,128,079	-	-
Richlife Dairies Limited (Note 25.3)	649,768	-	-	-
	67,649,768	69,128,079	-	-

Notes to the Financial Statements *(contd.)*

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
25.2 Kandy Plantations Limited				
Land				
Balance as at 1st April	69,000,000	71,000,000	-	-
Repayments during the year	(2,000,000)	(2,000,000)	-	-
Balance as at 31st March	67,000,000	69,000,000	-	-
Lease Rentals Payable within one year	(2,000,000)	(2,000,000)	-	-
Lease Rentals Payable after one year	65,000,000	67,000,000	-	-
Motor Vehicle				
Balance as at 1st April	128,079	347,643	-	-
Repayments during the year	(128,079)	(219,564)	-	-
Balance as at 31st March	-	128,079	-	-
Interest in Suspense	-	(4,335)	-	-
	-	123,744	-	-
Lease Rentals Payable within one year	-	(123,744)	-	-
Lease Rentals Payable after one year	-	-	-	-
25.3 Richlife Dairies Limited				
Plant and Machinery				
Balance as at 1st April	-	-	-	-
Additions due to acquisition of Subsidiary	687,949	-	-	-
Repayments during the year	(38,181)	-	-	-
	649,768	-	-	-
Lease Rentals Payable within one year	(163,702)	-	-	-
Lease Rentals Payable after one year	486,066	-	-	-

Name of the Bank /Lessor	Facility Obtained	Outstanding Balance Rs.	Interest Rate	Repayment Terms	Assets Pledged
John Leo De Croos Trust	Lease	67,000,000		To be paid over a period of 30 years under two separate lease agreements. The first lease agreement relates to 10 years period from 1st April 2003 to 31st March 2013 and the second lease agreement relates to the next 20 years commencing from 1st April 2013 and ending on 31st March 2033.	-
Bank of Ceylon	Finance Lease	649,768	15%	Repayable over 60 equal monthly installments.	-
		<u>67,649,768</u>			

Notes to the Financial Statements (contd.)

	Group		Company	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
26. DEFERRED TAXATION				
Balance as at 1 st April	16,883,651	18,767,145	16,883,651	18,767,145
Addition due to Acquisition of subsidiary	37,758,332	-	-	-
Provision made during the year	(4,898,368)	(1,883,494)	(794,436)	(1,883,494)
Balance as at 31 st March	49,743,615	16,883,651	16,089,215	16,883,651

The provision for deferred tax is attributable to the followings.

	2012		2011	
	Temporary Differences	Tax Effects	Temporary Differences	Tax Effects
	Rs.	Rs.	Rs.	Rs.
a. Company				
On Property, Plant and Equipment	144,969,842	17,396,381	147,055,381	17,646,645
On Retirement Benefit Obligation	(10,893,054)	(1,307,166)	(6,358,287)	(762,994)
	134,076,788	16,089,215	140,697,094	16,883,651
b. Group				
On Property, Plant and Equipment	296,595,000	35,482,827	147,055,381	17,646,645
On Revaluation Reserves	249,177,700	29,901,324	-	-
On Tax Losses	(109,740,817)	(13,168,898)	-	-
On Retirement Benefit Obligation	(23,514,010)	(2,471,638)	(6,358,287)	(762,994)
	412,517,873	49,743,615	140,697,094	16,883,651

	Group		Company	
	2012	2011	2012	2011
	Rs.	Rs.	Rs.	Rs.
27. TRADE AND OTHER PAYABLES				
Trade Creditors	79,905,145	43,115,600	41,989,121	36,189,405
Accrued Expenses	13,268,969	13,431,606	9,154,441	10,932,477
Payable to tetrapak South Asia (Pte) Ltd.	61,419,140	-	-	-
Other Payables	157,113,933	9,321,034	111,732,049	3,646,035
	311,707,187	65,868,240	162,875,611	50,767,917

Notes to the Financial Statements *(contd.)*

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
28. AMOUNTS DUE TO RELATED COMPANIES				
Renuka Agro Exports Limited	13,494,863	4,369,044	7,357,665	3,444,314
Renuka Group Limited	-	5,000	-	5,000
Coco Lanka PLC	44,000,188	2,788,208	44,000,188	-
Renuka Travels and Tours (Private) Limited	4,800	4,800	-	-
Shaw Wallace Ceylon Limited	1,417,503	-	1,417,504	-
Shaw Wallace Food Services (Private) Limited	3,398,109	-	-	-
	62,315,463	7,167,052	52,775,357	3,449,314

29. CONTINGENT LIABILITIES

Renuka Agri Foods PLC

The Company is a Respondent in case No. H.C.(Civil) 4/2001 (2) in the Supreme Court of Colombo. The case was filed against Coco Lanka PLC for the investment made in Renuka Agri Foods PLC. There is no monetary claim made by the Petitioner against the Company.

Kandy Plantations Limited

Land Reform Commission has filled a case in the District Court of Attanagalla against the Trustees of John Leo De Cross Trust and the company is a respondent in this case.

There were no material contingent liabilities outstanding as at the Balance Sheet date other than above which require adjustment to or disclosure in the financial statements.

30. COMMITMENTS

Renuka Products (Private) Limited

The Group has entered into a lease agreement with Coco Lanka PLC on 4th March 2009 to use its land and factory premises called "Straatenwyk Estate" for a period of 10 years from 1st April 2009 to 31st March 2019. The total amount that becomes payable after 1st April 2012 under the above agreement is Rs.26,043,601/-.

Lease Commitments (Non-Cancellable Operating Lease)	2012	2011
	Rs.	Rs.
Not later than one year	2,898,000	2,898,000
Later than one year and not later than five years	14,330,610	13,396,005
Later than five years	8,814,991	12,647,596
	26,043,601	28,941,601

Kandy Plantations Limited

The estimated capital expenditure of Rs.400,000/- contracted for at the end of the year.

There were no any other material commitments as at the Balance Sheet date other than those disclosed above.

Notes to the Financial Statements (contd.)

31. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

- The Directors have proposed the payment of a final dividend of Rs.0.14/- per share for the year ended 31st March 2012. In accordance with SLAS - 12 "Events after Balance Sheet date" (Revised 2006) the final dividend has not been recognized as a liability in the financial Statement at the year end.
- The company has made a right issues of 160,500,000 shares at an issue price of Rs.4/- per share on 14th May 2012.
- The Directors have decided to increase the shareholding of Renuka Agri Foods PLC in Renuka Products (Private) Limited to 50%.

There have been no material events occurring after the Balance Sheet date that require adjustments to and/or disclosure in the Financial Statements other than those disclosed above.

32. COMPARATIVE FIGURES

The previous year's figures and phrases have been re-arranged wherever necessary to conform to the current year's presentation.

33. RELATED PARTY DISCLOSURES

33.1 Transactions with Related Companies

Name of the Company	Nature of Relationship	Name of the Common Director/s	Nature of Transactions	Amounts Received/(Paid)	
				2012 Rs.	2011 Rs.
Renuka Organics (Private) Limited	Subsidiary	Dr. S. R. Rajiyah	Fund Received	-	15,966,114
		Mrs. I. R. Rajiyah	Fund Transfers	8,827,760	1,290,030
		Mr. S. V. Rajiyah	Raw Material Loan	-	3,406,383
		Mr. S. Vasantha Kumara	Bills Received	913,867	-
Coco Lanka PLC	Parent	Dr. S. R. Rajiyah	Fund Transfers	61,532,200	117,200,002
		Mrs. I. R. Rajiyah	Acquisition of Subsidiary	-	146,875,000
		Mr. S. V. Rajiyah			
		Mr. S. Vasantha Kumara			
		Mr. L. M. Abeywickrama			
Renuka Agro Exports Limited	Affiliate	Dr.S.R.Rajiyah	Fund Transfers	21,666,360	30,688,379
		Mrs.I.R.Rajiyah	Bills Received	36,638,380	39,598,485
		Mr.S.V.Rajiyah	Packing Material Loan	818,797	1,084,063
		Mr. C. J. De. S. Amaratunga	Raw Material Loan	10,239,873	-
Renuka Products (Private) Limited	Subsidiary	Dr.S.R.Rajiyah	Bills Received	1,711,066	15,302,192
		Mrs.I.R.Rajiyah	Fund Transfers	6,240,304	671,944
		Mr.S.V.Rajiyah	Packing Material Loan	-	4,848,608
		Mr. S. Vasantha Kumara	Acquisition of Subsidiary	18,500,000	-
Kandy Plantations Limited	Sub Subsidiary	Dr.S.R.Rajiyah	Fund Transfers	32,653,314	35,846,115
		Mrs.I.R.Rajiyah	Transfer of Coconuts	37,706,055	34,206,724
		Mr.S.V.Rajiyah	Packing Material Loan	8,105	1,142,859
		Mr.W.Rajapakshe	Transfer of Kernel & Rejected Nuts	14,791,777	-
		Mr. S. Vasantha Kumara	Bills Received	9,549,294	-
Renuka Teas (Ceylon) (Private) Limited	Subsidiary	Dr.S.R.Rajiyah	Fund Transfers	17,600,000	38,803,600
		Mrs.I.R.Rajiyah	Packing Material Loan	451,097	2,807,092
		Mr.S.V.Rajiyah	Bills Received	5,601,843	3,781,537
		Mr. S. Vasantha Kumara			
Campbell Teas (Private) Limited	Sub Subsidiary	Dr.S.R.Rajiyah Mrs.I.R.Rajiyah Mr.S.V.Rajiyah	Fund Transfers	-	550,000
Renuka Shipping & Travel Limited	Affiliate	Dr.S.R.Rajiyah Mrs.I.R.Rajiyah Mr.S.V.Rajiyah	Fund Received/Transfers	3,850,000	1,787,610

Notes to the Financial Statements (contd.)

33.1 Transactions with Related Companies (Continued)

Name of the Company	Nature of Relationship	Name of the Common Director/s	Nature of Transactions	Amounts Received/(Paid)	
				2012 Rs.	2011 Rs.
Renuka Enterprises (Private) Limited	Affiliate	Dr. S.R. Rajiyah Mrs. I.R. Rajiyah Mr. S.V. Rajiyah	Fund Transfers	6,000,000	1,800,000
Renuka Holdings PLC	Affiliate	Dr. S.R. Rajiyah Mrs. I.R. Rajiyah Mr. S.V. Rajiyah Mr. L.M. Abeywickrama Mr. C. J. De. S. Amaratunga	Fund Recived	2,288,860	10,325
Richlife Dairies Limited	Subsidiary	Dr. S.R. Rajiyah Mrs. I.R. Rajiyah Mr. S.V. Rajiyah Mr. S. Vasanthakumara Mr. C. J. De. S. Amaratunga Mr. L.M. Abeywickrama	Fund Transfers Acquisition of Subsidiary	50,581,373 505,000,000	- -
Shaw Wallace Ceylon Limited	Affiliate	Dr. S.R. Rajiyah Mrs. I.R. Rajiyah Mr. S.V. Rajiyah Mr. S. Vasanthakumara Mr. L.M. Abeywickrama Mr. C. J. De. S. Amaratunga	Sales Fund Transfer	65,318,171 106,991,237	- -
Shaw Wallace Food services (Private) Limited	Affiliate	Dr. S.R. Rajiyah Mrs. I.R. Rajiyah Mr. S.V. Rajiyah Mr. S. Vasanthakumara Mr. L.M. Abeywickrama	Sales Fund Recived	41,652,498 26,137,633	- -
Symbiosis Business (Private) Limited	Common Director	Mr. L.M. Abeywickrama	Consultancy Services	3,370,840	427,045
Chadha Oriental Foods Limited	Common Director	Mr. J.E. Brennan	Purchase	58,760,053	688,600
Enco Products Limited	Common Director	Mr. J.E. Brennan	Purchase	87,235,131	14,323,298
B.Terfloth and cie (Canada)	Common Director	Mr. M. Terfloth	Purchase	22,645,814	28,405,412

The balances with the related parties are disclosed in Note 20 and 28 to the Financial Statements.

33.2 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

According to the Sri Lanka Accounting Standard No. 30 (Revised 2005) "Related Party Disclosures" Key Management Personnel are those having responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (Including non Executive and Executive Directors) has been classified as Key Management Personnel.

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Short-term employee benefits	4,105,000	2,800,000	4,105,000	2,800,000
Rent Paid	3,600,000	-	3,600,000	-
	7,705,000	2,800,000	7,705,000	2,800,000

Notes to the Financial Statements (contd.)



37.3 Directors of Group

Name of Director	RAFL	RTL	ROL	KPL	RPL	CTL	RTRL	CFL	CBL	RDL
Dr. S.R. Rajiyah (Chairman)	√	√	√	√	√	√	√	√	√	√
Mrs. I.R. Rajiyah	√	√	√	√	√	√	√	√	√	√
Mr. C.J. De. S. Amaratunge	√	-	-	√	-	-	-	-	-	√
Mr. S.V. Rajiyah	√	√	√	√	√	√	√	√	√	√
Mr L.M. Abeywickrama	√	-	-	-	-	-	-	-	-	√
Mr. S.Vasanthakumara	√	√	√	√	√	-	-	√	-	-
Mr. P.C.K. Abeykoon	√	-	-	-	-	-	-	-	-	-
Mr. W. Rajapakshe	√	-	-	√	-	-	-	-	-	-
Mr. J. Brennan	√	-	-	-	-	-	-	-	-	-
Mr. M. Terfloth	√	-	-	-	-	-	-	-	-	-
√ - indicates director										
Renuka Agrifoods PLC	RAFL									
Renuka Teas (Ceylon) Ltd	RTL	Campbell Teas (Pvt) Ltd				CTL				
Renuka Organics (Pvt) Ltd	ROL	Renuka Trading (Pvt) Ltd				RTRL				
Kandy Plantations Ltd	KPL	Ceylon Forestry (Pvt) Ltd				CFL				
Renuka Products (Pvt) Ltd	RPL	Ceylon Botanicals (Pvt) Ltd				CBL				
		Richlife Dairies Limited				RDL				

34. GROUP STRUCTURE

Name of the Company	Effective Holding	Nature of the Business
Renuka Organics (Private) Limited	100%	Export of organic certified products.
Renuka Teas Ceylon (Private) Limited	100%	Export of Tea products.
Campbell Teas (Private) Limited	100%	Export of Tea products.
Renuka Trading (Private) Limited	100%	Investment Property.
Richlife Dairies Limited	76%	Manufacturing of dairy and fruit juice based products.
Kandy Plantations Limited	50%	Organic cultivation of agricultural produce.
Renuka Products (Private) Limited	37.5%	Manufacture and sale of Soya Meat, Fish Products, Colourings, Essences and other agricultural produce.
Ceylon Forestry (Private) Limited	30%	Planting and managing of Forestry.
Ceylon Botanical (Private) Limited	30%	Investment in Agricultural property.

Real Estate Portfolio

Classification	Name of the Company	Location	Land Perches		No. of Buildings	Building in (Sq.ft)	Value (Rs.'000) Cost/Valuation
			Lease Hold	Free Hold			
Property, Plant & Equipment	Kandy Plantation Limited	Diwuldeniya	102,552		4	8,094	75,347
	Ceylon Botanical (Private) Limited	Matale		10,842			20,000
	Renuka Agri Foods PLC	Wathupitiwala	670		8	81,364	91,547
	Richlife Dairies Limited	Wadduwa		682	6	44,200	300,650
Investment Property	Renuka Trading (Private) Limited	Colombo 09		76	3	34,706	110,178

Five Year Summary

	2012	2011	2010	2009	2008
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
	Group		Company		
A) Summary of the Operation					
Revenue	1,972,627	1,220,896	1,090,513	1,086,298	670,451
Gross Profit	624,399	221,246	311,651	274,145	63,223
Profit before Finance Cost and Tax	349,300	148,031	197,078	196,587	31,520
Profit before Taxation	315,545	146,429	187,209	168,842	(1,212)
Taxation	1,146	(2,824)	(6,014)	(3,047)	(1,006)
Profit / (Loss) after Tax	316,692	143,605	181,195	165,795	(2,218)
Profit attributable to Equity Holders of the Company	311,410	144,009	181,195	165,795	(2,218)
B) Summary of Financial Position Capital and Reserves					
Stated Capital	552,453	552,453	552,453	282,453	282,453
Retained Earnings	601,019	335,274	242,432	88,861	(76,935)
Shareholders' Fund	1,153,472	887,727	794,885	371,314	205,518
Minority Interest	116,901	34,312	-	-	-
Total Equity	1,270,373	922,039	794,885	371,314	205,518
Liabilities					
Non-Current Liabilities	256,307	107,734	40,442	72,644	98,771
Current Liabilities	709,634	115,137	78,564	128,296	221,377
Total Liabilities	965,941	222,871	119,006	200,940	320,148
Total Equity and Liabilities	2,236,314	1,144,910	913,891	572,254	525,666
Assets					
Property, Plant and Equipments	1,217,806	528,020	298,761	288,639	287,724
Investment Properties	55,089	46,275	-	-	-
Other Non-Current Assets	276,472				
Current Assets	686,947	570,615	615,130	283,615	237,942
Total Assets	2,236,314	1,144,910	913,891	572,254	525,666
C) Key Indicators					
Earnings per share (Rs.)	0.78	0.36	0.57	0.59	(0.01)
Net Profit Margin (%)	16.05	11.76	16.62	15.26	(0.33)
Net Assets per Share (Rs.)	2.87	2.21	1.98	1.32	0.73
Dividends per share (Rs.)	0.10	0.10	0.10	-	-
Dividends Payout (%)	27.94	22.14	16.96	-	-
Dividend Cover (Times)	3.58	4.52	5.89	-	-
Interest Cover (Times)	35.47	92.36	19.97	8.33	1.27
Current Ratio (Times)	0.97	4.96	7.83	2.21	1.07
Gearing (%)	12.59	7.99	2.02	12.30	28.70
Return on Equity (%)	24.93	15.57	22.80	44.65	(1.08)

Shareholder Information

The issued ordinary shares of Renuka Agri Foods PLC are listed on the Divi Savi Board of the Colombo Stock Exchange (CSE).

	2012	2011
No of shareholders	2,990	3,816
No of Shares Listed	401,250,000	401,250,000

Ordinary Shareholders as at 31-03-2012

No of shares Held	No of Shareholders 2012	Total Shareholding 2012	%	No of Shareholders 2012	Total Shareholding 2012	%
1-1000	1,112	589,463	0.15	1,129	710,227	0.18
1001-10,000	1,303	6,185,950	1.54	1,830	8,888,968	2.21
10001-100,000	495	12,823,413	3.19	758	19,701,400	4.91
100,001-1,000,000	59	17,608,152	4.39	79	22,429,150	5.59
1,000,001 & Over	21	364,043,022	90.73	20	349,520,255	87.11
Total	2,990	401,250,000	100	3,816	401,250,000	100

Analysis of Shareholders	No of Shareholders 2012	No of Shares	%	No of Shareholders 2012	No of Shares	%
Individuals	2,893	367,431,863	91.57	3,703	125,121,285	31.18
Institutions	97	33,818,137	8.43	113	276,128,715	68.82
Total	2,990	401,250,100	100	3,816	401,250,000	100

Analysis of Shareholders	No of Shareholders 2012	No of Shares	%	No of Shareholders 2012	No of Shares	%
Resident	2,947	271,398,978	67.64	3,766	274,234,945	68.34
Non Resident	43	129,851,022	32.36	50	127,015,055	31.66
Total	2,990	401,250,000	100	3,816	401,250,000	100

Public Shareholding

The percentage of share held by public: 49.05% as at 31st March 2012 (2011- 43.88%)

Share Trading Information

	2012	2011
	Rs.	Rs.
Market Value		
Highest	7.10	7.70
Lowest	5.90	5.50
As at 31 st March	6.00	5.70
No of Trades	22,018	5,378
No of Shares Traded	228,649,436	44,515,400
Value of Share Traded (Rs)	1,577,472,876	296,074,840
Dividend		
Proposed/Paid(Rs)	78,645,000 (Rs.00.14 per share)	40,125,000 (Rs.00.10 per share)

Shareholder Information *(contd.)*

Top 20 Major Shareholders

	2012		2011	
	No of Shares	%	No of Shares	%
Coco Lanka PLC	201,000,000	50.09	201,000,045	50.09
Mr. Talib Tawfiq Al Nakib	37,222,667	9.28	24,601,800	6.13
Greven Holdings Ltd.	25,987,500	6.48	25,987,500	6.48
Grace Foods UK Ltd.	22,500,000	5.61	22,500,000	5.61
Grace Kennedy Ltd.	12,255,555	3.05	12,255,555	3.05
Mr. Adel Mustafa Thunayan Algahim & A.L.T.T. Al Naquib	10,325,200	2.57	13,198,200	3.29
Mr. Loay Mahamoud Saved Hamed Al Najib	6,510,400	1.62	9,272,300	2.31
Deutsche Bank - Namal Actulity Fund	5,871,600	1.46	-	-
Deutsche Bank - Namal Actulity Fund	5,368,200	1.34	-	-
Mr. Wayne Dunsford	5,000,000	1.25	5,000,000	1.25
Mr. Muthar Taufiq Talib Al Nakib	4,521,500	1.13	6,883,700	1.72
Mr. Kangasu Chelvadura Vignarajah	4,447,600	1.11	4,435,900	1.11
Mr. Raheel Ijaz & Mr. Amenah Raheel	3,479,500	0.87	3,479,500	0.87
Mr. Henry Anthony Pieris	3,377,500	0.84	3,377,500	0.84
Dr. Skantha Ranjit Rajiyah & Mrs Indumathi Renuka Rajiyah	3,300,000	0.82	3,300,000	0.82
Distilleries Company of Sri Lanka	2,620,400	0.65	-	-
Mr. Aasiri Manamohan Iddamalgoda	2,605,700	0.65	-	-
Mr. Thambi Lebbe Mohomed Imtiaz	2,305,300	0.57	-	-
Mr. Morarji Meghji Udeshi	2,029,400	0.51	2,319,400	0.58
Continental Insurance Lanka Ltd.	2,000,000	0.50	-	-
	362,728,022	90.40	337,611,400	84.15

Notice of Meeting

Notice is hereby given that the 12th Annual General Meeting of the Company will be held at the Sri Lanka Foundation Institute No.100, Independence Square, Colombo 7 on the 21st September 2012 at 9.00 a.m. for the following purposes.

1. To receive and consider the report of the Directors and the Statement of the Audited Financial Statement for the year ended 31st March 2012 with the report of the Auditors thereon.
2. To re-elect Mr. J. Brennan as a Director who retires by rotation in terms of Article No.102.
3. To re-elect Mr. M. Terfloth as a Director who retires by rotation in terms of Article No.102.
4. To re-elect Mr. C.J. De. S. Amaratunge who is above 70 years of age as a director in terms of section 211 of the Companies Act No.7 of 2007 and it is specifically declared that the age limit of 70 year referred to in section 210 of the Companies Act No.7 of 2007 shall not apply to the said C.J. De. S. Amaratunge.
5. To declare a dividend of Rs.0.14 per share.
6. To authorize the directors to determine the contribution to charity.
7. To re-appoint M/s KPMG Chartered Accountants as the auditors & authorize the Directors to determine their remuneration.

By Order of the Board

Sgd.

Renuka Enterprises (Private) Limited

Company Secretaries

8th August, 2012

Note:

- a) A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of the member, such proxy need not to be a member.
- b) A form of proxy is enclosed to this report.
- c) The completed form of proxy should be deposited at the registered office of the company, "Renuka House" 69, Sri Jinaratana Road, Colombo 2 on or before 9.00 a.m. on 19th September 2012 not less than 48 hours before the time of the meeting.

Form of Proxy



I/We.....

of.....

being a member/members of Renuka Agri Foods PLC, hereby appoint:

Dr. S.R. Rajiyah	(or failing him)
Mrs. I.R. Rajiyah	(or failing her)
Mr. C.J. De. S. Amaratunge	(or failing him)
Mr. L.M. Abeywickrama	(or failing him)
Mr. S.V. Rajiyah	(or failing him)
Mr. P.C.K. Abeykoon	(or failing him)
Mr. S. Vasanthakumara	(or failing him)
Mr. W. Rajapakshe	(or failing him)
Mr. J. Brennan	(or failing him)
Mr. M. Terfloth	(or failing him)

.....(NIC No.....) of

.....as my/

our proxy to represent me/us and to speak and to vote on my/our behalf at the Annual General Meeting of the Company to be held on 21st September 2012 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

- | | |
|--|--------------------------|
| 1. To receive and consider the report of the Directors and the Statement of the Audited Financial Statements for the year ended 31 st March 2012 with the report of the Auditors thereon. | <input type="checkbox"/> |
| 2. To re-elect Mr. J. Brennan as a Director. | <input type="checkbox"/> |
| 3. To re-elect Mr. M. Terfloth as a Director. | <input type="checkbox"/> |
| 4. To re-elect Mr. C.J. De. S. Amaratunge as a Director. | <input type="checkbox"/> |
| 5. To declare a dividend of Rs.0.14 per share. | <input type="checkbox"/> |
| 6. To authorize the Directors to determine the contribution to charity. | <input type="checkbox"/> |
| 7. To re-appoint KPMG, Chartered Accountants as Auditors and authorize the Directors to determine their remuneration. | <input type="checkbox"/> |

Dated this day of2012

..... Signature of Shareholder

- (a) A proxy need not to be a member of the Company
- (b) Instructions regarding completion appear overleaf

INSTRUCTIONS AS TO COMPLETION OF THE FORM PROXY

1. To be valid, the completed form of proxy should be deposited at the Registered Office of the Company at "Renuka House" No.69, Sri Jinaratana Road, Colombo 2, not less than 48 hours before the time of the meeting.
2. In perfecting the form of proxy, please ensure that all the details are legible.
3. Please indicate with an "X" in the space provided how your proxy to vote on each resolution. If no indication is given the proxy, in his discretion, will vote, as he thinks it.
4. In the case of a Company/Corporation, the proxy must be under its Common Seal which should be affixed and attested in the manner prescribed by its Articles of Association.
5. In the case of a proxy signed by the Attorney, the Power of Attorney must be deposited at the Registered Office at "Renuka House" No.69, Sri Jinaratana Road, Colombo 2, for registration.

Corporate Information

Name of Company

Renuka Agri Foods PLC

Registration No.

PB 1108/PQ

Legal Form

Quoted Public Company With Limited Liability

Principal Activity

Agri Business

Subsidiaries

Renuka Organics (Pvt) Ltd
Renuka Teas (Ceylon) (Pvt) Ltd
Renuka Products (Pvt) Ltd
Richlife Dairies Ltd

Board of Directors

Dr. S.R. Rajiyah - Chairman
Mrs. I.R. Rajiyah
Mr. P.C.K. Abeykoon
Mr. C.J. De. S. Amaratunge
Mr. S.V. Rajiyah
Mr. L.M. Abeywickrama
Mr. W. Rajapakshe
Mr. J. Brennan
Mr. M. Terfloth
Mr. Vasanthakumara

Company Secretary

Renuka Enterprises (Pvt) Ltd
69, Sri Jinaratana Road,
Colombo 2.

Registrars

S.S.P. Corporate Services (Pvt) Ltd
546, Galle Road,
Colombo 3.

Ultimate Parent Company

Renuka Group Limited

Registered Office

"Renuka House"
69 Sri Jinaratana Road,
Colombo 2
Telephone: 00941-11-2314750-5
Email: info@renukagroup.com
Fax: 00941 11-2445549

Postal Address

P.O. Box 961, Colombo

Stock Exchange Listing

Colombo Stock Exchange

Audit Committee

Mr. P.C.K. Abeykoon - Chairman
Mr. C.J. De. S. Amaratunge
Mr. L.M. Abeywickrama

Remuneration Committee

Mr. C.J. De. S. Amaratunge - Chairman
Mr. W. Rajapakshe
Mr. L.M. Abeywickrama

Auditors

KPMG Chartered Accountants

Legal Consultants

Nithya Partners - Attorney's at Law

Bankers

National Development Bank PLC
Hong Kong & Shanghai Banking Corporation Ltd
Commercial Bank of Ceylon PLC
DFCC Bank PLC

'RENUKA HOUSE', P. O. BOX 961, #69, Sri Jinaratana Road, Colombo 02, Sri Lanka
Tel: 94 - 11- 2314750 - 5, 2422694, Fax: 94 - 11 - 2445549
E-mail: inquiries@renukagroup.com
Website: www.renukagroup.com