



World Class Possibilities



OUR VISION

*To be a leading Sri Lankan Conglomerate
excelling through pioneering ventures
with a global presence by the year 2016.*

OUR VALUES

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

OUR ORIGINS

Renuka Holdings Plc traces its origins to a shipping company founded in the later part of the 19th century in then Ceylon.

The Cargo Boat Despatch Company was established in 1866 by Ana G. Mahamadu. In 1936 the late Alfred L. Thambiyah, Member of Parliament acquired the company from its then foreign owners and grew it to the forefront of shipping, trading and agriculture, accounting for the majority of the business of the Port of Colombo prior to nationalization in 1958. Although the company was facing great difficulties, to counter the adverse business climate Mr A.L.Thambiyah set about diversifying. During his tenure the company became a leading shipping agency house, set up Renuka Hotels Ltd and The Cargo Boat Development Co. PLC and became significant shareholders in Millers, Cargills and Hatton National Bank.

In the early 1970's nationalization of plantations and land took place, followed by the liberalization of the economy. In 1976 Renuka Enterprises was incorporated by Mr. Thambiyah's daughter Renuka, to commence business as an exporter of agricultural commodities. The export business grew by over 500% in the first 3 years, paving the way for investments in other areas. During this period the group also acted as a promoter for infrastructure development projects such as construction of the Victoria and Randenigala dams with foreign partners.

During the 1980's Renuka forayed into the value added export of Ceylon tea, manufacture and export of coconut products and logistics. In the late 1980's the Group was re-organized with certain shareholdings being divested.

Since the 1990's we have been on a path of rapid growth venturing into plantations, manufacture and export of organic certified products, portfolio management, forestry among others.

Today Renuka Holdings PLC is the holding company of a diversified organization and is responsible for the strategic direction of the group.

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CHAIRPERSON'S REVIEW

I am pleased to present the Twenty Ninth Annual Report of the company for the year ended 31st March 2009.

You would observe that the presentation of the current year annual report reflects the growth and diversity of the group.

Group Performance

The group profit before tax grew to Rs 476.6 million in the twelve months ended 31st March 2009. Consolidated profit after tax at Rs 472.9 million reflected a growth of 4013 per cent over the corresponding twelve months of the last year, while profit attributable to equity holders of the parent company was Rs 469.9 million compared to Rs 11.5 million for the same period last year. Turnover for the period reviewed both pre & post acquisition grew to Rs 1.8 billion, while total assets of the Group increased to Rs 1.8 billion as at 31st March 2009. Earnings per share increased to Rs 62.66 for the twelve months of 2008-2009 and net assets per share grew to Rs 115.97.

At Company level Renuka Holdings continued investing in listed shares taking advantage of the subdued market conditions due to low investor confidence which created opportunities in both fundamentally long term investments and trading opportunities. The all share price index (ASPI) closed at 1638.06 and Milanka price index (MPI) closed at 1736.20 as at 31st March 2009 accounting for depreciation of 35.8% and 45.4% respectively against the comparative period last year.

Strategic Direction

During the period under review Renuka Holdings acquired Renuka Agro Exports Ltd, Renuka Enterprises (Pvt) Ltd and Ceylon Forestry (Pvt) Ltd transforming itself to a diversified organization engaged in the sectors of Agri business (plantations, manufacturing and marketing) and investment and services (development, forestry; logistics and Shipping; management and promoter services and Tourism real estate). Among its group companies is Coco Lanka PLC which is a listed Agri Business Company.

The organization structure for the company and group will also be different when we look into the future. Various investment, control and operational aspects of the group will be overlooked by an executive committee and an investment committee headed by the Group Managing Director. The Group has also set up a corporate affairs office through its management subsidiary, Renuka Enterprises (Pvt) Ltd at holding company level. Group companies would carry on with their operations through the Board of Directors of the companies concerned.

Future Investments

During the year, the group continued to invest in property, plant, equipment and development projects. Our continued investments reflect the confidence that we have in the strength of our businesses.

Today, at the dawn of the long awaited peace, enterprises must start up and communities must aspire to a sustainable prosperity. Thus the group will continue to explore opportunities, expansion and growth while being watchful of local and global market conditions. Currently we are undertaking feasibility studies to optimize our unutilized land assets whether in existing or new business areas.

Corporate Social Responsibility

Your company continues to believe that CSR is a concept that integrates business interest with responsibility for social progress.

CSR goes beyond the function of providing employment, generating income that form a part of the gross domestic product and the introduction of advances in technology. It involves concern for the environment and the needs of society our examples being medical facilities on our plantations and reduction of carbon dioxide emissions.

Acknowledgement

I wish to express my sincere appreciation to all our employees and my fellow directors for their assistance and co-operation given to me and also thank our customers, bankers, suppliers and principals for their continued patronage and support.

Mrs I.R.Rajiyah
Chairperson

19th August 2009

OPERATING HIGHLIGHTS

	GROUP		COMPANY		
	2009 Rs. ('000)	2008 Rs. ('000)	2009 Rs. ('000)	2008 Rs. ('000)	
Results for the period					
Revenue	140,815	11,636	9,872	11,036	
Operating profit before Tax	476,634	11,869	12,432	11,708	
Profit after Tax	472,943	11,499	11,289	11,338	
Dividend Paid/ Proposed	15,000	6,000	15,000	6,000	
At the year end					
Stated Capital	75,000	75,000	75,000	75,000	
Shareholders' Funds	869,758	405,779	138,807	133,518	
Market Capitalization	356,250	558,750	356,250	558,750	
Information per Ordinary Share					
Earnings	62.66	1.53	1.51	1.51	
Net Assets Value	115.97	54.11	18.50	17.80	
Market Value	47.5	74.50	47.50	74.50	
Dividend Paid/ Proposed	2.00	0.80	2.00	0.80	
Ratios					
Return on Shareholders' Funds	%	54.4	2.83	8.13	8.50
Liquid Assets	Times	1.68	21.09	1.21	21.34
Price Earnings	Times	0.76	48.69	31.45	49.33

OPERATIONS REVIEW

**AGRIBUSINESS
Plantations, Manufacturing and Marketing**

The Agribusiness sector has delivered good results in a difficult year for the Group and maintained its margins and market share in a very competitive international market. Consistent focus on operational efficiencies to reduce cost and stringent financial management has delivered better results. Our subsidiaries are:

Coco Lanka PLC is a public listed company on the main board of the Colombo Stock Exchange focusing on investments in agriculture ventures.

COCONUT PRODUCTS

Renuka Agrifoods Ltd is a partnership with an overseas food company and it manufactures and markets a range of premium coconut products; coconut milk powder, aseptic coconut milk, canned coconut milk, creamed coconut, defatted coconut among others.

The business recorded a turnover of 1.07 billion which was 401 million more than the previous years. The total production during the year stood at 5073 Mt compared to the previous year figure which was 3963 Mt. The Company accounted for 28% of the nations non traditional value added coconut kernel products exported during the period under review.

Our own brand coconut products are available in 34 international markets. Renuka is our premium brand, whereas Cocomi is positioned as our price fighter and Sun Island which is symbolic of Sri Lankan origin is focused on the food ingredient channel. Over 50% of our total sales are our own brands of which around 5% is to the local market.



ETHNIC FOODS

Renuka Agro Exports Ltd is engaged in the export of desiccated coconut, creamed coconut and ethnic food products; spices, curry powders, ready to eat mixes and rice. All products are for export and have shown a year on year growth. Turnover recorded was 220.5 million compared to 107.6 million in 2007/2008. All ethnic foods are exported under our Lanka Kitchen brand giving Sri Lankans overseas a taste of home.



ORGANIC FOODS & BEVERAGES

Renuka Organics (Pvt) Ltd is the Organic License holder and through its subsidiaries Renuka Witsenburg Organics (Pvt) Ltd and Kandy Plantations Ltd, they cultivate, manufacture and export organic products; canned fruits, fruit relishes, fruit beverages, spices and virgin coconut oil. Organic products are only for export and sales have more than tripled to 84.7 million for 2008/2009 from 23.1 million in 2007/2008. Organic products provide better value addition and are less susceptible to market conditions. Steps taken in 2008/2009 with regard to the Organic business will bear fruits in years to come.

The Renu Organic brand is available in the Netherlands, Germany, Scandinavia and UAE. The intention is to roll out the brand throughout Europe by centrally warehousing and distributing from the Netherlands.



TEA

Renuka Teas (Ceylon) Ltd manufactures and exports Ceylon black, green, flavoured and herbal tea in bulk, packets, tea bags and speciality packaging. The company recorded a turnover of 161 million compared to 204 million in the previous year. We are a Niche player focusing on speciality teas. 100% of our exports were under our brand Renute during the period.



NEW MARKETS

The company successfully entered Kuwait, Russia, Palestine, Iran, Trinidad & Tobago and Japan with our own brands during the period. Renuka Agro Exports Ltd and its subsidiaries are committed market and research led developers with a constant stream of new products that anticipate changes in customer demand around the globe. Our products are available in 61 countries and our facilities are HACCP, ISO 22000 and British Retail Consortium global standard certified.



INVESTMENT & SERVICES -
 Development, Forestry, Logistics & Shipping,
 Management & Promoter Services, Tourism real estate

DEVELOPMENT

Renuka Developments Ltd owns valuable real estate in central Colombo. Initially the company had decided to build a commercial cum residential complex and these plans had been postponed due to the subdued nature of the real estate market. Project feasibilities have been carried out how best to utilize this asset. The company has now made a decision to enter into a new business sector which will utilize the land to construct and operate a health-care related facility. The project is in its preliminary stage although the concept has been finalized. We expect this to become a key business in the future.



FORESTRY

Ceylon Forestry (Pvt) Ltd was established in 2008 and is our maiden entry into the world of forestry. With growing demand for forestry products the company intends to plant and manage sustainable forestry while being profitable for both itself and its investors. Our first site has been completed in Matale and consists of Teak, Broadleaf Mahogany and Khaya planted from our own nursery. We have a total of 60,000 plants. During the financial year we have also done test sites of imported and Indigenous species. The project will register with the clean development mechanism of the United Nations frame work for climate change and with the clean development gold standard.



LOGISTICS & SHIPPING

Renuka Travel & Tours (Pvt) Ltd is in the business of providing logistics services.

The Cargo Boat Despatch Company Ltd is the oldest shipping house and stevedoring company in Sri Lanka. We are agents for leading international shipping companies, clearing and forwarding agents, cargo consolidators and representatives for several leading non vessel operating common carriers.



MANAGEMENT & PROMOTER SERVICES

Renuka Enterprises (Pvt) Ltd is engaged in the provision of Finance, Information Technology, Human Resources, Legal and Secretarial services to Group companies.

It also acts a promoter to foreign principles in the various developments projects in Sri Lanka.



TOURISM REAL ESTATE

Renuka Resorts Ltd owns prime coastal land in the Eastern province of Sri Lanka and with the dawn of new era of peace the company will look at utilizing its land holdings.



FINANCIAL REVIEW

Group Revenue

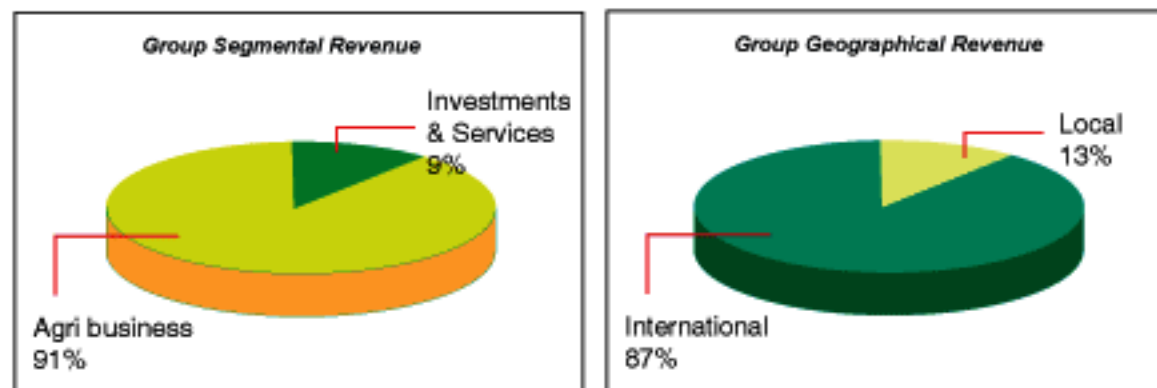
The group achieved the highest consolidated revenue figure of Rs 140.8 Mn (pre & post acquisition for the group was Rs. 1.8 Bn) ever recorded from last year revenue of Rs 11.6 Mn.

Segmental Contribution to the Group Revenue

Group revenue includes the Company's core activity of Investment. The major revenue contributor for the group was Agri business with 91%.

Export Revenue

The group's export revenue was Rs. 122.4 Mn. The major overseas market of the group continues to be Europe, accounting for 60.1% of the total export revenue.



Profit from Operations

Profit from operations of the group for the year under review was Rs 476.6 Mn as against Rs 11.9 Mn in the previous year, a growth of 3905%.

Profit after Tax

The company recorded a consolidated profit after tax of Rs 472.9 Mn during the year under review representing significant increase relative to the year 2007/2008 figure of Rs 11.5 Mn.

Cost of Sales

The Company's consolidated cost of sales recorded at Rs 96.4 Mn as against the Rs 0.4 Mn in 2007/2008. The increase compared to year 2007/2008 is mainly due to proportionate increase in business volume.

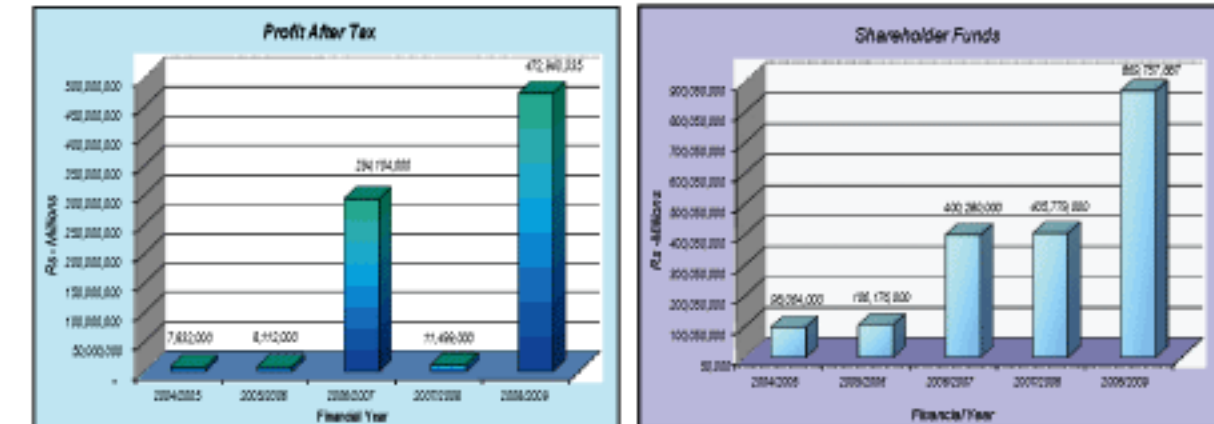
Cost of sales comprises direct material, wages, utilities and variable production overheads.

Finance Costs

The net consolidated finance cost for year 2008/2009 was Rs 2.8 Mn. The composition of the net finance cost represents interest cost on borrowings during the year.

Non-Current Assets

Non-current assets of the group increased from Rs 307 Mn in 2007/2008 to Rs 1.2 Bn in 2008/2009, an increase of Rs 931 Mn against last year. This increase is mainly attributed to the group making capital investments on plant & machinery and buildings.

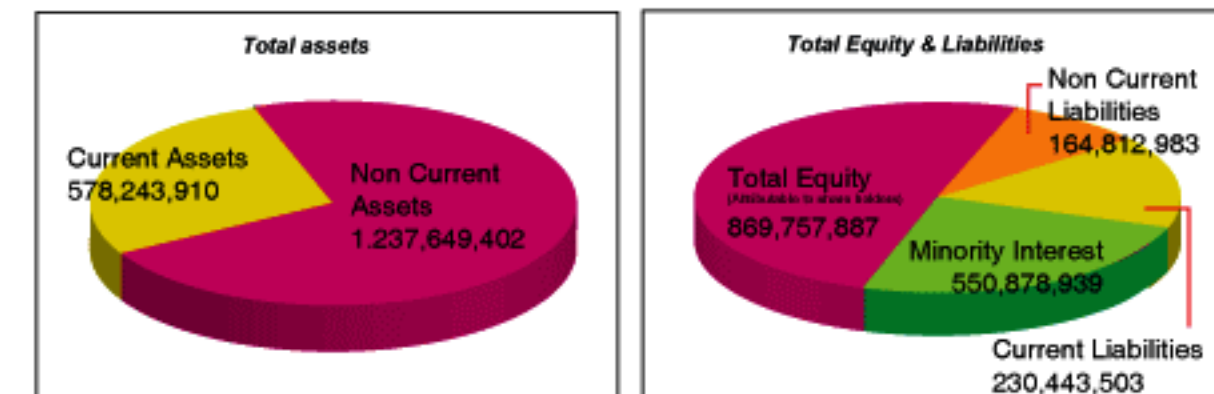


Total Assets

Total asset of the group increased from Rs 410.7 Mn in 2007/2008 to Rs 1.8 Bn in 2008/2009, an increase of 339% against last year.

Current Assets

Current assets of the group increased from Rs 103.7 Mn in 2007/2008 to Rs 578.2 Mn in 2008/2009, an increase of Rs 474.5 against last year.



Earning per Share (EPS)

The Company recorded a basic consolidated Earning per Share (EPS) of Rs 62.66, an increase of Rs 61.1 from previous year's EPS of Rs 1.53. The market price of RHL share was Rs 47.50 as at 31st March 2009, compared with the previous year end price of Rs 74.50. In accordance with market situations, our share price reached to Rs. 59.75 and dropped to low of Rs. 40 during the year.

Total Equity

Total equity of the group increased by Rs. 465 Mn over 2007/2008 to stand at 870 Mn at the end of financial year 2008/2009. Equity increase was mainly due to the increase in current year profits.

BOARD OF DIRECTORS

Mrs. I. R. Rajiyah

Mrs Rajiyah is qualified in business studies from the United Kingdom. She has over 35 years experience in founding and running businesses. She is a fellow of the British Institute of Management.

Dr. S. R. Rajiyah

Dr Rajiyah holds a MBBS from the University of Ceylon, Colombo faculty and he is a medical doctor by qualification. He has over 30 years experience in founding and running businesses. He is a member of the Policy and Advisory Committee on Coconut of the Ministry of Plantation Industries.

Mr P.C.K. Abeykoon

Mr Abeykoon is an experienced and qualified financial specialist. An associate of the Institute of Chartered Accountants of Sri Lanka. A fellow member of Society of Cost Management Accountants of Sri Lanka, having over 15 years of professional experience in business. He holds a Bachelors' Degree in Business Management from the University of Sri Jayewardenepura and a Master Degree in Business Administration from the Postgraduate Institute of Management, University of Sri Jayewardenepura.

Mr L.M. Abeywickrama

Mr. Abeywickrama is a Management consultant and trainer with over 20 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.

Mr. S. V. Rajiyah

Mr. Rajiyah is a graduate in Management from the Warwick Business School, United Kingdom. He has 8 years experience in General Management. His direct interests include corporate strategy, international brand marketing and development studies.

Mr. C. J. De S. Amaratunga

Mr. Amaratunga is an attorney at law and Notary Public having 40 years experience in all civil branches of the law including Commercial Corporate Convenancing and Litigation. Currently senior partner of M/s Dissanayake Amaratunga Associates, attorneys at law solicitors and notaries public.

Mr. M. S. Dominic

Mr. Dominic holds a BSc Hons in Information Technology from the University of South Bank, United Kingdom. He has over 25 years of experience in the Information Technology field.

REPORT OF THE BOARD OF DIRECTORS

General

The Directors of Renuka Holdings PLC have the pleasure in submitting their Twenty ninth Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2009.

These accounts were approved by the Board of Directors on 14th of August 2009.

The details set out herein provide the pertinent information required by the Companies Act No 7 of 2007 and the Colombo Stock Exchange listing rules.

Review of the Year

The Chairperson's statement and review of the business set out the state of affairs & performance of the company during the year and also incorporates events subsequent to the Balance Sheet.

Principal Activities

The company carries on the activity of investing in subsidiary companies, shares listed on the Colombo Stock Exchange and debt instruments.

Ultimate Parent

The ultimate holding company is Renuka Group Limited.

Dividend

The Board of Directors have recommended a payment of a first & final dividend of Rs 2/= per share payable for 2008/09.

The total value of Rs 2/= per share distributed to shareholders comprises partly of tax free dividends received by the company and which will be free of income tax in the hands of the shareholders.

The Directors have confirmed that the company satisfies the solvency test requirement under section 56 of the Companies Act 7 of 2007 for the dividend proposed. A Solvency certificate has been sought from the Auditors of the Company.

Directors

The Directors of the company are set out in the corporate information.

In accordance with the Articles of Association Mr.C.J.De.S.Amaratunge Retires in terms of Article 102 of the Articles of Association of the company and being eligible offers himself for re-election with the unanimous support of the Board.

Directors Shareholding

	2008/2009	2007/2008
Dr. & Mrs S. R. Rajiyah (Jt)	200,000	100,000
Mr.S.V.Rajiyah	154,000	154,000
Mr.C.J.De.S.Amaratunge	1,000	-

Director's Interest in Contracts

The Director's have made a disclosure provided for in section 192(2) of the Companies Act 7 of 2007 note No. 31 to the financial Statements dealing with the related party disclosure includes details of their interest.

Statutory Payments

The Directors are satisfied that all statutory payments in relation to government have been made up to date.

Audit Committee

The following non –Executive Independent Directors of the Board are members of the Audit Committee Mr.P.C.K.Abeykoon, Mr.C.J.De.S.Amaratunge and Mr. L.M. Abewickrama details are given on page No 18.

Corporate Governance

Systems and procedures are in place as good corporate governance is an important component in the corporate culture. Details are given on page No 16-18.

Revenue

The revenue of the group was 140.8 Mn (pre & post acquisition for the group was Rs. 1.8 Bn)

Market value of investments

The details are shown in page No 49 and 50

Major holdings

The twenty major shareholders as at 31st March 2009 are given on page No 61

Stock market information

Information relating to share trading are given on page No 60 and 61

Auditors

Messrs Kreston M.N.S. & Co Chartered Accountants have signified their willingness to continue in office and are recommended for re-appointment

Notice of Meeting

The notice of meeting of the 29th Annual General Meeting is given on page 62

By the Order of the Board

M.Sakthivel
Company Secretary

19th August 2009

CORPORATE GOVERNANCE

Renuka Holdings PLC continues to be committed to conducting the companies business ethically and in accordance with high standards of corporate governance. We set out below the corporate governance practices adopted and practiced by RHL against the back drop of the rules set out in sections 6 of the Colombo Stock Exchanges listing rules.

Rule No	Subject	Application requirement	Compliance Status	Details
6.1 (a)	Non Executive Director	At least one third of the total number of Directors should be Non Executive Directors	Compliant	Four of Seven Directors and Non-Executive Directors
6.2 (a)	Independent Directors	Two or one third of Non Executive Directors, whichever is higher should be Independent	Compliant	All Four Non Executive Directors are Independent
6.2 (b)	Independent Directors	Each Non Executive Director should submit a declaration of independence/non-independence in the prescribed format	Compliant	Non Executive Directors have submitted the declaration
6.3 (a)	Disclosure relating to Directors	Names of independent Directors should be disclosed in the Annual Report	Compliant	Please refer page 18
6.3 (b)	Disclosure relating to Directors	The basis for Board to determine a Director as independent, specified criteria for independence is not met	Compliant	Not applicable
6.3 (c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report including the areas of expertise	Compliant	Please refer page 12
6.3 (d)	Disclosure relating to Directors	Forthwith provide a brief resume of new Directors appointed to the Board with details specified in 6.3 (d) to the CSE	Compliant	Not applicable
6.5	Remuneration Committee	A listed company shall have a Remuneration Committee	Not applicable	Please refer page 18
6.5 (a)	Composition of Remuneration Committee	Shall comprise of Non-Executive Directors majority of whom will be independent	Not applicable	As above
6.5 (b)	Functions of Remuneration Committee	The Remuneration Committee shall recommend the remuneration of Chief Executive Officer and Executive Directors	Not applicable	As above

Rule No	Subject	Application requirement	Compliance Status	Details
6.5 (c)	Disclosure in the Annual Report relating to Remuneration Committee	The Annual Report should set out: a) Names of Directors comprising the Remuneration Committee b) Statement of Remuneration Policy c) Aggregated remuneration paid to Executive & Non Executive Directors	Not applicable	As above
6.6	Audit Committee	The company shall have Audit Committee	Compliant	Names of the members of the Audit Committee are stated on Page 18
6.6 (a)	Composition of Audit committee	Shall comprise of Non Executive Directors a majority of whom will be independent	Compliant	Audit Committee consists of three Independent Non Executive Directors
		One Non Executive Director shall be appointed as the Chairman of the committee	Compliant	Chairman of the Audit Committee is an Independent Non Executive Director
		Chief Executive Officer and the Chief Financial Officer should attend Audit Committee Meetings	Compliant	Chief Executive Officer and Chief Financial Officer attend by invitation
		The Chairman of the Audit Committee or one member of a professional accounting body	Compliant	Member of the Audit Committee is a Chartered Accountant
6.6 (b)	Audit Committee functions	Should be as outlined in the Section 6 of the listing rules	Compliant	The terms of reference of the Audit Committee adopted by the Board
6.6 (c)	Disclosure in the Annual Report relating to Audit committee	a) Names of Directors comprising the Audit Committee b) Audit committee shall make a determination of the independence of the Auditors and disclose the basis of such determination. c) Annual Report shall contain a report of the audit committee setting out of manner of compliance of the functions	Compliant	Please refer page 18
			Compliant	Please refer audit committee report on page 18
			Compliant	Please refer audit committee report on page 25

Board of Directors

The Board of Directors is responsible for setting up governance framework within the company.

Composition and attendance at meetings

The board of directors consist of 7 Directors - 4 Non Executive Directors and 3 Executive Directors including the Chairman. These Directors are named below and their profiles are given on page 15. The Board meets quarterly as a matter of routine. The attendance at the meetings for 2008/9 was:

Name of Director	Classification of Directors	Attendance
Dr S.R.Rajiyah	Executive	4
Mrs I.R.Rajiyah	Executive	4
Mr S.V.Rajiyah	Executive	4
Mr L.M. Abeywickrama	Independent Non Executive	4
Mr C.J.De.S.Amaratunga	Independent Non Executive	4
Mr. P.C.K. Abeykoon	Independent Non Executive	4
Mr. M. S. Dominic*	Independent Non Executive	-

* Appointed on 21/05/2009

The Remuneration Committee

The board of directors of the company has resolved not to have a remuneration committee as the company has no employees.

The Audit Committee

The audit committee presently consists of three directors namely, Messer's Mr. C.J. De.S.Amaratunge, Mr. P.C.K. Abeykoon and Mr L.M. Abeywickama. The purpose of the audit committee is to oversee the internal audit policy of the Company and to ensure that the company complies with applicable financial standards and laws. In addition, it ensures high standards of transparency and corporate disclosure and endeavours to maintain appropriate standards of responsibility, integrity and accountability to the shareholders. The committee meets every quarter.

SUSTAINABILITY REPORT

ECONOMIC PERFORMANCE

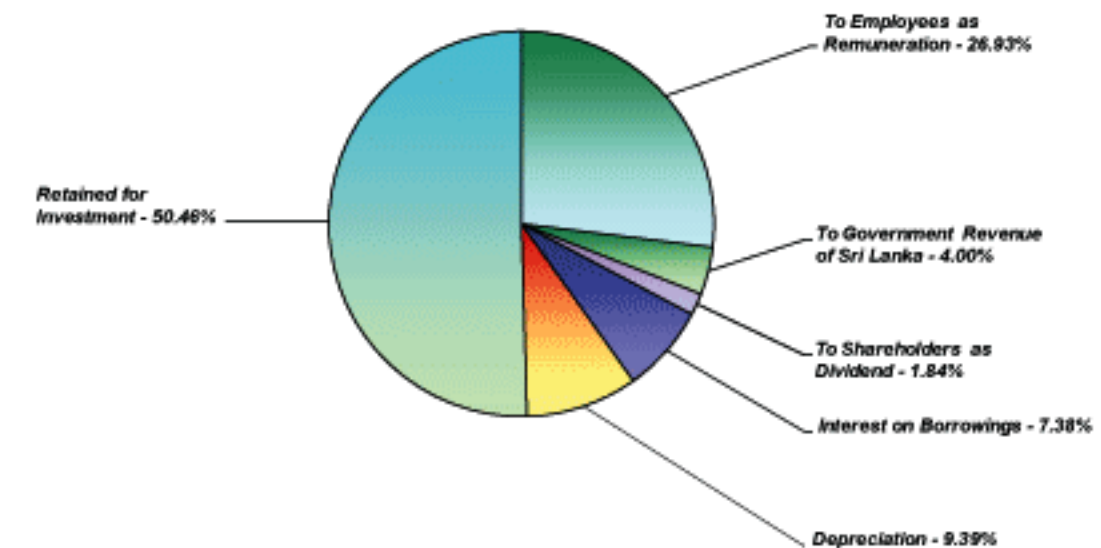
Group turnover grew despite being one of the most challenging years for Renuka in the recent time. Increase in cost of production as a result of high energy and other input cost, high levels of domestic bank lending rates, stronger rupee against the dollar and lately the global economic slow down created a rather hostile economic environment for the group. The group continued to focus on bringing up internal efficiencies to work processes and rationalizing businesses where possible to counter the challenges.

Global Presence

Principal export markets out of 61 countries exported to.



Group Value Addition 2008/09



SOCIAL PERFORMANCE

Manpower Strength as at 31st March, 2009 (No.)

Directors, Executives & Confidential Secretaries	74
Clerical, Supervisory & Minor Staff	106
Manual Grades	430

Total 610

Manpower by area of expertise

Marketing & Business Development	2
Procurement & Supplies	6
Manufacturing	409
Plantations	104
Quality & Research & Development	41
Logistics & Shipping	10
Finance & Information Technology	15
Administration & Human Resources	13

Professional / Academic Qualifications of Executives

Degree/ Diplomas – Science	43
Degree/ Diplomas – Humanities	16
Master's in Business Administration/ Masters Other	09

Gender Breakdown for Executive, Clerical & Manual Categories

Female	61 %
Male	39 %

Employee Training and Development



We are committed to conduct continuous training & development programs for all positions of employees in the organization designed to an annual plan. Induction training is carried out among the new recruits covering the areas of organization's vision, values, personnel practices, and health / hygiene & safety rules together with discharging their duties. Apart from that training programmes are also scheduled for on the job training, informal training, classroom training conducted to target employee specialization. Intensive training programs are aimed at Total quality & Safety Management, Total Productive maintenance and information technology all of which help to update skills and techniques which in turn increase the productivity & quality of work. Increased productivity together with higher quality results in greater levels of customer satisfaction.

In-house Medical Facilities

A qualified doctor visits the factories and plantations weekly providing medical treatment and advice to the employees and on the plantations to their families as well.



Out-grower Program

Under the Renuka Organic out-growers scheme over 90 hectares of organically cultivated agriculture land has been certified. Based on the prevailing farm-gate price the produce are bought by company appointed collectors. These farm units are visited by our agriculture extension Officers who provide technical knowledge for better management of farm units under EEC and USDA-NOP organic regulations.

Major Overseas Investment Partners in Sri Lankan Projects

Partner	Partnership
Grace Foods (UK) Ltd , United Kingdom	8% of Renuka Agrifoods Ltd
Greven Holding Ltd, Bahamas	9.2% of Renuka Agrifoods Ltd
Martin Witsenburg Holding BV, Netherlands	50% of Renuka Organics (Pvt) Ltd
Witsenburg Natural Products BV, Netherlands	28.6% of Kandy Plantations Ltd
Hockley Associates, United Kingdom	40% of Ceylon Forestry (Pvt) Ltd

PRODUCT RESPONSIBILITY

Our Approach

Renuka Holdings PLC has a diverse portfolio of products and services offered to its customer base. We report on some of our initiatives in this area, such as safeguarding the health and safety of our customers, fulfilling their rights in terms of product information and labeling and quality assurance

Product Responsibility in Practice

Our pursuit of responsibility begins with responsible strategy, building in safety, quality, social and environmental consciousness, ethics, ensuring human rights across processes from manufacture through marketing to consumption and more. It is this approach that has placed Renuka amongst the world's top sources in its key export businesses, has enabled a growing market share for its domestic products and has made its brands synonymous with 'quality'.

Accreditation of Quality

In the mutual interests of customers and ourselves, we sought and have obtained some of the world's most prestigious accreditations- HACCP, BRC (British Retail Consortium for Consumer products) and ISO 22000. We were pioneers in obtaining HACCP accreditation for the Group's tea factory and BRC certification in respect of the export of Coconut Products.



ENVIRONMENTAL PERFORMANCE

HOW WE CARE FOR OUR ENVIRONMENT

Effluent Treatment Plants

The effluent plants are designed to purify the discharged water from our factories as per Central Environmental Authority standards. For example one of our plants has a high capacity to hold 100,000 liters of water with 2500 Biological Oxygen Demand (BOD) and 5000 Chemical Oxygen Demand (COD), thus being able to discharge waste water in an environmentally friendly manner. The treated water is also used for gardening purposes of factory surroundings.



Going Green - Carbon Emission reduction

At one of the manufacturing facilities we have converted from using furnace oil to our own agriculture by product for energy generation reducing emission of 4,400 tons of CO₂ per annum.



Company Tree Planting Day-Out

A company Tree Planting Day was organized on 5th June 2008.

STATEMENT OF DIRECTORS RESPONSIBILITIES

The Company's Act No.7 of 2007 places the responsibility on the Directors to prepare financial statements for each year comprising a balance sheet, and statements of income, cash flows and changes in equity along with the accounting policies and notes thereto, which give a true and fair view of the state of affairs of the Company and the Group at the Balance Sheet date and the results for that financial year. The Act also places the responsibility on the directors to maintain adequate accounting records to be able to disclose with reasonable accuracy, the financial position of the Company and the Group and for ensuring that the financial statements are prepared and presented in accordance with the Sri Lanka Accounting Standards and provide the information required by the companies act.

M/s Kreston MNS & Co audits our accounts. Their responsibilities as the auditors of these accounts differ from that of the Directors and are set out in the Independent Auditors Report (Page 26)

Considering the present financial position of the Group and the forecasts for the foreseeable future, the Directors have adopted the going concern basis for the preparation of these financial statements. The Directors confirm that these financial statements have been prepared in accordance with the companies Act No.7 of 2007 and the Sri Lanka Accounting Standards, which have been consistently applied and supported, by reasonable and prudent judgments and estimates. The Directors are responsible for the proper management of the resources of the company. The internal control system has been designed and implemented to obtain reasonable but not absolute assurance that the Company is protected from undue risks, frauds and other irregularities. The directors are satisfied that the control procedures operated effectively during the year.

The Directors confirm that all statutory payments have been made up to date.

By order of the Board

M. Sakthivel
Company Secretary

19th August 2009

AUDIT COMMITTEE REPORT

The purpose of the Audit committee is to assist the Directors fulfill their responsibility with regard to certain aspects of best corporate governance practices, namely audit and risk management. The audit committee is empowered to review the activities and financial affairs of the company. The audit committee is satisfied that a strong control environment arising from the effectiveness of organizational structures and compliance with the company's accounting and operational policies is prevalent within the company. By their very nature, these controls provide reasonable, but not absolute, assurance that the financial positions of the company is well managed, and to the extent possible, systems are in place to minimize the impact of identifiable risks.

Mr. C. J. De S. Amaratunga
Chairman
Audit Committee

19th August 2009

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF RENUKA HOLDINGS PLC

Report on the Financial Statements

We have audited the accompanying Financial Statements of RENUKA HOLDINGS PLC which comprise the consolidated Balance Sheet of the company and its subsidiaries as at 31st March 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a Summary of Significant Accounting Policies and other explanatory notes, exhibited on pages 31 to 58.

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 Statement are free from material misstatement.

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

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

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31st March 2009 and the Financial Statements give a true and fair view of the state of affairs of the Company as at 31st March 2009, and its Profit and Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the Consolidated Financial Statements give a true and fair view of the state of affairs as at 31st March 2009 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 concern the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

In our opinion, these Financial Statements also comply with the requirements of Section 151 (2) and Section 153 (2) to 153 (7) of the Companies Act No. 07 of 2007.

(Sgd) KRESTON MNS & CO
CHARTERED ACCOUNTANTS
COLOMBO.
25TH AUGUST 2009

INCOME STATEMENT

FOR THE YEAR ENDED

	Note	Consolidated		Company	
		31.03.2009 Rs.	31.03.2008 Rs.	31.03.2009 Rs.	31.03.2008 Rs.
Revenue	3 & 35	140,815,365	11,635,896	9,871,541	11,035,896
Cost of Sales		(96,384,915)	(434,213)	-	-
		<u>44,430,450</u>	<u>11,201,683</u>	<u>9,871,541</u>	<u>11,035,896</u>
Other Income	4	5,528,764	1,086,016	3,214,366	1,049,487
Distribution Expenses		(4,080,967)	-	-	-
Administrative Expenses		(13,924,442)	(344,862)	(429,007)	(309,012)
Other Expenses		(969,632)	(73,962)	(224,454)	(68,362)
Finance Cost	5	(2,775,818)	-	-	-
Negative Goodwill on Acquisition of Subsidiaries	6	448,426,135	-	-	-
Profit before Taxation	7	<u>476,634,490</u>	<u>11,868,873</u>	<u>12,432,436</u>	<u>11,708,007</u>
Taxation	8	(3,691,155)	(370,000)	(1,143,000)	(370,000)
Profit for the year		<u>472,943,335</u>	<u>11,498,873</u>	<u>11,289,436</u>	<u>11,338,007</u>
Attributable to :					
Equity Holders of the Company		469,978,679	11,498,873	11,289,436	11,338,007
Minority Interest		2,964,656	-	-	-
		<u>472,943,335</u>	<u>11,498,873</u>	<u>11,289,436</u>	<u>11,338,007</u>
Earnings Per Share	9	62.66	1.53	1.51	1.51
Dividend per Share	10	0.80	0.80	0.80	0.80

The Accounting Policies and Notes on pages 31 to 58 form an integral part of these Financial Statements.

BALANCE SHEET AS AT	Note	Consolidated		Company	
		31.03.2009 Rs.	31.03.2008 Rs.	31.03.2009 Rs.	31.03.2008 Rs.
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	11	636,907,577	-	-	-
Intangible Assets	12	131,932	-	-	-
Investment Property	13	307,000,000	307,000,000	-	-
Value of Immovable Assets on Lease	14	66,000,000	-	-	-
Immature Plantations	15	3,145,971	-	-	-
Investment in Subsidiaries	16 (a)	-	-	123,000,000	35,000,000
Other Investments	16 (c)	224,463,922	-	-	-
		<u>1,237,649,402</u>	<u>307,000,000</u>	<u>123,000,000</u>	<u>35,000,000</u>
Current Assets					
Inventories	17	191,850,707	-	-	-
Short Term Investments in Shares	18	54,680,172	66,695,049	54,680,172	66,695,049
Trade and Other Receivables	19	168,971,763	24,961,874	132,331	24,851,874
Income Tax Refund Due	29	7,489,820	-	-	-
Amounts due from Related Company	20	4,051,020	-	-	-
Short Term Investments in Deposits	21	113,385,675	11,815,083	33,746,980	11,815,083
Cash at Bank and Cash in Hand	22	38,014,753	223,426	-	-
		<u>578,243,910</u>	<u>103,695,432</u>	<u>88,559,483</u>	<u>103,362,005</u>
Total Assets		<u>1,815,893,312</u>	<u>410,695,432</u>	<u>211,559,483</u>	<u>138,362,005</u>
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	23	75,000,000	75,000,000	75,000,000	75,000,000
Retained Earnings		794,757,887	330,779,208	63,807,778	58,518,342
Total Equity Attributable to the Equityholders of the Company		<u>869,757,887</u>	<u>405,779,208</u>	<u>138,807,778</u>	<u>133,518,342</u>
Minority Interest		550,878,939	-	-	-
Total Equity		<u>1,420,636,826</u>	<u>405,779,208</u>	<u>138,807,778</u>	<u>133,518,342</u>
Non Current Liabilities					
Deferred Tax Liability	24	23,968,481	-	-	-
Interest Bearing Borrowings due after one year	25	129,790,716	-	-	-
Retirement Benefit Obligation	26	9,928,511	-	-	-
Renuka Charitable Foundation		1,125,275	-	-	-
		<u>164,812,983</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current Liabilities					
Trade and Other Payables	27	113,464,477	3,173,283	141,188	671,284
Interest Bearing Borrowings due within one year	25	53,522,596	-	-	-
Amounts due to Related Companies	28	31,282,348	334,213	63,300,000	2,700,000
Income Tax Payable	29	-	177,890	719,571	241,543
Bank Overdraft	22	32,144,082	1,230,836	8,560,946	1,230,836
		<u>230,443,503</u>	<u>4,916,223</u>	<u>72,751,705</u>	<u>4,843,663</u>
Total Equity and Liabilities		<u>1,815,893,312</u>	<u>410,695,432</u>	<u>211,559,483</u>	<u>138,362,005</u>

The Accounting Policies and Notes on pages 31 to 58 form an integral part of these Financial Statements.

I certify that the above Financial Statements comply with the requirements of the Companies Act No. 07 of 2007.

(Sgd)
A. F. Feroze Noon
Head of Finance

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

Approved and Signed on behalf of the Board of Directors.

Directors : (Sgd) S.V. Rajjyah (Sgd) C. J. De S. Amaralunge

19th August 2009.

STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs.	Retained Earnings Rs.	Minority Interest Rs.	Total Rs.
Consolidated				
Balance as at 1st April 2007	75,000,000	325,280,334	-	400,280,334
Profit for the year	-	11,498,873	-	11,498,873
Dividend Paid	-	(6,000,000)	-	(6,000,000)
Balance as at 1st April 2008	<u>75,000,000</u>	<u>330,779,208</u>	<u>-</u>	<u>405,779,208</u>
Acquisition of Subsidiaries	-	-	547,914,283	547,914,283
Profit for the year	-	469,978,679	2,954,656	472,943,335
Dividend Paid	-	(6,000,000)	-	(6,000,000)
Balance as at 31st March 2009	<u>75,000,000</u>	<u>794,757,887</u>	<u>550,878,939</u>	<u>1,420,636,826</u>
Company				
Balance as at 1st April 2007	75,000,000	53,180,334	-	128,180,334
Profit for the year	-	11,338,008	-	11,338,007
Dividend Paid	-	(6,000,000)	-	(6,000,000)
Balance as at 31st March 2008	<u>75,000,000</u>	<u>58,518,342</u>	<u>-</u>	<u>133,518,342</u>
Profit for the year	-	11,289,436	-	11,289,436
Dividend Paid	-	(6,000,000)	-	(6,000,000)
Balance as at 31st March 2009	<u>75,000,000</u>	<u>63,807,778</u>	<u>-</u>	<u>138,807,778</u>

The Accounting Policies and Notes on pages 31 to 58 form an integral part of these Financial Statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED	Note	Consolidated		Company	
		31.03.2009 Rs.	31.03.2008 Rs.	31.03.2009 Rs.	31.03.2008 Rs.
CASH FLOW FROM OPERATING ACTIVITIES					
Profit / (Loss) before Taxation		476,634,490	11,868,873	12,432,436	11,708,007
Adjustments :					
Net Profit from Sale of Investments	3 (a)	(4,809,570)	(6,535,769)	(4,809,570)	(6,535,769)
Interest Income	4	(4,069,314)	(1,086,016)	(3,214,356)	(1,049,487)
Provision for Retiring Gratuity	26	31,326	-	-	-
Depreciation	11	3,017,982	-	-	-
Interest Paid	5	2,349,950	-	-	-
Lease Interest	5	79,493	-	-	-
Negative Goodwill on Acquisition of Subsidiaries	6	(448,426,135)	-	-	-
Amortisation of Leasehold Assets		229,167	-	-	-
Provision for Bad Debts		50,000	-	-	-
Operating Profit / (Loss) before changes in Working Capital		25,087,389	4,247,089	4,408,510	4,122,753
(Increase) / Decrease in :					
Inventories		(191,650,707)	-	-	-
Trade & Other Receivables		204,862,658	(15,176,580)	14,934,250	(15,086,580)
Amounts due from Related Company		(4,051,020)	-	-	-
Net Proceeds Receivable on Sale of Shares		9,785,292	(8,000,561)	9,785,292	(8,000,561)
Increase / (Decrease) in :					
Trade & Other Payables		110,291,194	3,117,283	(530,096)	615,283
Amounts due to Related Companies		30,948,135	334,213	60,600,000	2,700,000
Investment in Shares		(10,849,455)	(12,013,179)	(10,849,455)	(12,013,179)
Sales Proceeds from Sale of quoted Shares and Debentures	3(a)	27,673,902	31,615,961	27,673,902	31,615,961
Cash Generated from Operations		201,897,388	4,124,226	106,022,403	3,973,678
Income Tax / WHTax Paid	29	(811,165)	(201,466)	(664,972)	(137,813)
Interest Income	4	4,069,314	1,086,016	3,214,356	1,049,487
Interest Paid	5	(2,349,950)	-	-	-
Net Cash from / (used in) Operating Activities		202,805,587	5,008,776	108,571,787	4,885,352
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Shares in Subsidiaries	16(a)	(88,000,000)	-	(88,000,000)	-
Sales Proceeds from Disposal of Property, Plant & Equipment		-	100,000	-	-
Net Cash from/ (used in) Investing Activities		(88,000,000)	100,000	(88,000,000)	-
CASH FLOW FROM FINANCING ACTIVITIES					
Dividend Paid	10	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)
Leasing Instalments Paid	25	(356,884)	-	-	-
Net Cash from / (used in) Financing Activities		(6,356,884)	(6,000,000)	(6,000,000)	(6,000,000)
Net Increase / (Decrease) in Cash and Cash Equivalents		108,448,703	(891,224)	14,571,787	(1,114,650)
Cash and Cash Equivalents at the Beginning of the year		10,807,643	11,698,897	10,584,247	11,698,897
Cash and Cash Equivalents at the End of the year		119,256,346	10,807,673	25,156,034	10,584,247
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Short Term Investments in Deposits	21	113,385,675	11,815,083	33,746,980	11,815,083
Cash at Bank and Cash in Hand	22	5,870,671	(1,007,410)	(8,590,946)	(1,230,836)
		119,256,346	10,807,673	25,156,034	10,584,247

The Accounting Policies and Notes on pages 31 to 58 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Renuka Holdings PLC is a Public Quoted Limited Liability Company, incorporated in Sri Lanka on 08.02.1979 and re-registered under the Companies Act No.7 of 2007 (PQ 227) and domiciled in Sri Lanka. The shares were listed in the Colombo stock exchange on 10th March 2008.

The registered office of the Company is located at No. 69, Sri Jinaratane Road, Colombo 02.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company and the subsidiaries were as follows.

Company	Activities
Renuka Holdings PLC	- Investment in subsidiary companies, shares listed on the Colombo Stock Exchange and debt securities.
Renuka Agro Exports Limited	- Engaged in sourcing, manufacturing & exporting ethnic food products
Coco Lanka PLC	- Investment in agricultural ventures and is listed on the Colombo Stock Exchange
Renuka Agrifoods Limited	- Manufacture & markets a range of coconut products
Renuka Organics (Pvt) Limited	- Organic certification license holder and exports organic products
Kandy Plantations Limited	- Engaged in organic certified cultivation of agriculture
Renuka Witsenburg Organics (Pvt) Ltd	- Manufacture and Export of Organic Fruit, Spice, Rice and Cashew products.
Renuka Teas (Ceylon) Limited	- Manufacture and exports of tea products.
Campbell Teas (Pvt) Limited	- Manufacture and sale of tea products
Renuka Developments Limited	- Investment Property
Renuka Enterprises (Pvt) Limited	- Provision of management services to group companies, act as a promoter to foreign principle in development projects in Sri Lanka and investment.
Renuka Investment (Pvt) Limited	- Investment
Renuka Resorts Limited	- Investment
Renuka Travel & Tours (Pvt) Ltd	- Provision of logistics services
Ceylon Forestry (Pvt) Ltd	- Planting and managing forestry
Ceylon Botanicals (Pvt) Limited	- Investment

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking and ultimate parent enterprise is Renuka Group Limited which holds 90.71% of the shares of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 General Policies

2.1.1 The Financial Statements of the Company and the Group, comprising the Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement, Accounting Policies and Notes to the Financial Statements are prepared on the basis of the historical cost conventions, and in conformity with Generally Accepted Accounting Principles and Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka. These principles and standards have been applied consistently with that of the previous year. No adjustments are made for inflationary factors affecting these Financial Statements.

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

2.1.3 Basis of Consolidation

All the Companies in the Group are incorporated in Sri Lanka and have a common financial year, which ends on 31st March.

The Consolidated Financial Statements include the results, assets and liabilities of Renuka Holdings PLC, and Companies controlled by it. Control arises when the Company has the power directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefit from the activities. The Subsidiaries included in the consolidation are disclosed in Note 16 to the Financial Statements. Although the direct shareholdings in some of these Group Companies are below 50% of the equity, the accounts of such Companies are Consolidated in recognition of the effective management control exercised by the Parent Company.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement.

All Inter-Company balances, transactions and unrealized profits are eliminated on consolidation. Where controlled interests have been acquired or sold during the year, their operating results have been included from the date of acquisition or to date of sale.

The interest of outside shareholders in net assets of the subsidiaries and the proportion of the profit or loss after taxation applicable to outside shareholders are stated separately in the Consolidated Balance Sheet and the Consolidated Income Statement under the heading Minority interest.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.1.4 Foreign Currency Translation

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("The Functional currency"). The Consolidated Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency.

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Such balances are translated at year-end exchange rates.

2.1.5 Income Tax

(i) Renuka Holdings PLC

Income Tax has been computed in accordance with the provisions of the Inland Revenue Act No.10 of 2006 and amendments thereto.

Profit on Sale of Shares

According to the section 13 (t) of the Income Tax Act No.10 of 2006, profit earned on sale of shares on which share transaction levy under Section 7 of the Finance Act No.05 of 2005, is paid is exempt from income tax.

Interest Income

Liable to income tax at 35%.

Subsidiary Companies enjoying tax holidays / concessionary rates of tax

(ii) Renuka Agro Exports Limited

The Company is exempted from income tax for a period of five years commencing April 1, 2006 under Section 16 of the Inland Revenue Act No. 10 of 2006.

The Company is liable to income tax on other income at 35%.

(iii) Coco Lanka PLC

Under Section 16 of the Inland Revenue Act No. 10 of 2006 the profit of the Company is exempt from income tax.

(iv) Renuka Agrifoods Ltd.

According to the agreement dated 29.03.2000 entered into with the Board of Investment of Sri Lanka (BOI), profits and income of the Company is exempt from income tax for a period of 12 years from the date of first export. The tax holiday expires in July 2015. After the expiration of said exemption period, the company's profits & income will be liable for taxation at the rate of 15% for a further period of 12 years.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

(v) **Renuka Organics (Pvt) Ltd.**

According to the Agreement entered into with the Board of Investment of Sri Lanka, the Profits & Income of the Company is exempt for a period of 5 years. This tax holiday expired on 31.03.1999.

However, from the year of Assessment 2006/2007, under Section 16 of the Inland Revenue Act No. 10 of 2006, the Company's trading profit is exempt from income tax for a period of five years.

Company's other income is liable to income tax at 35%.

(vi) **Kandy Plantations Ltd.**

According to the Agreement dated 13.11.2003 entered into with the Board of Investment of Sri Lanka, the Profits & Income of the Company is exempt for a period of 5 years from the year of assessment in which the Enterprises commence to make profit (ie 2003/2004). Accordingly the tax holiday expires on 31.03.2008. Thereafter the Company is liable to income tax at 15%. However the above tax concession will apply only if the following conditions are satisfied :-

- (a) At least eighty percent (80%) of the total out put / yield of the Enterprise shall be exported.
- (b) The initial investment made by the Enterprise for the business / project shall not be less than US\$ 10,000/- or its Rupee equivalent.

The Company has satisfied the two conditions referred to above as at 31.03.2009.

(vii) **Renuka Witsenburg Organics (Pvt) Ltd**

Under Section 16 of the Inland Revenue Act No. 10 of 2006, the Company's trading profit is exempt from income tax for a period of five years of Assessment commencing 2006/2007.

Company's other income is liable to income tax at 35%, the rate applicable to a subsidiary company within a group.

(viii) **Renuka Teas (Ceylon) Ltd.**

In accordance with the provisions of Section 17 (4) (c) of the Inland Revenue Act No.10 of 2006, the Company is not liable to income tax arising from export of tea packets/bags. Further, profit arising from export of bulk teas and other income is liable to income tax at 35%. For the current year income tax has been provided at 35% on liable profit only.

(ix) **Campbell Teas (Pvt) Ltd.**

In accordance with the powers of the Board of Investments of Sri Lanka (BOI) under section 17(2) of BOI Law No.4 of 1978 and in terms of agreement bearing registration number 194 between the BOI and Campbell Teas (Pvt) Ltd, the Company was not liable for income tax for a period of five (5) years up to 31st March 1999.

However, 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.

Company's other income is liable for income tax at 35%.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

(x) **Renuka Developments Limited**

The company is liable for tax at 35%.

(xi) **Renuka Enterprises (Pvt) Ltd**

The company is liable for tax at 35%.

(xii) **Renuka Investments (Pvt) Ltd**

The company is liable for tax at 35%.

(xiii) **Renuka Resorts Ltd**

The company is liable for tax at 35%.

(xv) **Renuka Travel and Tours (Pvt) Ltd**

The company is liable for tax at 15%.

(xvi) **Ceylon Forestry (Pvt) Ltd**

In accordance with the provision of Section 17 of the Board of Investment of Sri Lanka Law No.4 of 1978 the Company will be 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. 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 it.
- 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 @ 35%.

(xvi) **Ceylon Botanicals (Pvt) Ltd**

The company is liable for tax at 35%.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.1.6 Deferred Taxation

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

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

2.1.7 Economic Service Charge (ESC)

As per the provisions of the Finance Act No. 11 of 2004, ESC is payable on the liable turnover at specified rates. ESC paid is deductible from the Company's income tax liability and any excess can be carried forward and set off against the income tax payable.

(2.1.8 Social Responsibility Levy (SRL))

SRL is payable at the rate of 1.5% on all taxes and levies chargeable as specified in the first schedule of the Finance Act.

2.1.9 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred except to the extent the borrowing cost that is directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use. The amount of borrowing cost eligible for capitalisation is determined in accordance with the Sri Lanka Accounting Standard No.20.

2.1.10 Related Party Transactions

Disclosures are 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 or decisions of the other irrespective of whether price is being charged.

2.1.11 Post Balance Sheet Events

All material events occurring after the Balance Sheet date have been considered and where necessary adjustments to or disclosure have been made in the Financial Statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2.1 Property, Plant & Equipment

(a) Property, Plant & Equipment is initially recorded at cost. Land and buildings are subsequently shown at market value, based on valuations made by external independent valuers. All other Property, Plant & Equipment is stated at historical cost less accumulated depreciation.

Increases in the carrying amount arising on revaluation are credited to revaluation and other reserves in shareholder's equity. Decreases that offset previous increased of the same asset are charged against the revaluation reserve ; all other decreases are charged to the Income Statement. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the Income Statement) and depreciation based on asset's original cost is transferred from revaluation reserve to retained earnings.

(b) Depreciation is calculated on the straight line method to write-off the cost of each asset or the revalued amounts to their residual values over their estimated useful lives as follows :

	%
Buildings	2.5 - 5
Plant & Machinery	10 - 20
Furniture & Fittings	5 - 15
Motor Vehicles	20
Equipment & Tools	10 - 20
Electrical Installation	10 - 20

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

From year 2007/2008 the Company has changed its accounting policy to provide depreciation from month of purchase to the month of sale.

The Land and Building of Coco Lanka PLC has been subsequently revalued and the resultant surplus has been credited to the revaluation reserve. The revalued amount is the market value of the assets as determined by an independent qualified valuer on the date of valuation.

Gains and losses on disposal of Property, Plant & Equipment are determined by comparing proceeds with carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in revaluation and other reserves relating to that asset are transferred to retained earnings.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

2.2.1 **Property, Plant & Equipment (Contd.)**

(c) **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.

(d) **Finance Leases**

Property, Plant & Equipment on finance leases, which effectively transfer to the Company substantially all the risk and benefits 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.

(e) **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 property are tested for impairment annually and is written down where applicable. The impairment loss if any, is recognised in the income statement.

(f) **Investment Property**

Investment property is recognised when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the investment property can be measured reliably.

Investment property, comprising freehold land and buildings, is property held for long-term rental or for capital appreciation or both and is not occupied substantially for the supply of goods or services or in administration, and is not intended for sale in the ordinary course of business. Investment property is initially measured at its cost. Subsequent to initial recognition the investment properties are stated at fair value, which reflect market conditions at the Balance Sheet date. Gains or losses arising from changes in fair value are include in the Income Statement in the year in which they arise.

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

2.2.1 **Property, Plant & Equipment (Contd.)**

(g) **Impairment of Property, Plant & Equipment**

The carrying value of Property, Plant & Equipment is reviewed for impairment either annually or when events or changes on circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the Income Statement unless it reverses a previous revaluation surplus for the same asset.

2.2.2 **Other Investments**

Current investments are stated at lower of cost and market value.

Long term investments are stated at cost. Provision is made only if the decline in value is considered to be of a permanent nature.

2.2.3 **Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business less the costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow moving and defective inventories.

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 recognised the Profit / Loss on perennial crops in the financial period of harvesting.

2.2.4 **Trade Receivables**

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

2.2.5 **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 changes in value.

For the purpose of Cash Flow Statement, Cash and Cash Equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 LIABILITIES AND PROVISIONS

2.3.1 Trade & Other Payables

Trade & other payables are stated at book values.

2.3.2 Provisions

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

2.3.3 Defined Contribution Plans

All employees of the Group are members of the Employees' Provident Fund and Employees' Trust Fund, to which the Company contributes 12% and 3% respectively of such employees' basic or Consolidated wage or salary.

2.3.4 Defined Benefit Plan

Provision has been made for Retiring Gratuity Payable under the Payment of Gratuity Act No. 12 of 1983. This provision has been computed in accordance with the Gratuity Formula method permitted by the Sri Lanka Accounting Standard No. 16.

Kandy Plantations Ltd

Provision for retirement benefits payable to employees under the Payment of Gratuity Act No. 12 of 1983 up to 31.03.2003 has not been provided since the liability upto that date is to be borne by the Trust the owner of the estate. The provision attributable to the Company which is for the period from 01.04.2003 has been provided in the accounts in accordance with the gratuity formula method permitted by the Sri Lanka Accounting Standard No. 16. This provision is not externally funded, nor has it been actuarially valued.

2.3.5 Grants

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

2.4 INCOME STATEMENT

2.4.1 Revenue Recognition

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 INCOME STATEMENT (CONTD.)

2.4.1 Revenue Recognition (Contd.)

- (a) **Rendering of Services**
Revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed.
- (b) Exports Sales - at the time of shipment
- (c) Local Sales - at time of dispatch
- (d) **Export Rebate Income**
Export Rebate income has been accounted for on an accrual basis.
- (e) **Interest**
Interest Income is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectibility is in doubt.
- (f) **Dividend Income**
Dividend Income is recognised when the Company's right to receive payment is established.
- (g) Others Gains or losses of a revenue nature on the disposal of Property, Plant & Equipment have been accounted for in the Income Statement.
- (h) In keeping with the practice in the Plantation Industry, 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 turnover.

2.4.2 Expenditure Recognition

- (a) **Revenue Expenditure**
All expenditure incurred in the running of the business and in maintaining the capital assets in a state of efficiency, has been charged to revenue in arriving at the profit or loss for the year.
- (b) **Capital Expenditure**
Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.
- (c) For the purpose of presentation of the Income Statement, the Director's are of the opinion that function of expenses method fairly present the elements of the Company's performance, hence such presentation method is adopted.

2.5 SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The results of the business segments are described in Note 36 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

	Consolidated		Company	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
	Rs.	Rs.	Rs.	Rs.
NOTE 3 - REVENUE				
Agri Business Sector				
Exports	122,444,133	-	-	-
Local	5,905,984	-	-	-
Investment & Services Sector				
Net Profit from sale of Investments - Note 3(a)	4,809,570	6,535,769	4,809,570	6,535,769
Dividend Income	5,061,971	4,500,127	5,061,971	4,500,127
Rent Income - Investment Property	2,400,000	600,000	-	-
Logistic Services	4,199	-	-	-
Others	189,508	-	-	-
	<u>140,815,365</u>	<u>11,635,896</u>	<u>9,871,541</u>	<u>11,035,896</u>
NOTE 3 (a) - Net Profit from Sale of Investments				
Sale Proceeds	27,673,902	31,615,961	27,673,902	31,615,961
Less :				
Cost of Investment Sold	22,864,332	25,080,192	22,864,332	25,080,192
Net Profit	<u>4,809,570</u>	<u>6,535,769</u>	<u>4,809,570</u>	<u>6,535,769</u>
NOTE 4 - OTHER INCOME				
Interest Income on - Call Deposits	577,308	182,497	306,751	182,497
- Foreign Currency Account	31,162	-	-	-
- Fixed Deposits	228,398	106,164	-	106,164
- Repo	3,234,446	797,355	2,905,605	760,826
Exchange Gain	642,490	-	-	-
Insurance Claimed	31,294	-	-	-
Sundry Sales	169,934	-	-	-
Creditors Written Back	148,638	-	-	-
Export Rebate	450,435	-	-	-
Excess Grant Received	16,658	-	-	-
	<u>5,528,764</u>	<u>1,088,016</u>	<u>3,214,356</u>	<u>1,049,487</u>
NOTE 5 - FINANCE COST				
Interest - Term Loans	1,338,723	-	-	-
- Bank Overdrafts	216,724	-	-	-
- Packing Credit Loans	752,758	-	-	-
- Lease	79,493	-	-	-
- Long Term Borrowings	41,745	-	-	-
Other finance cost	348,375	-	-	-
	<u>2,775,818</u>	<u>-</u>	<u>-</u>	<u>-</u>
NOTE 6 - NEGATIVE GOODWILL ON ACQUISITION OF SUBSIDIARIES				
		Renuka Agro Exports Ltd	Renuka Enterprises (Pvt) Ltd	Total
Net Assets Acquired		(303,280,540)	(212,145,595)	(515,426,135)
Investment Made		36,000,000	31,000,000	67,000,000
Negative Goodwill on Acquisition		<u>(267,280,540)</u>	<u>(181,145,595)</u>	<u>(448,426,135)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Consolidated		Company	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
	Rs.	Rs.	Rs.	Rs.
NOTE 7 - PROFIT BEFORE TAXATION				
is stated after charging all expenses including the following :				
Directors Remuneration	178,750	-	-	-
Auditors Remuneration	204,409	90,000	90,000	75,000
Depreciation	3,017,862	-	-	-
Donation	2,083	-	-	-
Staff Cost				
Defined Contribution Plan	253,122	-	-	-
Other Staff Cost	9,839,738	-	-	-
Provision for Bad Debts	50,000	-	-	-
Provision for Retiring Gratuity	31,326	-	-	-
Amortisation of Leasehold Assets	229,157	-	-	-
	<u>3,691,155</u>	<u>370,000</u>	<u>1,143,000</u>	<u>370,000</u>
NOTE 8 - TAXATION				
Current year Income Tax	1,618,139	370,000	1,142,000	370,000
Income Tax under provision for previous year	1,000	-	1,000	-
Transferred to Deferred Taxation	2,072,016	-	-	-
	<u>3,691,155</u>	<u>370,000</u>	<u>1,143,000</u>	<u>370,000</u>
NOTE 9 - EARNINGS PER SHARE				
9.1 Basic Earnings per Share is calculated by dividing the Profit / (Loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary Shares outstanding during the year.				
9.2 The following reflect the Income and Share data used in the basic Earnings per Share computation.				
	Consolidated		Company	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
	Rs.	Rs.	Rs.	Rs.
Amount used as the Numerator				
Profit / (Loss) Attributable to equity holders of the Company for basic Earnings per share	<u>489,978,679</u>	<u>11,498,873</u>	<u>11,289,436</u>	<u>11,338,007</u>
Number of Ordinary Shares used as Denominator				
Weighted Average number of Ordinary Shares in issue applicable to basic Earnings per Share	<u>7,500,000</u>	<u>7,500,000</u>	<u>7,500,000</u>	<u>7,500,000</u>
	Rs.	Rs.	Rs.	Rs.
Earnings per Share	62.66	1.53	1.51	1.51
NOTE 10 - DIVIDEND PER SHARE				
Dividend Paid	6,000,000	6,000,000	6,000,000	6,000,000
No. of Ordinary Shares	7,500,000	7,500,000	7,500,000	7,500,000
Dividend per Share	0.80	0.80	0.80	0.80
The Directors have proposed the payment of a final dividend of Rs. 2/- per share for the year ended 31st March 2009.				
In accordance with SLAS 12 (2005) "Events after the Balance Sheet date" the final dividend has not been recognised as a liability in the Financial Statements at the year end.				

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
NOTE 11 - PROPERTY, PLANT & EQUIPMENT
CONSOLIDATED

Cost	Acquisition of Subsidiaries Rs.	Additions Rs.	As at 31.03.2009 Rs.
Freehold Land	205,425,103	-	205,425,103
Buildings	137,481,084	-	137,481,084
Plant & Machinery	326,065,000	-	326,065,000
Motor Vehicles	37,490,870	-	37,490,870
Equipment & Tools	86,087,584	-	86,087,584
Furniture & Fittings	18,590,115	-	18,590,115
Electrical Installation	13,567,678	-	13,567,678
	<u>824,707,444</u>	<u>-</u>	<u>824,707,444</u>

Depreciation	Acquisition of Subsidiaries Rs.	Charge for the year Rs.	As at 31.03.2009 Rs.
Freehold Land	-	-	-
Buildings	12,316,948	312,677	12,629,625
Plant & Machinery	114,061,646	1,753,324	115,834,970
Motor Vehicles	23,499,053	384,125	23,883,178
Equipment & Tools	19,718,793	337,263	20,056,056
Furniture & Fittings	9,271,109	123,285	9,394,394
Electrical Installation	6,066,202	107,308	6,202,510
	<u>184,962,751</u>	<u>3,017,962</u>	<u>188,000,733</u>

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
Written Down Value	636,706,711	-
Capital Work in Progress	200,866	-
	<u>636,907,577</u>	<u>-</u>

NOTE 12 - INTANGIBLE ASSETS
Goodwill-Ceylon Forestry (Pvt) Ltd
Cost / Carrying Value
As at 1st April 2008
Acquired / Incurred during the period
As at 31st March 2009
Accumulated impairment
As at 1st April 2008
Amortisation for the year
As at 31st March 2009
Net Book Value
As at 1st April 2008
As at 31st March 2009

	Goodwill 31.03.2009 Rs.	Total 31.03.2009 Rs.
As at 1st April 2008	-	-
Acquired / Incurred during the period	131,932	131,932
As at 31st March 2009	<u>131,932</u>	<u>131,932</u>
Accumulated impairment	-	-
As at 1st April 2008	-	-
Amortisation for the year	-	-
As at 31st March 2009	<u>-</u>	<u>-</u>
Net Book Value	-	-
As at 1st April 2008	-	-
As at 31st March 2009	<u>131,932</u>	<u>131,932</u>
	<u>131,932</u>	<u>131,932</u>
	Ceylon Forestry (Pvt) Ltd	
Net Assets acquired	(20,868,068)	
Investment made	21,000,000	
	<u>131,932</u>	

Goodwill represents the excess of an acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition and is carried at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually.

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

	Consolidated		Company	
	31.03.2009 Rs.	31.03.2008 Rs.	31.03.2009 Rs.	31.03.2008 Rs.

NOTE 13 - INVESTMENT PROPERTY
Consolidated
**Fair Value of Investment Property
(Held by Renuka Developments Ltd.)**

Balance on 1st April	307,000,000	307,000,000	-	-
Additions	-	-	-	-
Balance on 31st March	<u>307,000,000</u>	<u>307,000,000</u>	<u>-</u>	<u>-</u>

Land & Building
No. 210, Sri Dhamma Mawatha, Colombo 9

The Property has been valued by valuer Leon M.P. Perera D.I.V., F.I.V. (Asst. Govt. Valuer [Retired], valuer to Hatton National Bank / People's Bank, Bank of Ceylon / Nation Trust Bank on 30th September 2008. The Property has been valued by the valuer based on the Market value of the adjoining properties. The Directors are of the opinion that the value of Rs. 307 Mn stated in the valuation report is applicable as at 31st March 2009.

During the year the Group has received a sum of Rs. 2,400,000/- as rent income. (2007/2008 - 600,000/-)

NOTE 14 - VALUE OF IMMOVABLE ESTATE ASSETS ON LEASE
Kandy Plantations Ltd

Land, Building, Mature and Immature Plantations	62,500,000	-	-	-
Less : Amortisation as at 31.03.2009	(16,500,000)	-	-	-
Net Balance	<u>66,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

Lease have been executed for 3 estates (Primarily coconut) comprising 33 contiguous allotments of Land called and known as "Giriulla Estate" in Giriulla situated in the Gampaha District, Western Province. As per Survey Plan No. 45/27, prepared in May 1926 and April 1927 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 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. 82.5Mn. had been capitalised on the basis that it represents the value of immovable assets taken over by Kandy Plantations Ltd.

NOTE 15 - IMMATURE PLANTATION

Balance on 1st April	-	-	-	-
Acquisition of Subsidiaries	3,145,971	-	-	-
Additions during the year	-	-	-	-
Balance on 31st March	<u>3,145,971</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 16 - INVESTMENTS (CONTD.)

NOTE 16 (c) - OTHER INVESTMENTS

Investor	% Holding		No. of Shares		Value	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Renuka Enterprises (Pvt) Ltd						
Investee						
Crescent Laundries & Dry Cleaners (Pvt) Ltd	44.25%	-	265,500	265,500	56,882,542	56,882,542
Investor						
Renuka Investments (Pvt) Ltd						
Investee						
Renuka Consultants & Services Ltd	20.71%	-	12,420	12,420	96,112,570	96,112,570
Renuka Properties Ltd	20.64%	-	12,386	12,386	46,062,530	46,062,530
Lancaster Holdings Ltd	20.64%	-	12,386	12,386	24,901,310	24,901,310
The Cargo Boat Despatch Co. Ltd	-	-	50,488	50,488	504,980	504,980
					224,463,922	224,463,922

* The Group percentage holding in the above companies is more than 20% as at 31st March 2009. However, there is no representation in the Board of Directors of these companies by the Group. In the absence of significant influence in these companies, these investments have not been accounted as investment in Associates.

NOTE 17 - INVENTORIES

	31.03.2009	31.03.2008	Company
	Rs.	Rs.	31.03.2009
Raw Materials & Consumables	5,887,814	-	-
Finished Goods	86,277,901	-	-
Packing Material & Chemicals	69,230,119	-	-
Machinery Spare Parts	14,238,808	-	-
Goods in Transit	5,122,878	-	-
Work in Progress	5,038,925	-	-
Harvested Crop	5,843,382	-	-
	191,650,707	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 18 - SHORT TERM INVESTMENTS IN SHARES

Decided Shares	No. of Shares		Cost of Shares		Carrying value on 31.03.2009	Market value on 31.03.2009	Sale Proceeds of Shares sold	Dividends Received
	01.04.2008	31.03.2009	01.04.2008	31.03.2009				
Bank, Finance & Insurance								
Central Bank of Ceylon PLC (NB)	47,884	1,901,001	-	-	1,901,001	2,260,808	-	302,188
DFCC	3,991	404,786	-	-	404,786	344,188	-	11,666
Habon National Bank PLC	320	11,717	-	-	11,717	24,985	-	2,184
Lanka Ventures PLC	300	1,724	-	-	1,724	1,168	-	268
Mahinda Trust Bank PLC	2,299	89,056	-	-	89,056	83,917	-	2,047
Nations Trust Bank PLC	566	-	-	-	-	1,281	-	-
Shave Waniyas	383	-	-	-	-	1,104	-	-
Sri Lanka Bank (NB)	2,800	78,000	-	-	78,000	16,400	-	3,668
Union Bank PLC	1,000	1,100	-	-	1,100	2,200	-	108
Vita Finance PLC	50	168	-	-	168	48	-	-
Sarath Bank PLC	27,800	3,678,182	-	-	3,678,182	1,932,008	-	34,858
IFB Assurance PLC	15,900	242,782	-	-	242,782	202,500	145,368	14,328
Habon National Bank PLC (NB)	300	7,188	-	-	7,188	7,600	-	-
Lanka Dev. Leasing Co. PLC	2,800	237,337	-	-	237,337	180,050	-	8,562
Commercial Bank PLC	26,133	4,442,378	-	-	4,442,378	2,388,040	-	-
National Development Bank PLC	17,812	2,674,281	-	-	2,674,281	1,674,006	-	102,072
Beverages / Food & Tobacco								
Region Tobacco Co. PLC	223,900	8,728,748	-	-	8,728,748	10,205,700	7,860,108	3,258,040
Maunabo Co. PLC	2,300	138,664	-	-	138,664	140,000	-	4,336
Maunabo Co. PLC	1,000	138,664	-	-	138,664	140,000	-	14,407
Ceylon (Ceylon) PLC	4,300	25,427	-	-	25,427	61,000	-	7,928
Tee Small Holdings PLC	1,888	8,376	-	-	8,376	1,364,400	6,187,018	2,095
Coast Lanka PLC	267,800	4,433,258	721,877	-	721,877	-	-	-
Hemachandra PLC	100	35,245	-	-	35,245	-	-	-
Hotels & Travels								
Asian Hotel & Properties PLC	26,900	2,023,873	-	-	2,023,873	866,250	-	78,008
Edara Hotel, Lanka PLC	10,900	212,846	-	-	212,846	87,000	-	-
Rensela City Hotel PLC	44,240	2,792,088	-	-	2,792,088	3,000,000	-	208,601
Keela Hotels PLC	1,888	8,376	-	-	8,376	10,668	-	-
Land & Property								
Ceylon Spoken Developments PLC	20,900	437,285	-	-	437,285	150,375	-	11,475
C.T. Land Development PLC	50	758	-	-	758	625	-	23
East West Properties PLC	60	256	-	-	256	688	-	-
Construction Engineering								
Dockyard	525	91	-	-	12,160	31,245	-	1,575
Manufacturing								
Blue Diamonds Jewellery World/Wide PLC	87	261	-	-	261	87	-	168,485
Saltex Chemicals Lanka PLC	21,800	1,827,517	-	-	1,827,517	1,160,000	1,010,820	-
Blue Diamonds Jewellery World/Wide PLC	37	27,517	-	-	27,517	15,348	-	417
Lanka Wides PLC	2,128	88,424	-	-	88,424	107,108	-	8,171
Royal Diamonds Lanka PLC	120	4,335	-	-	4,335	4,308	-	248
Prasad Gems Ceylon PLC	100,900	378,281	-	-	378,281	130,000	-	1,808
Sri Lanka Gems PLC	5,400	18,200	-	-	18,200	5,940	-	348
Meters								
Associate Mohanways PLC	13,900	2,283,117	-	-	2,283,117	-	2,456,088	-

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
NOTE 18 - OTHER INVESTMENTS (CONTD.)

Invested Shares	No. of Shares		Cost of Shares		Carrying value on 31.03.2009	Market value on 31.03.2009	Sale Proceeds of Shares sold	Dividends Received
	01.04.2008	31.03.2009	01.04.2008	31.03.2009				
Power & Energy	2,900	2,900	89,457	89,457	89,457	44,900	243,973	22,500
Lanka IOC PLC	1,000	1,000	418,117	418,117	418,117	302,326	-	8,102
Valley Power Estates PLC	9,398	9,398	3,982,028	3,982,028	4,033,206	16,102,429	-	68,717
Devinfield Holdings	62,404	32,404	11,233,143	6,015,503	4,417,040	2,010,260	6,173,437	172,212
Alban Spence PLC	9,325	9,325	1,031,381	897,871	967,891	68,941	-	1,148
Ceylon Theatres PLC	8,100	8,100	1,031,381	897,871	967,891	68,941	-	1,148
Johns Hopkins PLC	20,800	20,800	2,784,328	304,277	2,704,328	991,050	41,948	37,214
Richard Perle & Co. PLC	20,800	20,800	2,784,328	304,277	2,704,328	991,050	-	-
Fair land PLC	20,800	20,800	2,784,328	304,277	2,704,328	991,050	-	-
Investment Trust	7,024	7,024	327,847	327,847	327,847	407,202	-	12,202
Ceylon Investment Co. PLC	1,826	1,826	211,963	211,963	211,963	199,802	-	3,368
Ceylon Guardian Co. PLC	5,000	5,000	248,471	248,471	248,471	200,000	-	11,566
Chemicals & Pharmaceuticals	10,000	10,000	952,147	952,147	952,147	997,000	-	27,000
Chemical Industries Colombo PLC (CID)	90,800	90,800	2,381,841	2,381,841	2,381,841	443,948	-	68,828
Telecommunications	20,800	20,800	774,987	2,423,073	2,391,841	-	3,020,000	18,000
Sri Lanka Telecom PLC	1,000	1,000	79,384	1,033,000	1,132,284	1,168,750	-	28,962
Health Care	93,533	93,533	1,074,178	292,810	1,326,988	875,138	-	18,448
Asst Hospital PLC	9,900	9,900	546,845	546,845	546,845	500,875	-	14,250
Asst Surgical Hospital PLC	21,250	21,250	79,384	1,033,000	1,132,284	1,168,750	-	28,962
Duraimi/Ceylon Hospital PLC	128,890	128,890	1,074,178	292,810	1,326,988	875,138	-	18,448
Hotels	9,900	9,900	546,845	546,845	546,845	500,875	-	14,250
Hotels/Ceylon Hospital PLC	21,250	21,250	79,384	1,033,000	1,132,284	1,168,750	-	28,962
Hotels/Ceylon Hospital PLC	128,890	128,890	1,074,178	292,810	1,326,988	875,138	-	18,448
Hotels/Ceylon Hospital PLC	9,900	9,900	546,845	546,845	546,845	500,875	-	14,250
Hotels/Ceylon Hospital PLC	15,000	15,000	679,283	890,214	1,466,497	619,400	-	-
Hotels/Ceylon Hospital PLC	20,800	20,800	837,974	837,974	837,974	343,200	-	14,040
Trading	20,800	20,800	837,974	837,974	837,974	65,343,661	27,073,902	5,061,871
C.R.V. Vehicle PLC	20,800	20,800	837,974	837,974	837,974	65,343,661	27,073,902	5,061,871

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 19 - TRADE AND OTHER RECEIVABLES	Consolidated		Company	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
	Rs.	Rs.	Rs.	Rs.
Trade Debtors	79,538,627	-	-	-
Provision for Bad debts - Note 19 (a)	(600,000)	-	-	-
Other Receivables	87,201,324	421,744	132,331	311,744
Advance Paid for Investment in Shares	-	14,754,837	-	14,754,837
Premium Paid on Lease hold Land (Note 19 (b))	2,831,812	-	-	-
Net Proceeds Receivable on Sale of Shares	-	9,785,293	-	9,785,293
	<u>168,971,763</u>	<u>24,961,874</u>	<u>132,331</u>	<u>24,851,874</u>

NOTE 19 (a) - PROVISION FOR BAD DEBS

Balance on 1st April	-	-	-	-
Acquisition of Subsidiaries	550,000	-	-	-
Provision made during the year	50,000	-	-	-
Balance on 31st March	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTE 19 (b) - PREMIUM PAID ON LEASEHOLD LAND
Renuka Agrifoods Ltd.

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

NOTE 20 - AMOUNTS DUE FROM RELATED COMPANY

Island Holdings Ltd	4,051,020	-	-	-
	<u>4,051,020</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTE 21 - SHORT TERM INVESTMENTS IN DEPOSITS

Short Term Deposits	3,762,839	-	-	-
Call Deposits	26,922,836	1,815,083	246,980	1,815,083
Repo	82,700,000	10,000,000	33,500,000	10,000,000
	<u>113,385,675</u>	<u>11,815,083</u>	<u>33,746,980</u>	<u>11,815,083</u>

NOTE 22 - CASH AT BANK
Favourable Cash and Cash Equivalent Balances

Cash at Bank & in Hand	38,014,753	223,426	-	-
	<u>38,014,753</u>	<u>223,426</u>	<u>-</u>	<u>-</u>

Unfavourable Cash and Cash Equivalent balances

Bank Overdraft	(32,144,082)	(1,230,836)	(8,590,946)	(1,230,836)
	<u>(32,144,082)</u>	<u>(1,230,836)</u>	<u>(8,590,946)</u>	<u>(1,230,836)</u>
Net Balance	5,870,671	(1,007,410)	(8,590,946)	(1,230,836)

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
NOTE 23 - STATED CAPITAL

	Company	
	31.03.2009 Rs.	31.03.2008 Rs.
Number of Ordinary Shares Issued and Fully Paid	7,500,000	7,500,000
Stated Capital as at 31st March	75,000,000	75,000,000

	Consolidated		Company	
	31.03.2009 Rs.	31.03.2008 Rs.	31.03.2009 Rs.	31.03.2008 Rs.
NOTE 24 - DEFERRED TAXATION				
Balance on 1st April	-	-	-	-
Acquisition of Subsidiaries	21,895,405	-	-	-
Provision made during the year	2,072,016	-	-	-
Balance on 31st March	23,967,421	-	-	-

NOTE 25 - INTEREST BEARING BORROWINGS
NOTE 25 (a) - Interest Bearing Borrowings due after one year

	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Long Term Loan (25(c))	55,399,397	-	-	-
Lease Installments Payable (to the Owner of the Estate) (25(d))	71,000,000	-	-	-
Finance Lease Obligation (Motor Vehicle) (25(e))	3,391,319	-	-	-
	<u>129,790,716</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTE 25 (b) - Interest Bearing Borrowings due within one year

	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Long Term Loan (25(c))	31,644,667	-	-	-
Lease Installments Payable (to the Owner of the Estate) (25(d))	2,000,000	-	-	-
Finance Lease Obligation (Motor Vehicle) (25(e))	1,537,688	-	-	-
Working Capital Loan	18,369,641	-	-	-
	<u>53,552,596</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTE 25 (c) - Long Term Borrowings

	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Balance on 1st April	-	-	-	-
Acquisition of Subsidiaries	87,044,204	-	-	-
Balance on 31st March	87,044,204	-	-	-
Payments due within one year	31,644,667	-	-	-
Payments due after one year	55,399,397	-	-	-

Details of loans obtained by the Group are set out below:

Renuka Agrifoods Limited

Financial Institution	Facility	Repayment Terms	Interest Rate	Security
DFCC Bank	100 Mn	To be repaid Rs. 498,867/- each until December 2005, from January 2006 to December 2008 Rs. 1,000,000/- and thereafter from January 2009 to October 2010 Rs. 1,500,000/-	8% above AWDR (weighted average deposit rate)	Primary mortgaged over leasehold rights over land in Walupitwala together with the right over proposed building & machinery installed therein.
DFCC Bank	30 Mn	Monthly instalment of Rs. 525,256/- upto April 2009	8% above AWDR (weighted average deposit rate)	Primary mortgaged over leasehold rights over land in Walupitwala together with the right over proposed building & machinery installed therein.
DFCC Bank	25 Mn	To be paid in 60 instalments of Rs. 498,867/- with a grace period of 27 months starting from April 2007.	6.5% above AWPR (average weighted Prime Lending rate)	Primary mortgaged over leasehold rights over land in Walupitwala together with the right over proposed building & machinery installed therein.
DFCC Bank	18.25 Mn	To be paid in 72 instalments of Rs. 498,867/- with a grace period of 24 months starting from July 2010.	6.5% above AWPR (average weighted Prime Lending rate)	Primary mortgage over leasehold rights of an allotted plot of land depicted in lot no 28, Yaladavala, Makulana, Walupitwala.

Renuka Teas (Ceylon) Ltd.

Financial Institution	Facility	Repayment Terms	Interest Rate	Security
DFCC Bank	13 Mn	Repayable Over 66 months	7.5 p.a.	Primary mortgaged over the proposed machinery and a further mortgaged over existing machinery.

NOTE 25 (d) - Lease Installments Payable (to the Owner of the Estate / Lessor)

	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Total Lease Installments payable under the lease for 30 years commencing 01.04.2005	82,500,000	-	-	-
Amount paid up to 28.02.2008	(8,333,333)	-	-	-
Payments made during the period	(199,667)	-	-	-
Balance payable on lease as at 31st March 2009	73,000,000	-	-	-
Lease Installments payable in the ensuing year	2,000,000	-	-	-
Lease Installments payable after one year	71,000,000	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
NOTE 25(e) - LEASE OBLIGATION (MOTOR VEHICLES)

	RENUKA AGRO EXPORTS LTD.	RENUKA TRAVELS & TOURS (PVT) LTD.	KANDY PLANTATIONS LTD.	Consolidated Total
Lessor	: HNB : DFCC		: HNB	
Asset	: Motor Car: Motor Car		: Motor Car	
Agreement No.	: 3708/059/032/GR : 6463		:	
Total Instalments	: 60 : 60		: 60	
Lease Rental per month	: 16,336 : 115,627		: 18,787	
Cost of the Asset	: 1,006,250 : 9,900,000		: 1,150,000	
Interest	: 358,790 : 1,937,620		: 362,100	
	<u>1,365,040</u>	<u>11,837,620</u>		<u>1,512,100</u>
Down Payment	(384,880)	(4,900,000)	(384,880)	
Lease Liability	<u>980,160</u>	<u>6,937,620</u>		<u>1,127,220</u>
Security	: Absolute Ownership of the Vehicle	: Absolute Ownership of the Vehicle	: Absolute Ownership of the Vehicle	: Absolute Ownership of the Vehicle
Lease Liability				
Balance on 01.04.2008	-	-	-	-
Acquisition of Subsidiaries	506,416	4,740,707	513,070	601,184
Lease Instalments on the new Agreements	-	-	-	-
Instalments Paid during the year	(16,336)	(115,627)	(39,467)	(18,787)
Balance on 31.03.2009	<u>490,080</u>	<u>4,625,080</u>	<u>473,603</u>	<u>582,397</u>
Interest in Suspense				
Balance on 01.04.2008	-	-	-	-
Acquisition of Subsidiaries	98,324	917,458	206,433	99,231
Interest on the new Agreement	-	-	-	-
Charged to Income Statement	(7,156)	(49,235)	(15,880)	(7,222)
Balance on 31.03.2008	<u>91,168</u>	<u>868,223</u>	<u>190,553</u>	<u>92,009</u>
Net Balance	<u>398,912</u>	<u>3,756,857</u>	<u>283,050</u>	<u>490,388</u>
Instalments payable within one year				
Amount payable	196,032	1,387,524	473,603	225,444
Less : Interest in Suspense	(57,642)	(438,347)	(190,553)	(58,173)
	<u>138,390</u>	<u>949,177</u>	<u>283,050</u>	<u>167,271</u>
Instalments payable after one year				
Amount payable	294,048	3,237,556	-	366,953
Less : Interest in Suspense	(33,526)	(429,876)	-	(33,838)
	<u>260,522</u>	<u>2,807,680</u>	<u>-</u>	<u>323,117</u>
				<u>3,391,319</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

NOTE 26 - RETIREMENT BENEFIT OBLIGATION	Consolidated		Company	
	31.03.2009 Rs.	31.03.2008 Rs.	31.03.2009 Rs.	31.03.2008 Rs.
Balance on 1st April	-	-	-	-
Acquisition of Subsidiaries	9,897,185	-	-	-
Provision during the year	31,326	-	-	-
Payments during the year	-	-	-	-
Balance on 31 st March	<u>9,928,511</u>	<u>-</u>	<u>-</u>	<u>-</u>

As required by the Sri Lanka Accounting Standard (Revised 2006) "Employee Benefits" the Company has provided gratuity liability based on the Gratuity Formula Method.

The principal assumptions used are as follows :

Retirement Age	55
Expected Annual Average Salary Increment	10% p.a
Discount Rate / Interest Rate	12% p.a

Kandy Plantations Ltd has taken over the management for a period of 30 years from 01.04.2003 of the estate owned by John Leo De Croos Trust. The retirement gratuity obligation payable as at that date which amounts to Rs. 957,075/- has been taken over by the Trust. Out of this balance a sum of Rs. 555,969/- has been paid subsequently. The liabilities arising after 01.04.2003 relating to the gratuity will be borne by Kandy Plantations Ltd. The total liability of Kandy Plantations Ltd as at 31.03.2009 inclusive of the liability taken over by Trust amounts to Rs. 1,966,134.57. The difference has been provided in the accounts.

NOTE 27 - TRADE & OTHER PAYABLES

Trade Creditors	59,886,445	-	-	-
Accrued Expenses & Other Payables	53,776,032	3,173,283	141,188	671,284
	<u>113,464,477</u>	<u>3,173,283</u>	<u>141,188</u>	<u>671,284</u>

NOTE 28 - AMOUNTS DUE TO RELATED COMPANIES

Renuka Travels & Tours Ltd.	-	298,280	-	-
Renuka Group Ltd	31,282,348	-	29,778,338	-
Renuka Developments Ltd	-	-	2,300,000	2,700,000
Renuka Enterprises (Pvt) Ltd	-	-	25,533,456	-
Renuka Agro Exports Ltd	-	35,935	5,690,206	-
	<u>31,282,348</u>	<u>334,213</u>	<u>63,300,000</u>	<u>2,700,000</u>

NOTE 29 - INCOME TAX PAYABLE / (REFUND DUE)

Balance on 1st April	177,890	9,355	241,543	9,355
Acquisition of Subsidiaries	(8,475,684)	-	-	-
Provision Made	1,819,139	370,000	1,143,000	370,000
Payments Made	(343,537)	(32,864)	(343,537)	(32,864)
WHT	(177,068)	(88,866)	(30,875)	(28,866)
Notional Tax	(290,560)	(79,735)	(290,560)	(76,062)
Balance on 31st March	<u>(7,489,820)</u>	<u>177,890</u>	<u>719,571</u>	<u>241,543</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
NOTE 30 - RELATED PARTY TRANSACTIONS

30.1 Transactions with Key Managerial Persons

30.1.1 Key Managerial Persons include members of the Board of Directors of the Company and its Subsidiaries.

30.1.2 Transactions with Key Managerial Persons are given below :	As at 31st March 2009	As at 31st March 2008
	Rs.	Rs.
Remuneration to Key Managerial Persons	178,750	-

30.2

Name of Company & Names of Directors	Details of transaction	Amount Rs	Received from/Paid to
Renuka Agro Exports Ltd Dr S.R.Rajiyah Mrs I.R.Rajiyah Mr S.V.Rajiyah	- Rent paid	60,000.00	Renuka Group Ltd
Mr C.J.De.S.Amaratunge Mr S.Vasantha Kumara	- Transport Services	37,777.00	Renuka Travel & Tours (Pvt) Ltd
Coco Lanka PLC Dr S.R.Rajiyah Mrs I.R.Rajiyah Mr S.V.Rajiyah	- Rent paid - Reimbursement of centralized Finance, HR & IT services	37,500.00 150,000.00	Renuka Group Ltd Renuka Group Ltd
Mr C.J.De.S.Amaratunge Mr P.C.K.Abeekoon Mr S.Vasantha Kumara Mr L.M.Abeeywickrama	- Reimbursement of centralized Finance, HR & IT services	761,667.00	Renuka Group Ltd Renuka Group Ltd
Renuka Agrifoods Ltd Dr S.R.Rajiyah Mrs I.R.Rajiyah Mr W.Rajapakse Mr S.V.Rajiyah	- Rent paid - Reimbursement of centralized Finance, HR & IT services - Transport Services	87,500.00 761,667.00 353,242.00	Renuka Group Ltd Renuka Group Ltd Renuka Travel & Tours (Pvt) Ltd
Mr S.Vasantha Kumara Mr L.M.Abeeywickrama Mr J. E. Brennan Mr M. Terloth	- Kernel Purchases	13,871,596.00	Kandy Plantations Ltd.
Renuka Organics (Pvt) Ltd Dr S.R.Rajiyah Mrs I.R.Rajiyah Mr S.V.Rajiyah	- Transport Services	4,194.00	Renuka Travel & Tours (Pvt) Ltd
Mr S.Vasantha Kumara Mr M.Witsenburg	- Transport Services	40,947.00	Renuka Travel & Tours (Pvt) Ltd
Kandy Plantations Ltd Dr S.R.Rajiyah Mrs I.R.Rajiyah Mr W.Rajapakse Mr S.V.Rajiyah Mr M.Witsenburg	- Reimbursement of Centralized Finance, HR & IT services - Transport Services	140,000.00 40,947.00	Renuka Group Ltd Renuka Travel & Tours (Pvt) Ltd
Renuka Teas (Cey) Ltd Dr S.R.Rajiyah Mrs I.R.Rajiyah Mr S.V.Rajiyah Mr S.Vasantha Kumara	- Rent paid - Reimbursement of centralized Finance, HR & IT services - Transport Services	60,000.00 148,333.00 85,287.00	Renuka Group Ltd Renuka Group Ltd Renuka Travel & Tours (Pvt) Ltd
Ceylon Forestry (Pvt) Ltd Dr S.R.Rajiyah Mrs I.R.Rajiyah Mr S.V.Rajiyah Mr T.G. Hockley Mr S.Vasantha Kumara	- Lease Rental paid	45,833.00	Ceylon Botanicals (Pvt) Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

30.3 During the year the Company has purchased the following investments from Renuka Group Ltd.
a) Investment in Renuka Agro Exports Ltd. - 36 Mn.
b) Investment in Renuka Enterprises (Pvt) Ltd. - 31 Mn.

NOTE 31 - CAPITAL COMMITMENTS

There were no capital expenditure commitments approved as at 31.03.2009 in respect of the Group.

NOTE 32 - CONTINGENT LIABILITIES

There are no contingent liabilities as at 31st March 2009

NOTE 33 - POST BALANCE SHEET EVENTS

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

NOTE 34 - LITIGATIONS AGAINST THE GROUP
Coco Lanka PLC

During the year 2001 a case was filed by Renuka Hotels Limited against seven respondents including Coco Lanka PLC and Renuka Agrifoods Limited with regard to the investment made by Coco Lanka PLC in Renuka Agrifoods Limited. This action was dismissed with cost to the defendants. They have appealed the verdict and the legal consultants are in the view that there is a strong likely hood of the outcome of this case being in favour of Coco Lanka PLC in the Appeal too.

Kandy Plantations Ltd

Land Reform Commission has filed a case in the District Court of Attanagalla against the trustees where Kandy Plantations Ltd is a respondent.

NOTE 36 - CONSOLIDATION - INCOME STATEMENT CALCULATION

	Results of Subsidiaries		Results of Renuka Holdings PLC	Post acquisition Profit adjustments Consolidation	Total (including pre acquisition & post acquisition results)	Pre acquisition results transferred to Cost of Control	Renuka Holding Group
	Rs.	Rs.	Rs.	Rs.	Rs.	& MI	Rs.
Revenue	1,699,313,354	146,128,964	9,871,541	(15,185,140)	1,840,128,719	(1,699,313,354)	140,815,365
Cost of Sales	(1,341,430,637)	(111,028,119)	-	14,643,204	(1,437,815,552)	1,341,430,637	(86,384,915)
Gross Profit	357,882,717	35,100,845	9,871,541	(541,936)	402,313,167	(357,882,717)	44,430,450
Other Income	72,711,640	2,314,406	3,214,356	-	78,240,404	(72,711,640)	5,528,764
Distribution Expenses	(58,522,573)	(4,622,905)	-	541,936	(62,603,542)	58,522,573	(4,080,967)
Administrative Expenses	(132,605,376)	(13,465,435)	(429,007)	-	(146,529,818)	132,605,376	(13,924,442)
Other Expenses	(8,198,953)	(745,178)	(224,454)	-	(8,198,585)	8,198,953	(989,632)
Finance Cost	(32,167,078)	(2,775,816)	-	-	(34,942,894)	32,167,078	(2,775,816)
Negative Goodwill on acquisition of Subsidiaries	-	-	-	-	-	-	448,426,135
Profit Before Taxation	199,102,376	15,775,918	12,432,436	-	227,310,730	(199,102,376)	476,634,490
Taxation	(12,902,381)	(2,548,155)	(1,143,000)	-	(16,593,536)	12,902,381	(3,691,155)
Profit for the year	186,199,995	13,227,763	11,289,436	-	210,717,194	(186,199,995)	472,943,335
Amount transferred to Cost of Control	(89,350,479)	-	-	-	(89,350,479)	89,350,479	-
	96,849,516	13,227,763	11,289,436	-	121,366,715	(96,849,516)	472,943,335
Attributable to Minority Interest	(96,849,516)	(2,964,656)	-	-	(99,814,172)	96,849,516	(2,964,656)
Equity Holders of the Parent	-	10,263,107	11,289,436	-	21,552,543	-	469,978,679

NOTE 36 - INDUSTRY SEGMENT INFORMATION

	Agri Business Sector		Investment & Services Sector		Total	Group Total
	31.03.2009	31.03.2008	31.03.2009	31.03.2008		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Turnover						
Total	152,864,882	-	3,135,643	11,635,886	-	156,000,505
Intra Group	(14,643,204)	-	(541,936)	-	-	(15,185,140)
External	138,221,678	-	2,593,707	11,635,886	-	140,815,365
Profit before Finance Cost	31,555,068	-	(581,850)	11,868,874	-	30,984,173
Finance Cost	(2,175,949)	-	(17,869)	-	-	(2,193,818)
Negative Goodwill written back	267,280,540	-	181,145,596	-	-	448,426,135
Profit before Tax	296,659,659	-	180,540,832	11,868,874	-	476,634,490
Total Assets	1,718,922,927	-	981,851,590	410,895,433	(884,881,205)	1,615,893,312
Fixed Assets including						
Investment Property	488,966,934	-	444,920,643	307,000,000	-	943,907,577
Other Long Term Investments	-	-	224,463,922	-	-	224,463,922
Non Interest Bearing Liabilities	(23,968,481)	-	-	-	-	(23,968,481)
Deferred taxation	9,327,697	-	600,814	-	-	9,928,511
Retirement Benefit Obligation	110,706,717	-	2,757,760	3,173,284	-	113,464,477
Trade and other payable	-	-	-	-	-	-

FIVE YEAR SUMMARY

 Year ended 31st March
(all in 000)

	2009	2008	2007	2006	2005
	Group	Group	Group	Company	Company
Operating Results					
Group Revenue	140,815	11,636	101,649	29,883	8,859
Profit Before Taxation	476,634	11,869	294,192	8,426	8,191
Taxation	3691	370	87	314	359
Profit After Taxation	472,943	11,499	294,105	8,112	7,832
Profit Attributable to:					
Shareholders	469,979	11,499	294,105	8,112	7,832
to Minority	2,965	-	-	-	-
Equity and Liabilities					
Stated Capital	75,000	75,000	75,000	75,000	75,000
Accumulated Profits	794,758	330,779	325,280	31,176	23,064
Shareholder Funds	869,758	405,779	400,280	106,176	98,064
Minority Interest	550,879	-	-	-	-
Non Current Liabilities	164,813	-	-	-	-
Current Liabilities	230,444	4,916	72	2,119	284
	<u>1,815,893</u>	<u>410,695</u>	<u>400,352</u>	<u>108,295</u>	<u>98,348</u>
Assets					
Property Plant & Equipment	636,908	-	100	-	-
Investments	531,464	307,000	307,000	30,003	30,003
Other Non Current Assets	69,277	-	-	-	-
Current Assets	578,244	103,695	93,252	78,292	68,345
	<u>1,815,893</u>	<u>410,695</u>	<u>400,352</u>	<u>108,295</u>	<u>98,348</u>
Key Indicators					
Earnings per Share	62.66	1.53	39.21	1.08	1.04
Dividend Per Share	2.00	0.80	0.80	-	-
Net Asset Value	115.97	54.11	53.37	14.16	13.08
Return on Shareholders Funds	54.03	2.83	73.47	7.64	7.99

SHARE HOLDER'S INFORMATION

STOCK EXCHANGE LISTING

The issued ordinary shares of Renuka Holdings PLC are listed on the Diri Savi board of the Colombo Stock Exchange (CSE) in Sri Lanka

SHARE HOLDER'S INFORMATION

Total No of Shareholders 145
 Total No of Shares 7,500,000 (as at 31st March 2009)

No of Shares Held	31-3-2009			31-3-2008			
	No Share holders	No of Shares	%	No Share holders	No of Shares	%	
1	1,000	124	26,537	0.35	84	28,300	0.37
1001	5,000	12	31,863	0.42	11	25,600	0.34
5001	10,000	1	8,100	0.11	1	7,100	0.09
10,001	50,000	3	83,669	1.12	4	108,709	1.45
50,001	100,000	2	200,000	2.67	1	100,000	1.33
100,001	500,000	2	346,500	4.62	3	650,032	8.68
500,001	1,000,000						
Over 1,000,000		1	6,803,331	90.71	1	6,580,259	87.74
Total		145	7,500,000.00	100	105	7,500,000.00	100

Analysis of Shareholders	31st March 2009			31st March 2008		
	No Share holders	No of Shares	%	No Share holders	No of Shares	%
Individuals	140	689,269	9.2	100	457,209	6.1
Institutions	5	6,810,731	90.8	5	7,042,791	93.9
Total	145	7,500,000.00	100	105	7,500,000.00	100

Analysis of Shareholders	31st March 2009			31st March 2008		
	No Share holders	No of Shares	%	No Share holders	No of Shares	%
Residence Non Residence	143	7,493,600	99.91	103	6,973,928	92.99
Residence	2	6,400	0.09	2	526,072	7.01
Total	145	7,500,000.00	100	105	7,500,000.00	100

PUBLIC SHARE HOLDING

The percentage of shares held by the public

2009	4.57%
2008	8.92%

SHARE TRADING INFORMATION

SHARE TRADING INFORMATION

1st APRIL TO 31ST MARCH	2008/2009	2007/2008
Highest (Rs)	59.75	100.00
Lowest (Rs)	40	54.00
As at 31st March	47.5	74.50
As at 31st March - Market Capitalisation	356,250,000	558,750,000
No of Transactions	92	N/A
No of shares traded	28100	N/A
Value of shares traded (Rs)	1,352,850	N/A

Listed on 10/3/2008

DIVIDENDS

Proposed/ paid final dividend (Rs) 15,000,000 (2.00 per share) 6,000,000 (0.80 per share)

Twenty (20) Largest Shareholders

As at	31st March 2009		31st March 2008	
	No of Shares held	%	No of Shares held	%
Renuka Group Limited	6,803,331	90.71	6,580,250	87.7
Dr S.R.Rajiyah & Mrs I.R.Rajiyah	200,000	2.66	100,000	1.33
Sheikh Dawood	192,500	2.57	192,500	2.57
Mr S.V.Rajiyah	154,000	2.05	154,000	2.05
Mr G.Rajiyah	33,669	0.45	33,669	0.45
Ms S.R.Rajiyah	25,000	0.33	25,000	0.33
Miss A.L.Rajiyah	25,000	0.33	25,000	0.33
Mr S. Sivarangithan	8,100	0.11	-	-
Mr S.Ali Othman Ali Abo Qamaz	4,800	0.06	-	-
Mr U.I. Bandara	4,000	0.05	-	-
Amalgamated International (Pvt) Ltd	4,000	0.05	4,000	0.05
Miss E.Rodrigo Rajiyah	3,300	0.04	3,300	0.04
Mrs H.M.S.Seneviratne	3,100	0.04	-	-
First Class Business Solutions (Private) Limited	2,300	0.03	-	-
Mr D.C.Wimalasena	2,000	0.03	2000	0.02
Mrs Y.D.Perera	2,000	0.03	2000	0.02
Mrs R.S. Perera	1,900	0.03	1000	0.01
Mr B.M. Molloy & Mrs C.E.Sammier	1,600	0.02	-	-
Mr M.D.T.A. Jayamane & Mr M.D.S.Jayamane	1,500	0.02	1500	0.02
Mr.S Sivanewaran	1,363	0.02	-	-
Sub total	7,473,463	99.63	7,124,219	94.99
Others	26,537	0.37	375,781	5.01
Total	7,500,000	100	7,500,000	100.00

NOTICE OF MEETING

Notice is hereby given that the 29th Annual General meeting of the Company will be held at the Sri Lanka Japan Cultural Centre (Sasakawa Hall), No. 4, 22nd Lane Colombo on the 23rd September 2009 at 2.00 p.m for the following purposes

1. To receive and consider the report of the Directors and the Statement of the Audited Financial Statements for the year ended 31st March 2009 with the report of the Auditors thereon.
2. To re elect Mr.C.J.De.S.Amaratunge
3. To declare a dividend of Rs 2/= per share.
4. To re-appoint the auditors & authorize the Directors to determine their remuneration.

By Order of the Board

M. Sakthivel
Secretary

19th August 2009

Note

- a) A member entitled to attend and vote at the above meeting is entitles to appoint a proxy to attend and vote instead of the member, such proxy need not 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 Jinaratne Road Colobo-02 on or before 2.00 p.m on 21st being the time appointed for the holding of the meeting.

FORM OF PROXY

I/We
of
being a member / members of Renuka Holdings PLC, hereby appoint:

Mrs I.R.Rajiyah	(or failing her)
Dr S.R.Rajiyah	(or failing him)
Mr P.C.K.Abeykoon	(or failing him)
Mr L.M.Abeywickrama	(or failing him)
Mr S.V.Rajiyah	(or failing him)
Mr C.J.De.S.Amaratunge	(or failing him)
Mr M.S.Dominic	(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 held on.....2009 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
01	To receive & consider the report of the Directors and the Statement of the Audited Financial Statements for the year ended 31st March 2009 with the report of the Auditors thereon.		
02	To re - elect Mr C.J.De.S.Amaratunge		
03	To declare a dividend of Rs 2/- per share		
04	To re - appoint Auditors & authorized the Directors to determine their remuneration.		

Dated this.....day of.....2009

.....
Signature of Shareholder

- (a) A proxy need not 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 Holdings PLC

Registration No.
PQ 227

Legal Form
Quoted public company with limited liability

Board of Directors - Company
Mrs I.R.Rajiyah (Chairperson)
Dr S.R.Rajiyah (Group Managing Director)
Mr C.J.De.S.Amaratunge
Mr P.C.K.Abeykoon
Mr S.V.Rajiyah
Mr L.M.Abeywickrama
Mr M. S. Dominic

Board of Directors - Group
(not inclusive of above directors)
Mr S.Vasanth Kumara
Mr W.Rajapakshe
Mr J.Brennan
Mr M.Terfloth
Mr M.Witsenburg
Ms S.R.Thambiyah
Mr T. G. Hockley

Company Secretary
Mr M. Sakthivel

Registrars
Secretaries and Registrars Ltd
32A, Sir Mohamed Macan Markar Mawatha,
Colombo 03

Registered Office
"Renuka House"
69 Sri Jinaratana Road,
Colombo 2
Telephone: 0094-11-2314750 - 5
Email: info@renukagroup.com
Fax: 0094-11-2445549

Postal Address
P.O.Box 25, Colombo

Stock Exchange Listing
Colombo Stock Exchange

Investment Committee
S.R.Rajiyah
I.R.Rajiyah
S.V.Rajiyah
L.M.Abeywickrama
S.Vasanth Kumara

Audit Committee
C.J.De.S.Amaratunge (Chairman)
P.C.K.Abeykoon
L.M.Abeywickrama

Auditors
Kreston MNS & Co
Chartered Accountants

Legal Consultants
Dissanayake & Amaratunge Associates
Attorneys at Law

Bankers
National Development Bank PLC
Hong Kong & Shanghai Banking Corporation Ltd