

MINISTRY OF INDUSTRY AND COMMERCE

KAHATAGAHA GRAPHITE LANKA LIMITED

Fully Government owned Company



ANNUAL REPORT

2014 / 2015

HEAD OFFICE

561/3,
Elvitigala Mawatha,
Narahenpita,
Colombo 05.

Telephone : 011 - 2368738
Fax : 011 - 2058062
Email : kgl@sltnet.lk
Website : www.kgraphite.lk

MINES

Kahatagaha Mine
Maduragoda,
Dodangaslanda.

Telephone : 037-2252015
Fax : 037-4931711

C O N T E N T S

Introduction	01
Chairman's Review	02
Audit Committee Report	06
Corporate Vision, Mission & Objectives	07
Organizational Structure	08
Report of the Directors	09
Financial Highlights	12
Annual Accounts	13
Notice of Meeting	14
Form of Proxy	15

INTRODUCTION

Kahatagaha Graphite Mines

Kahatagaha Mines are located in North Western Province of Sri Lanka at Maduragoda, **Dodangaslanda** in Kurunegala District, approximately 90 km. from the capital of Colombo, and managed by **Kahatagaha Graphite Lanka Limited**. (KGLL). It is a fully government owned public limited liability Company, established under the Companies Act No. 07 of 2007, purviewed by the Ministry of **Industry and Commerce**. The major shareholder of the company is the **Secretary to the Treasury**. Main policymaking body of KGLL is the Board of Directors, headed by Executive Chairman and KGLL derives the essence of its corporate policy from line Ministry and the Treasury.

Kahatagaha Mines is at the elevation of 25 meters in a hilly terrain at Maduragoda, Dodangaslanda, in Ridigama Divisional Secretary Division and the extent of the land is approximately 102 acres. Out of 102 acres of surface land, 76 acres of coconut cultivation is managed by KGLL.

There are two major mines in Sri Lanka namely - Bogala mines and Kahatagaha mines. Kahatagaha Mine is a combination of two mines, which were operated since 1872 as Kahatagaha and Kolongaha Mines and after undertaking by the government in 1973, the two mines are amalgamated and work as a single mine.

The Mine is 2000 feet (610 meters) deep and it is the deepest mine in Sri Lanka. Accessibility to the mine is by 2 shafts. The shaft at Kahatagaha reaches to 1132 feet (345 meters) level and Kolongaha goes up to 330 feet (101 meters) level. The shafts are sinking to the mines from two different locations. The below the shafts, bottom levels are accessed by series of winches, which goes up to 2000 feet (610 meters) level. Main shaft and the winches are used to mobilize underground workers to various levels of the mine, from 1132 to 2000 feet levels and to extract run off mine. The mine extends as far as 500 meters, at its widest point.

Uniqueness of Kahatagaha product

Sri Lanka is the only commercial source of supply of high Carbon Natural Crystalline Vein Graphite and particularly Kahatagaha Mine is capable of mining high purity Natural Vein Graphite over 99% carbon, in fully crystallized form. It is found as needles, lumps, rossets, and flakes, enjoying monopoly of high carbon crystalline vein graphite, with low ash content, having a proven reputation of world market acceptance as an unique product.

CHAIRMAN'S REVIEW

The period under review though not directly during my term of office, I am submitting my review about Kahatagaha Graphite Lanka Limited (KGLL) for the period 2014/2015 as its chairman from 23/11/2015.

Kahatagaha Graphite Lanka Limited cannot be complacent about its performance during the *period* under review 2014/2015. The value addition programs using Kahatagaha graphite raw form continued with many interested foreign investors but with no fruitful results. However, the process of exporting graphite raw to the traditional buyers continued as in the past couple of decades.

PRODUCTION

During the year 2014/2015, 712.0 m/t of graphite run of mines were extracted. This is a 16 percent reduction as against the previous year's output of 848.13 m/t the main reason to the reduction in the output was due to the heavy rains which caused the flooding situation underground at the 2000ft level, most of the graphite rich workstations stopped worked at this level of 2000 due to the flooding underground. The entire staff had to deployed for the de watering in the flooded areas underground. Besides, the labour strikes in the year 2014 with the demand of job permanency too contributed to the drop in the production, mainly during the month of December 2014.

SALES, MARKETING AND FINANCIAL POSITION

The processed graphite 708m/t were exported for Rs122mn in the year and thereby our revenue declined by Rs22mn, when compared to the previous year's revenue of 144mn. Reasons for the low income was due to low orders received from USA, UK market normally bids for higher grade processed graphite. 97/99% C. The price increase mechanism of once in 6 months period, also seriously affected our traditional buyers' market, usually the case in the niche market.

In order to dispose our stock of graphite new buyers had to be procured, promoted and protected so as order to increase our sales to at least 60m/t per month. A website has to be introduced almost immediately and monitored by an officer entrusted with the job, under close supervision of the Marketing Division.

MINES UNDER GROUND DEVELOPMENT AND EXPLORATION WORK

Developing became a critical problem in the mine underground as the two levels of the mine got flooded during the year under review. This problem still continues, and we are at a risk of getting flooded again. Our best graphite producing level area are at the lower most level. An extra motor is needed in the event of a break down.

Waste rock problem is also another hindrance for the development of the underground in the mining. Action is being taken to rectify and resolve the rock problem and dewatering in order to achieve improvement in the underground mines. Underground flood situation, was brought under control and productions were initiated in the month of September 2015. Newly exposed graphite rich veins have been approached by excavation of new tunnels and production was initiated. 2nd shaft sinking works were further continued and Steel wire rope of main hoist replaced by investing Rs.3.2 Mn. and new capacitors were installed to underground major plants to reduce power consumptions.

PROCESSING, PACKING SYSTEM AND SURFACE BUILDINGS

Rs.13.36 Mn. were invested to upgrade processing system and surface buildings. Installation of trammel machine, Conveyers, chute construction, Construction of drying yard and bin yard, renovation of buildings and internal road development works completed. The labor efficiency and productivity increased due to mechanizing the primary separation system and providing infrastructure.

COCONUT PLANTATION AND ESTATE DEVELOPMENT

We have already re-planted 52 acres of coconut plantation, the coconut estate is well managed and we have provided 8 numbers of regular employees to maintain the estate and provided infrastructure facilities and fertilizer etc. under the inter plantation project, initially 1,200 of pepper plantation initiated during the year with the assistance of export development board as and maintaining well.

However about 50 acres out of 102 acres of mines land were not in a position to be used due to court case pending and neither party could use this particular land which is gradually turning in to a jungle.

WORKERS WELFARE & PROBLEMS

Workers relationship conducted by way of participative management style in order to enhance the efficiency and effectiveness of the resources and motivation of the employees. The underground worker's behaviour is very different with that of the surface workers due to the risky nature and hardship work environment nature.

Mining safety equipment and safety uniforms were provided timely and underground equipment were maintained well especially hoisting systems to safeguard employees. Doctor from Ridigama hospital has been arranged to visit the mines premises once a week to provide necessary treatment and get consultation to all the workers and their families too at our own medical centre with all primary equipments and medicines.

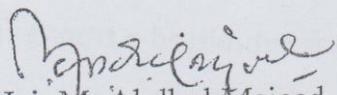
However labor unrest was reported during the year requesting employee permanency and they requested to obtain a permanent cadre to the company by submitting a cabinet paper through the Hon. Minister as they have no job security.

In addition to that, unstable political situation that prevailed in the country and the sudden changes in management too affected the company's good performance.

Whatever success achieved by KGLL during the year under review could not have been possible without the commitment and dedication of all the employees of this Organization, especially the underground workers. This contribution of the underground workers should always be remembered and appreciated as they are always exposed to risks.

The co-directors too continuously gave their unstrained support and cooperation to achieve betterment to the Company during the year under review.

I will be failing in my duties if I do not thank the Hon. Minister of Industry and Commerce for granting me this position, the Hon. State Minister of Industry and Commerce, the Secretary and the entire staff of the Ministry of Industry and Commerce, the Secretary to the Treasury and staff who extended their support to KGLL and specially the members of the Board of Directors and all employees of KGLL. Finally thank you from our organization goes to M/S Ranaweera & Nagasingha and Company Chartered Accountants and staff who extended their services satisfactorily this year too without hesitation as the auditors of KGLL.



AL. Haj. M. Abdhul Majeed
Chairman

KAHATAGAHA GRAPHITE LANKA LIMITED

20th February 2016

Audit Committee Report

Role of the Audit Committee

The main objective of the Audit Committee is to encourage and safeguard the highest standards of integrity in financial reporting, risk management, compliance with statutory & regulatory requirement and maintenance of sound internal control system.

Composition of the Audit Committee

The Audit Committee comprises of three Non-Executive Directors and one of them functions as a chairperson nominated by the Treasury the only shareholder of the company and the Board Secretary as the convener. The composition of the newly appointed Audit Committee is as follows;

Ms. N P A R Jayawardane	- Chairperson
Mr. B S wimalasunara	- Director
Mr. N L Pallepola	- Director

Meetings and Attendance

The committee has discussed in depth the matters arisen from Internal audit report. Instruct the management to rectify the issues highlighted therein. Some matters have been brought to the notice of the Board of Directors or for decisions to be taken after consideration.

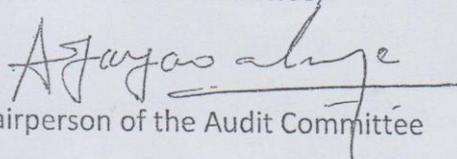
Activities

The Audit Committee discharged its duties by reviewing and discussing the Draft Accounts, External Audit Reports and the Internal Audit reports. The Audit Committee has reviewed these reports, recommended additional control and risk mitigation strategies that could be implemented to strengthen the existing internal control system thus minimizing the possibility of occurrence of fraud, errors, operational and financial risks faced by the Company.

The committee observed that the external Auditor has submitted a true & fair view opinion for the year 2014/2015.

As a result of regime change in early 2015 new the Audit Committee was appointed and this report is submitted instead of Previous Audit Committee.

On behalf of the Committee,



Chairperson of the Audit Committee

CORPORATE VISION

“TO BE THE UNIQUE SOURCE OF THE NATURAL CRYSTALLINE VEIN GRAPHITE IN THE WORLD”

CORPORATE MISSION

“TO BE A DYNAMIC PARTNER WHO IS EFFECTIVE AND EFFICIENT IN THE ECONOMIC AND SOCIAL DEVELOPMENT OF SRI LANKA BY EARNING FOREIGN EXCHANGE WITH OPTIMUM UTILIZATION OF GRAPHITE MINERAL RESOURCE IN THE COUNTRY”

CORPORATE OBJECTIVES

“THE BUSINESS OBJECTIVES OF THE COMPANY ARE, MINING AND PROCESSING FOR EXPORT OF HIGH PURITY QUALITY GRAPHITE AND MAXIMUM VALUE ADDITION AND DEVELOPING GRAPHITE BASED INDUSTRIES”

ORGANIZATIONAL STRUCTURE

Kahatagaha Graphite Lanka Limited is organized under an Executive Chairman and a Board of Directors.

The operations of the Company are organized under the following areas:

- ✓ Mining
- ✓ Processing
- ✓ Mechanical & Electrical Engineering
- ✓ Marketing
- ✓ Personnel
- ✓ Administration
- ✓ Finance & Accounting
- ✓ Supplies & Stores
- ✓ General Civil Engineering
- ✓ Security

KAHATAGAHA GRAPHITE LANKA LIMITED

ANNUAL REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2015

The Directors present herewith the audited Financial Statements for the year ended 31ST March 2015. The Board of Directors is responsible for preparing and presenting the Financial Statements set out therein in accordance with the Sri Lanka Accounting Standards.

Principal Activities

The principal activities of the company were.

1. To carry on the business of the part designated in Kolongaha, Kahatagaha Mines of the State Mining and Mineral Development Corporation which was created by Gazette Order published under the State Industrial Corporation Act No 49 of 1957.
2. To succeed to the ownership of property movable and immovable owned by and used by the part designated as Kolongaha – Kahatagaha Mines of the said State Mining and Mineral Development Corporation.

Financial Results

Financial Results are given on page 3 & 4 to the Financial Statement.

Property, Plant and Equipment

The movements in property, plant and equipment during each year are set out in Note 18 to the Financial Statement.

Investments

Company has invested Rs.7 Mn in fixed deposits to discharge employees' gratuity obligation.

Donation

Company has made no donations during the accounting period.

Auditor's Report

The Report of the Auditors on the Financial Statements is included in the Annual Report.

Retirement of Directors

In terms of the Articles of Association **Mr. Ismail Mohamed Junais** retires by rotation and is eligible for re-election of himself with the unanimous support of the continuing Directors.

In terms of the Articles of Association **Ms. Nainanayake Pathirannehelage Anuja Roshani Jayawardane** retires by rotation and is eligible for re-election of herself with the unanimous support of the continuing Directors.

In terms of the Articles of Association **Mr. Bandula Senadhi Wimalasundera** retires by rotation and is eligible for re-election of himself with the unanimous support of the continuing Directors.

Directors as at 31st March 2015

The names of the Directors who held office as at 31st March 2015 are as follows:

Full Name

Mr. Tuan Mohamed Azzam Bangsajayah

Mr. Ismail Mohamed Junais

Mr. Wasala Mudiyansele Chaminda Preethiviraj Wasala

Mr. Mohamed Shariff Liaquath Alikhan

Mrs Nainanayake Pathirannehelage Anuja Roshani Jayawardena (appointed on 20th March 2015)

Messrs Dharmasena Kalansooriya, A U M Yasir and Mrs Akalanka Rasujani Wickremasinghe resigned from the company on 22nd January 2015, 30th January 2015 and 20th March 2015 respectively. Mr Tuan Mohamed Azzam Bangsajayah resigned on 27th April 2015. Mr. Wasala Mudiyansele Chaminda Preethiviraj Wasala resigned on 26th June 2015.

In terms of Articles of Association, Ministry of Finance nominated following persons to the Board and they were appointed as directors of the company.

Mr. Wagage Dasanayake Jayasinghe- Appointed as a director and the Chairman of the company effective from 01st April 2015 and resigned from the Company with effect from 15th October 2015

Mr. Mulle Vidnalage Don Naveen Lakshitha Pallepola –Appointed with effect from 01st April 2015 and resigned with effect from 11th February 2016.

Mr. Bandula Senadhi Wimalasundera - Appointed with effect from 27th April 2015

In terms of Articles of Association, Ministry of Finance nominated the following person to the Board and was appointed as a director of the company.

AL Haj Meerasahibu Abdhul Majeed - Appointed as a Director and the Chairman of the company effective from 8th January 2016

Remuneration of Directors

The total remuneration of the Board of Directors during the year under review is given in Note 11 of the Financial Statements.

Directors interest in contracts and proposed contracts with the Company

The Directors interest in contracts and proposed contracts with the Company are disclosed in the financial statements.

Statutory Payments

To the best of their knowledge and belief, the Directors are satisfied that all statutory payments in relation to the Government and to the employees have been settled to date or provided for in the books of the Company.

Events after balance sheet date

The materiality of events after balance sheet was considered and where necessary, appropriate adjustments or disclosures have been made.

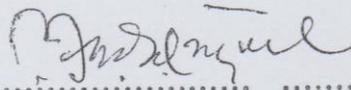
Auditors

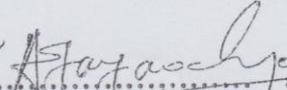
Messrs Ranaweera Nagasinghe & Company, Chartered Accountants, served as the Auditors during the year under review. The Auditors have confirmed that they have had no interest in or relationship other than that of Auditors. They confirm that they are independent in accordance with the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

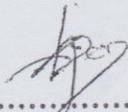
Fees payable to the Auditors for the financial year is given in Note 12 to the Financial Statements.

Messrs Ranaweera Nagasinghe & Company have expressed their willingness to continue in office. A resolution to re-appoint them and to authorize the Directors to fix their remuneration will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD OF KAHATAGAHA GRAPHITE LANKA LIMITED


.....
Director


.....
Director

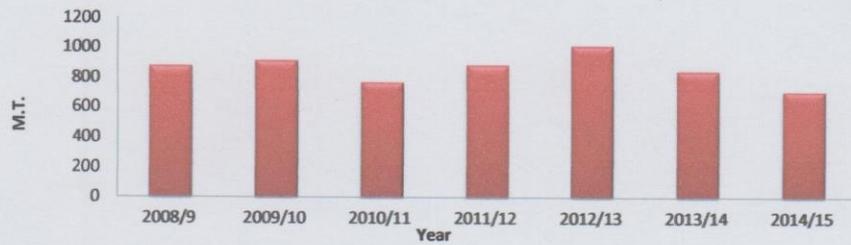

.....
Accounting Systems Secretarial
Services (Pvt) Ltd

AL. Haj. M. Abdhul Majeed
Chairman
KAHATAGAHA GRAPHITE LANKA LIMITED

Financial Highlights

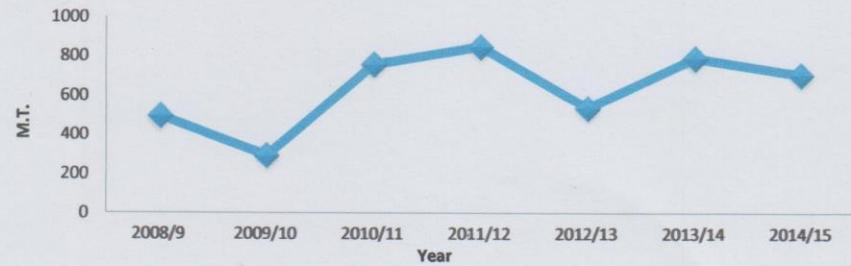
Production

Year	M.T.
2008/9	877
2009/10	915
2010/11	771
2011/12	888
2012/13	1018
2013/14	848
2014/15	712



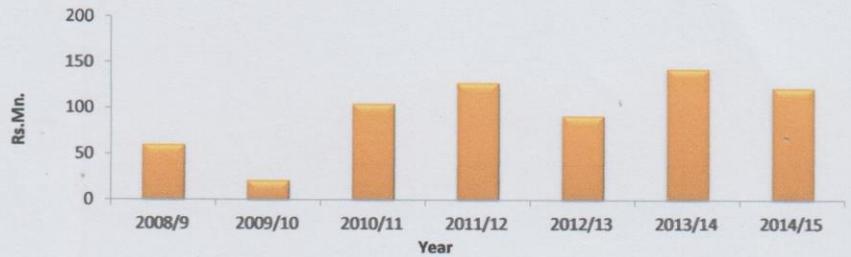
Sales

Year	M.T.
2008/9	497
2009/10	295.2
2010/11	760.3
2011/12	850.3
2012/13	537.8
2013/14	793
2014/15	708.5



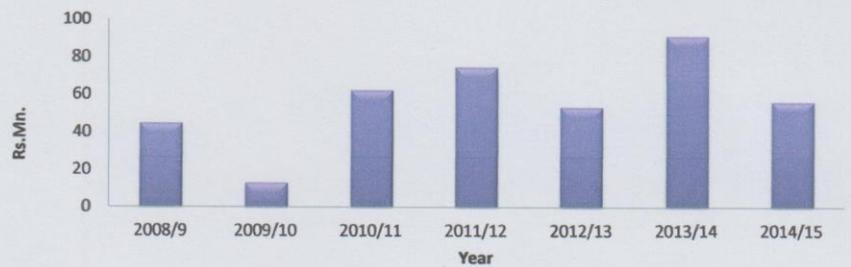
Revenue

Year	Rs.Mn.
2008/9	60.4
2009/10	21.1
2010/11	105
2011/12	128
2012/13	91.6
2013/14	143.6
2014/15	122.5



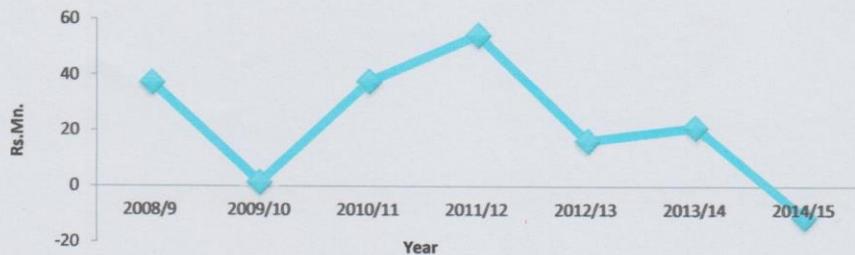
Gross Profit

Year	Rs.Mn.
2008/9	44.8
2009/10	13.1
2010/11	62.4
2011/12	74.9
2012/13	53.5
2013/14	91.36
2014/15	56.35



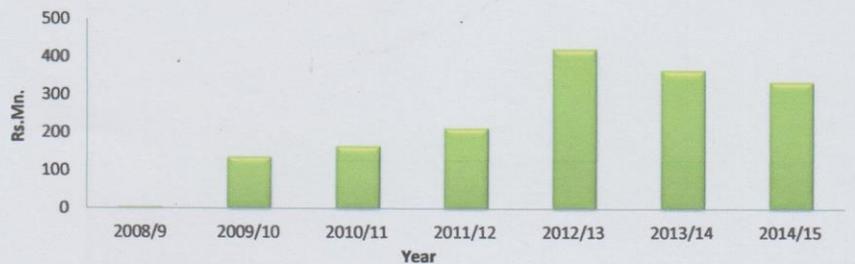
Net Profit Before Tax

Year	Rs.Mn.
2008/9	37.3
2009/10	1.5
2010/11	37.7
2011/12	54.3
2012/13	16.4
2013/14	21.18
2014/15	-10.84



Net Assets

Year	Rs.Mn.
2008/9	4.4
2009/10	137
2010/11	166
2011/12	214
2012/13	423.4
2013/14	367.5
2014/15	337



**KAHATAGAHA GRAPHITE
LANKA LIMITED**

**ANNUAL ACCOUNTS
2014/15**

FROM 01 APRIL 2014 TO 31 MARCH 2015

**RANAWEERA NAGASINGHE & COMPANY
CHARTERED ACCOUNTANTS**

KAHATAGAHA GRAPHITE LANKA LIMITED ACCOUNTS 2014/15

CONTENTS	PAGE
Corporate Information	01
Auditor's Report	02
Statement of Comprehensive Income	03-04
Statement of Financial Position	05
Statement of Changes in Equity	06
Statement of Cash flow	07
Significant Accounting Policies	08- 17
Notes to the accounts	18 - 26
Income Tax Computation	27-29

KAHATAGAHA GRAPHITE LANKA LIMITED

CORPORATE INFORMATION

CORPORATE INFORMATION AS AT 31ST MARCH 2015

NAME OF THE COMPANY

KAHATAGAHA GRAPHITE LANKA LIMITED

LEGAL FORM

PUBLIC LIABILITY COMPANY UNDER MINISTRY OF FINANCE

REGISTERED OFFICE

No. 561/3, ELVITIGALA MAWATHA, NARAHENPITA, COLOMBO 05.

STATUTORY STATUS

PUBLIC LIMITED LIABILITY COMPANY INCORPORATED IN SRI LANKA UNDER THE COMPANIES ACT NO. 17 OF 1987.

COMPANY REGISTRATION NO

PB 1513

DIRECTORS

D. KALANSOORIYA	Ceased to Hold Office on 22-01-2015
A.U.M. YASIR	Ceased to Hold Office on 30-01-2015
A.R. WICKRAMASINGHE	
I.M. JUNAIS	
T.M.A. BANGSAJAYAH	
W.M.C.P. WASALA	
M.S.L. ALIKHAN	

SECRETARY

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PVT) LTD
NO. 02, CASTLE LANE, COLOMBO 04.

AUDITORS

RANAWEERA NAGASINGHE & COMPANY,
CHARTERED ACCOUNTANTS,
NO. 277, NEW HUNUPITIYA ROAD,
DALUGAMA,
KELANIYA.



BANKERS

BANK OF CEYLON
KOLLUPITIYA AND REDIGAMA.

RANAWEERA, NAGASINGHE & CO.
CHARTERED ACCOUNTANTS

S. RANAWEERA, A. C. A
N. NAGASINGHE, B.Sc., F. C. A.
W.S. ROSHAN DE SOYSA, B.Sc., A. C. A.

COLOMBO OFFICE:

No : 277,
New Hunupitiya Road,
Dalugama,
Kelaniya.
Tel:/Fax: : 0112910571, 2905196

HEAD OFFICE:

No. 41/5B,
Old Market Road,
Kotuwegoda,
Matara.
Tel: 041 2222365,041 2221415

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KAHATAGAHA GRAPHITE LANKA LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of KAHATAGAHA GRAPHITE LANKA LIMITED which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

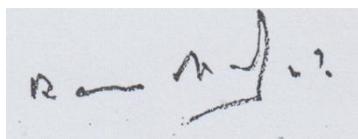
We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of KAHATAGAHA GRAPHITE LANKA LIMITED as at 31 March 2015 and its financial performance and its cash flows for the year then ended in accordance with Sri Lanka accounting standards..

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

These financial statements also comply with the requirements of Section 151(1) of the Companies Act, No. 07 of 2007.



RANAWEERA NAGASINGHE & CO,
CHARTERED ACCOUNTANTS
04 September 2015.



KAHATAGAHA GRAPHITE LANKA LIMITED

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH

	NOTES	2015 LKR	2014 LKR
REVENUE			
Sale of Graphite	08	122,559,438.42	144,111,798.15
Direct Cost, Mining Cost	09	(66,200,141.64)	(52,750,707.80)
		56,359,296.78	91,361,090.35
GROSS PROFIT/(LOSS)			
Sundry Income	10	(189,636.59)	(312,941.13)
		56,169,660.19	91,048,149.22
LESS: OPERATING COST			
Personnel Cost	11	(17,035,760.85)	(15,394,843.66)
Establishment & Administration Cost	12	(17,430,868.17)	(17,778,483.25)
Maintenance Cost	13	(1,778,305.10)	(1,339,248.06)
Utility Cost	14	(514,497.87)	(599,029.49)
Depreciation Cost	15	(22,056,937.29)	(20,167,747.60)
Selling and Distribution Cost	16	(2,347,142.16)	(3,877,278.11)
Gratuity		(2,548,856.89)	(2,229,903.20)
Finance & Other Cost	17	(3,305,849.68)	(8,473,835.17)
TOTAL OPERATING COST		(67,018,218.01)	(69,860,368.54)
PROFIT/(LOSS) BEFORE TAXATION		(10,848,557.83)	28,215,068.40
Taxation		(44,654.83)	(3,847,066.52)
PROFIT/(LOSS) FOR THE YEAR AFTER TAXATION		(10,893,212.66)	17,340,714.15



KAHATAGAHA GRAPHITE LANKA LIMITED

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH

NOTES

2015
LKR

2014
LKR

OTHER COMPREHENSIVE INCOME

Gain on Foreign Exchange Gain/Loss

(2,205,201.22)

(1,942,245.39)

Differed Tax Expenses

(1,152,416.33)

Other comprehensive income for the year

(3,357,617.55)

(1,942,245.39)

TOTAL COMPREHENSIVE INCOME FOR THE YEAR

(14,250,830.21)

15,398,468.76



KAHATAGAHA GRAPHITE LANKA LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH	NOTES	2015 LKR	2014 LKR
ASSETS			
Non Current Assets			
Property, Plant & Equipment	18	259,309,170.39	267,234,317.20
Coconut Plantation Development		1,694,235.36	1,694,235.36
Gratuity Investment Fund		7,000,000.00	5,675,000.00
		268,003,405.75	274,603,552.56
Current Assets			
Stock	19	84,338,799.64	105,267,315.56
Debtors, Deposit & Receivable	20	12,252,300.69	9,889,269.61
Cash & Cash Equivalent	21	3,294,704.08	13,800,259.29
		99,885,804.41	128,956,844.46
TOTAL ASSETS		367,889,210.16	401,866,161.66
EQUITY AND LIABILITIES			
Capital And Reserves			
Stated Capital	22	13,000,000.00	13,000,000.00
Retained Earnings		73,750,228.61	104,297,609.08
Reserves	23	250,220,462.70	250,220,462.70
		336,970,691.31	367,518,071.78
Long Term Liabilities			
Differed Tax Liability		2,697,132.09	-
Lease Payable	24	-	3,662,917.77
Gratuity Provision		7,249,711.45	6,003,227.56
		9,946,843.54	9,666,145.33
Current Liabilities			
Lease Payable	24	2,276,240.17	2,353,829.64
Trade and Other Creditors	25	500,276.84	919,065.85
Dividend Payable	26	-	845,516.64
Provision For Taxation	27	8,289,323.13	13,863,150.22
Accrued Charges	28	9,905,835.17	6,700,382.20
		20,971,675.31	24,681,944.55
TOTAL EQUITY AND LIABILITIES		367,889,210.16	401,866,161.66
Net Asset Per Share		259.21	282.71

I certify that the Financial Statements have been prepared in compliance with requirements of the Companies Act No7 of 2007.

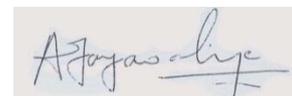


Chief Financial Officer

The Board of Directors is responsible for the preparation of these Financial Statements signed for and on behalf of Board by



Director

Director

KAHATAGAHA GRAPHITE LANKA LIMITED
STATEMENT OF CHANGES IN EQUITY

	Share Capital LKR	Revaluation Reserve LKR	Accumulated Profit/(Loss) LKR	Total LKR
Balance on 01 April 2013	13,000,000.00	237,113,746.70	160,276,371.37	410,390,118.07
Prior year adjustment (Arising from Stock Adjustment) Profit/(Loss) for the Year	-	13,106,716.00	(70,437,768.12)	(57,331,052.12)
Dividend Declaration 2013	-	-	17,340,714.15	17,340,714.15
Other comprehensive income for the year	-	-	(939,462.93)	(939,462.93)
	-	-	(1,942,245.39)	(1,942,245.39)
Balance on 31 March 2014	<u>13,000,000.00</u>	<u>250,220,462.70</u>	<u>104,297,609.08</u>	<u>367,518,071.78</u>
Balance on 01 April 2014	13,000,000.00	250,220,462.70	104,297,609.08	367,518,071.78
Prior year adjustment (Note 1)	-	-	(16,175,795.32)	(16,175,795.32)
Profit/(Loss) for the Year	-	-	(14,250,830.21)	(14,250,830.21)
Dividend Declaration 2014	-	-	(120,754.93)	(120,754.93)
Balance on 31 March 2015	<u>13,000,000.00</u>	<u>250,220,462.70</u>	<u>73,750,228.61</u>	<u>336,970,691.31</u>
Prior Year Adjustments (Note 1)			(14,631,079.56)	
Devaluation of Year Beginning Stock			(1,544,715.76)	
Differed Taxation			(16,175,795.32)	



KAHATAGAHA GRAPHITE LANKA LIMITED

STATEMENT OF CASH FLOW

YEAR ENDED 31 MARCH

2015
LKR

2014
LKR

Cash Flows from / (Used in) Operating Activities

Net Profit/(Loss) before Income Tax Expenses	(10,848,558)	21,187,781
Adjustments for :		-
Gratuity Provision	2,548,857	2,229,903
Lease Interest	229,669	-
Prior Year Adjustment	(14,631,080)	(66,396,404)
Depreciation on Tangible Fixed Assets	22,056,937	20,167,748
Loss on disposal of Fixed Assets	655,301	-
Gratuity Paid	(1,302,373)	(914,996)
Exchange Loss	(2,205,201)	(1,942,245)
Operating Profit before Working Capital changes	<u>(3,496,447)</u>	<u>(25,668,214)</u>

(Increase)/Decrease in Inventories	20,928,516	30,247,641
(Increase)/Decrease in Receivable	(2,363,031)	18,166,869
(Decrease)/Increase in Creditors	(418,789)	(418,382)
(Decrease)/Increase in Accruals	3,205,453	37,114
Net Cash Flow from/(used/ in) Operating Activities	<u>21,352,149</u>	<u>48,033,241</u>

Cash Flow From/(Used in) Investing Activities

Purchase of Tangible Fixed Assets	(16,481,327)	(31,325,483)
Fixed Deposit	-	27,723,834
Gratuity Investment Fund	(1,325,000)	(675,000)
Net Cash Flows from (used/ in) Investing Activities	<u>(17,806,327)</u>	<u>(4,276,649)</u>

Cash Flow From/(Used in) Financing Activities

Bank Loan Payment	-	(2,500,000)
Income Tax Paid	(5,524,536)	(6,495,788)
Dividend tax Paid	(93,946)	(3,702,987)
Dividend Paid	(966,272)	-
Leasing payment	(3,970,176)	(3,298,799)
Net Cash Flows from (used/ in) Financing Activities	<u>(10,554,929)</u>	<u>(15,997,574)</u>

Net Increase/(Decrease) Cash & Cash Equivalents

	(10,505,555)	2,090,805
Cash and Cash Equivalents at beginning of the year	13,800,259	11,709,455
Cash and Cash Equivalents at end of the year	<u>3,294,704</u>	<u>13,800,259</u>

Cash & Cash Equivalents

Bank Of Ceylon - Redigama	(1,661,921)	188,365
Bank Of Ceylon - Kollupitiya	(127,597)	36,788
DFC \$ A/C - BOC Kollupitiya	5,046,052	13,541,287
Petty Cash - Head Office	29,000	23,399
Petty Cash - Mine Office	9,170	10,420
	<u>3,294,704</u>	<u>13,800,259</u>



KAHATAGAHA GRAPHITE LANKA LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31st MARCH 2015

1. CORPORATE INFORMATION

1.1. GENERAL

KAHATAGAHA GRAPHITE LANKA LIMITED had been a 'Peoplized' Company and re-vested in 1997 with the Government under the Rehabilitation of Public Enterprises Act. No. 29 of 1996. Now it is functioning as a fully government owned business undertaking and Registered under the Companies Act No. 07 of 2007. The Registered Office of the Company is located at No. 561/3, Elvitigala Mawatha, Narahenpita, Colombo 05.

1.2 Principal Activities and Nature of Operations

During the period, principal activities of the Company were Manufacturing and Export of Graphite.

1.3 Directors' Responsibility Statement

The Board of Directors is responsible for preparation and presentation of financial statements.

1.4 Date of Authorization for Issue

The Financial Statements of KAHATAGAHA GRAPHITE LANKA LIMITED for year ended 31st March 2015 was authorized for issue in accordance with a resolution of the Board of Directors dated 7TH OF September 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The Financial Statements of the Company has been prepared on a historical cost basis, unless otherwise indicated. The financial statements are presented in Sri Lankan Rupees (LKR), unless otherwise indicated.

2.2 Statement of Compliance

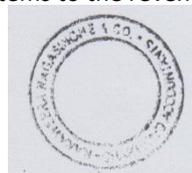
The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter "SLFRS for SME"), as issued by the Institute of Chartered Accountants of Sri Lanka.

The preparation and presentation of these Financial Statements is in compliance with the requirements of the Companies Act No.07 of 2007.

These financial statements include comparative information for only one year (2014). On the transition, the entity did not choose to apply the fair value or revaluation as deemed cost exemptions in Fair value as deemed cost and Revaluation as deemed cost.

The Company has consistently applied the accounting policies used in preparation of its opening SLFRS Statement of Financial Position as at 01st April 2014 through all periods presented, as if these policies had always been in effect.

Accrual basis has been followed in charging the expenditure items to the revenue.



2.3 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made following judgements which have the most significant effect on the amounts recognised in the financial statements

a) Classification of Property

The Company determines whether a property is classified as investment property or an owner occupied property. Investment property comprises land and buildings which are not occupied substantially for use by, or in the operations of the Company, not for sale in the ordinary course of business, but are held primarily to earn rental income and for capital appreciation. The Company determines whether a property qualifies as investment property by considering whether the property generates cash flows largely independently of the other assets held by the entity. Owner occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold separately (leased out separately under a finance lease) or the financial accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Company considers each property separately in making its judgment.

b) Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

c) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.



d) Employee Benefits

The Company measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan using the Projected Unit Credit Method (PUC) as recommended by LKAS 19.

e) Impairment of Non Financial Assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

f) Impairment of Trade & Other Receivable

The Company reviews at each reporting date all receivables to assess whether impairment should be recorded in the Income Statement. Management uses judgment in estimating such allowance considering the duration of outstanding and any other factors management is aware of that indicates in recoverability.

2.4 Significant Accounting Policies

2.4.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

a) Export Revenue

Export revenue is recognized based on actual exports effected on an accrual basis.

b) Interest Revenue

Interest revenue is accounted at the time of the received

c) Estate Crop Revenue

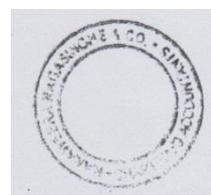
Estate income is recognized on cash basis.

b) Other Income

Other income is recognized on an actual basis.

2.4.2 Expenditure

All expenditure incurred in the running of the business and in maintaining the capital Assets have been charge to Revenue on an accrual basis in arriving at the profit/(Loss) for the year.



2.4.3 Taxation

a) Current Taxes

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

b) Deferred Taxation

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside Income Statement is recognised outside income statement. Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in Equity.

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

c) Sales Tax

Revenues, expenses and assets are recognized net of the amount of sales tax, except, where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities, in which case, the sales tax is recognized as a part of the cost of the asset or part of the expense items, as applicable or/and receivable and payable that are stated with the amount of sales tax included. The net amount of sales tax recoverable from or payable to the taxation authorities is included as a part of receivables or payables in the statement of financial position.



2.4.4 Property, Plant and Equipment

Property, Plant and Equipment is initially stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the Property, Plant and Equipment if the recognition criteria are met. When significant parts of Property, Plant and Equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Income Statement as incurred.

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement in the year the asset is derecognized.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Under the LKS 16 Valuations to be performed every 3-5 years or frequently enough to ensure that the fair value of a revalue asset does not differ materially from its carrying amount.

A revaluation surplus is recognised in Other Comprehensive Income and credited to the asset revaluation reserve in Equity.

However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the Income Statement, such the increase is recognised in the Income Statement. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing on the same asset recognised in the asset revaluation reserve.

The provision for depreciation/amortization is calculated by using a straight line method on the cost/revaluation of all Property, Plant and Equipment in order to write off such amounts over the following estimated useful lives by equal instalments.

Depreciation Rates are as indicated Note No.18 to the accounts.

Fair value of Property, Plant and Equipment

The Company has not carried out revaluation for Property, Plant & Equipment by using an independent valuation specialist to assess fair value.

Therefore the Property, Plant & Equipment presented at original cost of valuation less accumulated depreciation.

Legal Case – Land Ownership

A Legal Cases Nos P 5745 & P 6070 at Kurunegala District Court pending against the Company in connection with 26 Ares land dispute. The Plaintiff named as A. A. Somasiril

2.5 Borrowing Costs

No Borrowing Costs were recognised in the accounts for the year ended 31 March 2015.



2.6 Investment Properties

No Investment properties were recognised in the accounts for the year ended 31 March 2015.

2.7 Intangible Assets

No intangible assets recognized in the accounts

2.8 Financial Instruments - Initial Recognition and Subsequent measurement

Financial Assets

Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets held for trading, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially an entity shall measure it at the transaction price. (Including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit and loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and bank balances, trade and other receivables, financial assets held for trading and available-for-sale financial assets and other financial assets.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as described below:

Trade and Other Receivables

Trade and Other Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. The losses arising from impairment are recognised in the Income Statement.

Derecognition

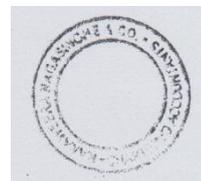
i) Financial Assets

A financial asset is primarily derecognised when:

(a) The rights to receive cash flows from the asset have expired,

Or

(b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full.



Impairment of Financial Assets

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

Evidence of impairment may include indications that the debtors or is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortised Cost

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Income Statement. The assets are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write off is later recovered, the recovery is credited to the Income Statement.

Available-for-Sale Financial Instruments

For available-for-sale financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment is impaired.

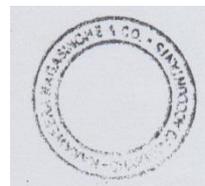
In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair values have been below its original cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the Income Statement is removed from Other Comprehensive Income and recognised in the Income Statement. Impairment losses on equity investments are not reversed through the Income Statement; increases in their fair value after impairment are recognised directly in Other Comprehensive Income.

ii) Financial Liabilities ;

Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. The Company's financial liabilities excluding derivative financial instruments include trade and other payables, bank overdrafts, loans and borrowings, financial guarantees contracts, and other financial liabilities.

Financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.



2.9 Inventories

Inventories are valued at the weighted average of cost and net realisable value; Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

It is reported that Company were unable to utilize on comprehensive method due to the limited resources available and lack of expertise knowledge.

The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Accordingly, the costs of inventories are accounted as follows.

Graphite – At weighted average cost.

Other Consumables- At weighted average cost.

Engineering supplies – At weighted average cost.

The quantity and Stock Valuation as given below.

Quantity	Metric Tons 2014/15	Metric Tons 2013/14
Year at Beginning	892.99	1,843.68
Devaluation Stock	(156.69)	(1,005.33)
Available for disposal	736.30	838.35
Production for the year	626.64	848.14
Total Available for disposal	1,362.94	1,686.49
Disposed During the year	(708.42)	(793.50)
Stock at closing	654.52	892.99
Unit Average Rate	Rs. 102,557.14	Rs.93,433.28
Stock Value LKR	Rs. 67,125,394.66	Rs. 83,435,985.43

2.10 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is higher of asset's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.



2.11 Intangible Assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

2.12 Cash and Cash Equivalents

Cash and short-term deposits 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 statement of cash flows, cash and short-term deposits consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents

2.13 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

2.14 Post Employment Benefits

a) Defined Benefit Plan – Gratuity

The Company measures the retirement benefits of gratuity at the end of every financial year using the Projected Unit Credit Method (PUC) as recommended by LKAS 19

a) Defined Contribution Plans

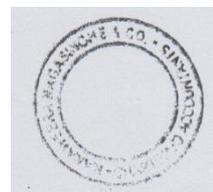
Employees’ Provident Fund and Employee’ Trust Fund

Employees are eligible for Employees Provident Fund and Employee Trust Fund contributions, in line with respective statute and regulations. The company contributes 12% and 3% of gross remuneration of employees to Employee Provident Fund and Employee Trust Fund.

3. STATED CAPITAL

Issued 1,300,000 ordinary shares of Rs.10/- each 13,000,000.00

Name	No. Of Shares	No of Value	Value of Percentage
Treasury Secretary	1,300,000	13,000,000/-	100%
	<u>1,300,000</u>	<u>13,000,000/-</u>	<u>100%</u>
	-----	-----	-----



4. CAPITAL COMMITMENTS

There are no capital commitments as at the balance sheet date.

5. FINANCIAL YEAR

The company has common financial year which ends on 31st March.

6. DIRECTORS INTEREST

According to the information made available to us, no Director of the Company is directly or indirectly interested in any contract with the Company.

7. RELATED PARTY DISCLOSE

The Chairperson and Board of Directors of the Company are liable to receive allowances based on the Government Regulation. The respective PAYE deducted only from the Chairperson allowances.

New Board of Directors appointed on 22 July 2015 according to the Form 20 filed with Registrar of Companies.



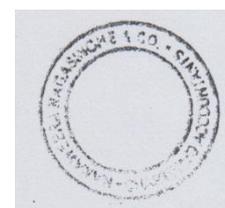
NOTES TO THE ACCOUNTS			
YEAR ENDED 31 MARCH	NOTES	2015 LKR	2014 LKR
08 REVENUE			
Sales Income		<u>122,559,438.42</u>	<u>144,111,798.15</u>
09 GRAPHITE MINING COST			
Stock Balance at beginning	09-01	68,804,905.87	55,367,950.33
Personnel Cost	09-02	39,744,462.35	46,429,875.16
Support Service Cost	09-03	23,891,861.38	27,347,420.98
Royalty Payments		<u>884,306.71</u>	<u>7,041,446.76</u>
		133,325,536.31	136,186,693.23
Less Stock at closing		<u>(67,125,394.66)</u>	<u>(83,435,985.43)</u>
Add Cost of Mining During the Period		<u>66,200,141.64</u>	<u>52,750,707.80</u>
Closing Stock At 31 March 2014			
The Company had carried out post Physical Stock verification and valuation before mixture of current year productions to identify actual disposable Graphite available on stock on 1 April 2014. The verification revealed that the quantity valued for Rs. 14,631,079.56 were unsalable condition. Therefore the Management decide to write off the stock at year beginning to give effect to the correct position of the salable production.			
Stock balance at beginning	09-01		
Opening Stock		83,435,985.43	121,764,354.00
Stock Write Off		<u>(14,631,079.56)</u>	<u>(66,396,403.67)</u>
Balance taken to Accounts		<u>68,804,905.87</u>	<u>55,367,950.33</u>
WAGES COST	09-02		
Salaries & Wages		28,634,557.40	32,545,283.42
Overtime		1,749,265.44	2,774,981.56
Allowance		1,338,565.00	1,998,416.40
Provident Fund Contributions		3,391,112.74	3,905,434.01
Trust Fund Contributions		847,778.20	976,358.48
Staff Welfare		2,951,433.57	3,419,160.91
Bonus		<u>831,750.00</u>	<u>810,240.38</u>
		<u>39,744,462.35</u>	<u>46,429,875.16</u>
SUPPORT SERVICE COST	09-03		
Mining Expenses		10,779,331.61	13,248,802.75
Power and Electricity		<u>13,112,529.77</u>	<u>14,098,618.23</u>
		<u>23,891,861.38</u>	<u>27,347,420.98</u>
10 SUNDRY INCOME			
Estate Income	10-01	(485,580.67)	(1,566,455.58)
Interest Income		295,944.08	1,253,514.45
		<u>(189,636.59)</u>	<u>(312,941.13)</u>
Estate Income	10-01		
Income from sale of Crops		504,407.00	193,033.00
Less Expenses		<u>(989,987.67)</u>	<u>(1,759,488.58)</u>
		<u>(485,580.67)</u>	<u>(1,566,455.58)</u>



NOTES TO THE ACCOUNTS			
YEAR ENDED 31 MARCH	NOTES	2015 LKR	2014 LKR
11 PERSONNEL COST			
Directors Allowances		1,703,075.00	1,293,998.00
Admin Salary & wages		11,530,577.33	10,189,796.04
Overtime		822,959.46	1,718,575.97
Allowances		1,007,312.47	550,254.25
Provident Fund Contributions		1,383,669.28	1,222,775.51
Trust Fund Contributions		345,917.31	305,693.89
Bonus		242,250.00	113,750.00
		<u>17,035,760.85</u>	<u>15,394,843.66</u>
12 ESTABLISHMENT AND ADMINISTRATION COST			
Rent		2,321,400.00	1,911,800.00
Rates & Taxes		6,401.88	9,397.16
General Expenses		-	6,292.07
Medical Aid		40,924.00	42,508.48
Insurance		594,226.16	586,654.25
Printing & Stationery		788,636.13	509,252.28
Postage		29,443.00	76,856.10
Legal & Professional Fees		12,610.50	246,197.65
Security Charge		5,930,510.62	5,342,133.88
Book & Periodicals		46,126.00	47,990.00
Secretarial Charges		238,545.00	200,773.00
Audit Fees		165,000.00	165,304.00
Travelling & Transport		3,253,566.35	3,597,210.99
Refreshment		464,313.85	472,753.57
Electricity		221,191.40	325,606.35
License & Permits		76,205.25	200,682.00
Subscription		274,268.15	46,598.76
Research & Development Expenses		633,238.49	1,559,691.07
Fuel		1,579,138.79	1,513,888.64
Annual Accounts Preparation & Translations		109,055.60	329,293.00
Training Expenses		646,067.00	587,600.00
		<u>17,430,868.17</u>	<u>17,778,483.25</u>
13 MAINTENANCE COST			
Office & Office Equipment Maintenance		1,024,846.30	563,541.95
Building Maintenance		605,290.07	335,077.12
Machinery Maintenance		148,168.73	440,628.99
		<u>1,778,305.10</u>	<u>1,339,248.06</u>
14 UTILITY COST			
Water Charges		25,019.25	48,044.40
Telephone		489,478.62	550,985.09
		<u>514,497.87</u>	<u>599,029.49</u>



NOTES TO THE ACCOUNTS			
YEAR ENDED 31 MARCH	NOTES	2015 LKR	2014 LKR
15 DEPRECIATION COST			
Building		2,516,424.53	1,629,149.99
Electrical Equipments		357,336.00	345,096.00
Generator		1,234,127.23	1,234,127.23
Motor Vehicle		164,900.00	1,876,300.50
Office Equipments		688,648.99	598,352.04
Other Assets		891,076.27	693,999.00
Plant & Machinery		13,184,247.66	12,343,888.93
Under Ground Development Expenses		805,029.05	788,354.51
Furniture & Fittings		338,847.07	329,754.03
Head Office Partition Works		-	163,825.36
Motor Vehicle		1,876,300.50	164,900.00
		<u>22,056,937.29</u>	<u>20,167,747.60</u>
16 SELLING AND DISTRIBUTION COST			
Transport to Wharf		1,196,750.29	1,376,000.00
Sales Promotion		497,078.59	897,096.70
Advertising Expenses		170,000.00	854,180.00
Freight Expenses		483,313.28	750,001.41
		<u>2,347,142.16</u>	<u>3,877,278.11</u>
17 FINANCE AND OTHER COST			
Bank Charges		291,707.98	234,311.95
Unclimbed VAT on Lease		324,652.50	331,560.00
Lease Interest Charges		229,668.76	671,376.66
Stocks: Stock Adjustment		-	13,752.06
Disallowed input VAT		-	5,970,583.50
CSR - Community Support Expenses		1,804,519.00	1,252,251.00
Loss on Removal of Building Partitions	17-01	655,301.44	
		<u>3,305,849.68</u>	<u>8,473,835.17</u>
Loss on Removal of Building Partitions	17-01		
Cost		819,126.80	-
Depreciation		(163,825.36)	-
		<u>655,301.44</u>	



KAHATAGAHA GRAPHITE LANKA LIMITED

NOTES TO THE ACCOUNTS

AS AT 31 MARCH

2014
LKR

2015
LKR

18 Property Plant and Equipment

	Balance On 1 April 2014	Additions	Impairment	Balance on 31 March 2015	
Gross Carrying Amounts					
Free Hold Land	25,500,000.00	-	-	25,500,000.00	
Building	54,304,999.82	29,575,817.88	-	83,880,817.70	
Plant & Machinery	123,438,889.34	8,403,587.33	-	131,842,476.67	
Electrical Equipment	1,725,480.00	61,200.00	-	1,786,680.00	
Motor Vehicle	1,649,000.00	-	-	1,649,000.00	
Other Assets	6,939,990.00	1,970,772.78	-	8,910,762.78	
Office Equipment	2,991,760.22	451,484.72	-	3,443,244.94	
Generator	15,426,590.40	-	-	15,426,590.40	
U.G.Development	7,883,545.08	166,745.48	-	8,050,290.56	
Furniture & Fitting	1,648,770.14	468,391.73	-	2,117,161.87	
Head Office Partition Works	819,126.80	-	(819,126.80)	-	
	<u>242,328,151.80</u>	<u>41,097,999.92</u>	<u>(819,126.80)</u>	<u>282,607,024.92</u>	
Assets On Finance Leases					
Motor Vehicle	18,763,005.00	-	-	18,763,005.00	
	<u>18,763,005.00</u>	<u>-</u>	<u>-</u>	<u>18,763,005.00</u>	
	Balances on 1 April 2014	Additions	Transfer	Balance on 31 March 2015	
Work-in-Progress					
Plant & Machinery	4,834,049.52	3,569,537.81	(8,403,587.33)	-	
Building	19,782,623.12	9,793,194.76	(29,575,817.88)	-	
	<u>24,616,672.64</u>	<u>13,362,732.57</u>	<u>(37,979,405.21)</u>	<u>-</u>	
Total Assets	<u>285,707,829.44</u>	<u>54,460,732.49</u>	<u>(38,798,532.01)</u>	<u>301,370,029.92</u>	
	Rate	Balance On 1 April 2014	Additions	Removed	Balance on 31 March 2015
Property Plant and Equipment					
Depreciation					
Free Hold Land					
Building	3%	1,629,149.99	2,516,424.53	-	4,145,574.52
Plant & Machinery	10%	12,343,888.93	13,184,247.66	-	25,528,136.59
Electrical Equipment	20%	345,096.00	357,336.00	-	702,432.00
Motor Vehicle	10%	164,900.00	164,900.00	-	329,800.00
Other Assets	10%	693,999.00	891,076.27	-	1,585,075.27
Office Equipment	20%	598,352.04	688,648.99	-	1,287,001.03
Generator	8%	1,234,127.23	1,234,127.23	-	2,468,254.46
U.G.Development	10%	788,354.51	805,029.05	-	1,593,383.56
Furniture & Fitting	20%	329,754.03	338,847.07	-	668,601.10
Head Office Partition Works	20%	163,825.36	-	(163,825.36)	0.00
		<u>18,291,447.10</u>	<u>20,180,636.79</u>	<u>(163,825.36)</u>	<u>38,308,258.53</u>



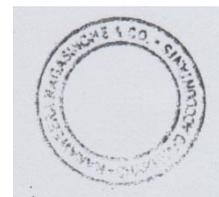
		Balances on 1 April 2014	Additions	Transfer	Balance on 31 March 2015
Assets On Finance Leases					
Motor Vehicle	10%	1,876,300.50	1,876,300.50	-	3,752,601.00
		<u>1,876,300.50</u>	<u>1,876,300.50</u>	-	<u>3,752,601.00</u>
Total Depreciation		20,167,747.60	22,056,937.29	(163,825.36)	42,060,859.53
Total Written Down Value		<u>265,540,081.84</u>	-	-	<u>259,309,170.39</u>



NOTES TO THE ACCOUNTS

AS AT 31 MARCH

NOTES	2015 LKR	2014 LKR
19 STOCK		
Stock Consumables	17,213,404.98	21,831,330.13
Stock-Graphite	67,125,394.66	83,435,985.43
	<u>84,338,799.64</u>	<u>105,267,315.56</u>
20 DEBTORS, DEPOSITS & RECEIVABLES		
Accounts Receivable	8,573,325.00	7,867,148.55
Advance	-	18,501.93
Deposits	25,908.16	313,908.16
SLT Deposit	5,000.00	5,000.00
VAT Receivables	2,594,449.04	642,910.97
Purchase Advances	26,818.49	15,000.00
Rent Advanced	1,026,800.00	1,026,800.00
	<u>12,252,300.69</u>	<u>9,889,269.61</u>
21 CASH & CASH EQUIVALENT		
Bank Of Ceylon - Redigama	(1,661,921.22)	188,364.93
Bank Of Ceylon - Kollupitiya	(127,596.67)	36,788.44
DFC'S A/C - BOC Kollupitiya	5,046,052.13	13,541,287.38
Petty Cash - Head Office	28,999.76	23,398.76
Petty Cash - Mine Office	9,170.08	10,419.78
	<u>3,294,704.08</u>	<u>13,800,259.29</u>
22 STATED CAPITAL		
Called Up Share Capital	13,000,000.00	13,000,000.00
	<u>13,000,000.00</u>	<u>13,000,000.00</u>
23 RESERVES		
Revaluation Reserve	237,113,746.70	237,113,746.70
Capital Reserve	10,381,587.00	10,381,587.00
Pneumoconiosis Company Reserve	2,725,129.00	2,725,129.00
	<u>250,220,462.70</u>	<u>250,220,462.70</u>

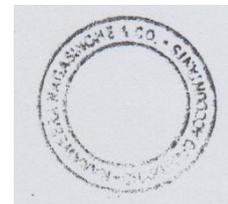


KAHATAGAHA GRAPHITE LANKA LIMITED

NOTES TO THE ACCOUNTS

24 LEASE PAYABLE

	LKR	LKR	LKR	LKR
Agreement No				
Item	BOC-KM3311 Honda /car	PB9721 CAB	KM-3641 Nissan Car	TOTAL
Rental Amount	124,847.00	100,598.00	105,403.00	
Rental Period	60	60	60	
Total	7,490,820.00	6,035,880.00	6,324,180.00	19,850,880.00
Cost	6,100,000.00	5,130,000.00	5,150,000.00	16,380,000.00
Interest	1,390,820.00	905,880.00	1,174,180.00	3,470,880.00
Total				
Opening Balance	2,372,093.00	1,911,362.00	2,002,657.00	6,286,112.00
Paid 2015	(1,498,164.00)	(1,207,176.00)	(1,264,836.00)	(3,970,176.00)
Balance	<u>873,929.00</u>	<u>704,186.00</u>	<u>737,821.00</u>	<u>2,315,936.00</u>
Long term	-	-	-	-
Current	873,929.00	704,186.00	737,821.00	2,315,936.00
Balance	<u>873,929.00</u>	<u>704,186.00</u>	<u>737,821.00</u>	<u>2,315,936.00</u>
Interest in Suspense				
Opening Interest	53,402.08	94,053.11	121,909.40	269,364.59
Revenue Account	(45,532.30)	(80,192.66)	(103,943.80)	(229,668.76)
Balance	<u>7,869.78</u>	<u>13,860.46</u>	<u>17,965.60</u>	<u>39,695.83</u>
Balance				
Long term	-	-	-	-
Current	7,869.78	13,860.46	17,965.60	39,695.83
Total	<u>7,869.78</u>	<u>13,860.46</u>	<u>17,965.60</u>	<u>39,695.83</u>
Balance				
Long term	-	-	-	-
Current	866,059.22	690,325.54	719,855.40	2,276,240.17
Total	<u>866,059.22</u>	<u>690,325.54</u>	<u>719,855.40</u>	<u>2,276,240.17</u>



NOTES TO THE ACCOUNTS

AS AT 31 MARCH

NOTES

2015
LKR

2014
LKR

25 TRADE AND OTHER CREDITORS

Disanayaka Hardware	-	9,880.50
Jayamini Constructions	-	278,805.00
M P C S - Ridigama	81,975.00	48,008.00
Roch Engineering (pvt) Ltd	-	170,700.00
Solex Engineering	-	24,480.00
Speedway Forwards	12,780.77	57,805.77
Stafford Motor Co.	-	24,572.00
Airline Traders	-	(9,700.00)
American Premium Water System (Pvt) Ltd	1,836.00	2,065.50
Fast printing (Pvt) Ltd	-	3,831.12
Helix Engineering (Pvt) Ltd	-	42,771.46
I D Gamini Jayasuriya	-	5,000.00
Industrial Technology institute	-	5,000.00
Lanka I B C Company (Pvt) Ltd	20,692.50	92,682.50
Nanayakkara L D J M P	-	37,500.00
New Shjine Jaitorial & Maintenance Service	-	8,600.00
W D S T Jayarathna	-	684.00
Welcome Printers & Advertising Service	-	56,880.00
Zenith Engineering	-	59,500.00
Ceylon Paper Sacks Ltd	652.80	-
CIB Shopping Centre	8,455.00	-
Hewage Distributors (Pvt) Ltd	36,225.02	-
J D B Enterprises	55,353.60	-
Lanka Refractories Ltd	7,200.00	-
Latch & Batchelor Ltd - England	20,550.00	-
Rathkarawwa Servo Lube Distributors	161,244.78	-
S P Selliah & Company	30,000.00	-
W D S T Jayarathne	744.00	-
Welcome Printers & Advertising Service	56,880.00	-
Wijerama Enterprises	5,687.37	-
	<u>500,276.84</u>	<u>919,065.85</u>

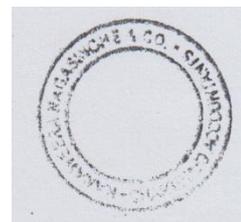
26 DIVIDEND PAYABLE

Opening Balance	845,516.64	3,702,986.65
Dividend Paid	(966,271.57)	(3,702,986.65)
Dividends Declaration for the year 2014/15	120,754.93	845,516.64
	<u>-</u>	<u>845,516.64</u>



NOTES TO THE ACCOUNTS

AS AT 31 MARCH	NOTES	2015 LKR	2014 LKR
27 PROVISION FOR TAX			
Opening Balance		13,863,150.22	12,376,561.15
Income Tax Set Off against Value Added Tax		-	(6,420,788.20)
Income Tax under provision		-	4,041,364.45
Dividends Tax Payable		(93,946.30)	93,946.30
Income Tax Paid		(5,500,000.00)	-
Income Tax Payable for the Year		44,654.83	3,847,066.52
With Holding Tax		(24,535.62)	(75,000.00)
		<u>8,289,323.13</u>	<u>13,863,150.22</u>
28 ACCRUED CHARGES			
Ace International Express (Pvt) Ltd		4,827.17	10,268.20
Audit Fees - Ranaweera Nagasinghe & Co.		165,000.00	257,500.00
E T F Payables		55,407.60	101,282.13
E.P.F. Payables		582,591.14	742,662.98
Electricity Board		1,032,428.18	1,211,780.56
Lady Lachore Loan Fund		676,822.50	234,300.00
P.A.Y.E Tax Payable		(3,300.00)	30,000.00
Salaries & Wages Payable Account		3,424,776.67	3,189,507.82
Shehani Ent . - Kurunegala		-	7,975.00
Telephone Bills Payable		21,539.49	30,804.93
Vijilant Security Services		-	59,311.86
Alpex network security Ltd		3,945,337.27	823,901.92
National Water Supply		405.15	1,086.80
		<u>9,905,835.17</u>	<u>6,700,382.20</u>



KAHATAGAHA GRAPHITE LANKA LIMITED

INCOME TAX COMPUTATION

YEAR OF ASSESSMENT 2014/15

Profit/(loss) per Account		(10,848,557.83)
less: Sundry Income		189,636.59
		(10,658,921.24)
Add Back:		
Gratuity Provision	2,548,856.89	
Legal Fees	12,610.50	
Refreshment	464,313.85	
Depreciation	22,056,937.29	
Sales Promotion	124,269.65	
Advertisement	42,500.00	
Unclimbed VAT on Lease	324,652.50	
Lease Interest Charges	229,668.76	
Research & Development Expenses	633,238.49	
CRS - Community Supporting Expenses	1,804,519.00	
		28,241,566.93
		17,582,645.69
Less:		
Capital Allowances	NOTE 01	(14,096,137.98)
Lease Rental Allowance	NOTE 02	(1,207,176.00)
Capital Allowance For Research Development	NOTE 03	(1,824,125.47)
Gratuity Paid Of The Year		(1,302,373.00)
Gain on Foreign Exchange Gain/Loss		(2,205,201.22)
		(20,635,013.67)
Taxable Profit/(Loss) for the Year		(3,052,367.97)
		85,874.68
		(2,966,493.29)
Tax Payable - Interest Income		245,356.23
Claim on Loss	@ 35%	(85,874.68)
		159,481.55
Total Tax payable	@ 28%	44,654.83
Dividends Tax Payable		
Net Profit After Taxation		(10,893,212.66)
Less : Property, Plant & Equipments Acquired		(41,097,999.92)
Add : Depreciation for Property, Plant & Equipments Acquired		2,137,600.39
Distributable Profit		(49,853,612.19)



KAHATAGAHA GRAPHITE LANKA LIMITED

INCOME TAX COMPUTATION

YEAR OF ASSESSMENT 2014/15

Note 01 : Capital Allowance on Assets

Assets	Claim no	Rate	Value	Claim
Building				
2011/12	04	10%	1,422,820.50	142,282.05
2012/13	03	10%	4,554,425.27	455,442.53
2013/14	02	10%	178,545.08	17,854.51
2014/15	01	10%	29,575,817.88	2,957,581.79
Electrical Equipments				
2008/09	06	12.50%	10,780.00	1,347.50
2010/11	04	12.50%	446,810.00	55,851.25
2011/12	04	25%	43,350.00	10,837.50
2012/13	03	25%	868,548.00	217,137.00
2013/14	02	33.33%	5,500.00	1,833.33
2014/15	01	33.33%	61,200.00	20,399.98
Other Assets				
2010/11	05	20%	91,800.00	18,360.00
2011/12	04	20%	98,215.00	19,643.00
2012/13	03	20%	357,100.00	71,420.00
2013/14	02	6.67%	3,918,615.00	261,238.39
2014/15	01	6.67%	1,970,772.78	131,383.54
Office Equipments				
2008/09	06	12.50%	175,855.00	21,981.88
2009/10	06	12.50%	181,927.67	22,740.96
2010/11	05	12.50%	739,029.48	92,378.69
2011/12	04	20%	439,580.58	87,916.12
2012/13	03	20%	560,021.55	112,004.31
2013/14	02	20%	187,396.25	37,479.25
2013/14	02	25%	148,000.00	37,000.00
2014/15	01	33.33%	59,999.00	19,999.65
2014/15	01	25%	206,000.00	51,500.00
2014/15	01	25%	4,500.00	1,125.00
2014/15	01	20%	11,700.00	2,340.00
2014/15	01	33.33%	169,285.72	56,428.52
			46,487,594.76	4,925,506.72



Assets	Claim no	Rate	Value	Claim
Brought Forward			46,487,594.76	4,925,506.72
Generator				
2008/09	06	12.50%	12,528,342.00	1,566,042.75
2009/10	06	12.50%	794,707.00	99,338.38
Plant & Machinery				
2010/11	05	12.50%	3,476,500.00	434,562.50
2012/13	03	33.33%	6,403,622.68	2,134,538.76
2013/14	02	50.00%	621,753.73	310,876.87
2014/15	01	50.00%	8,403,587.33	4,201,793.67
Motor Vehicle				
2013/14	02	20.00%	1,649,000.00	329,800.00
Furniture & Fittings	01	20.00%	468,391.73	93,678.35
			80,833,499.23	14,096,137.98
Note 02: Lease Rental Allowance				
PB9721				
Lease Allowance	03	20.00%	6,035,880.00	1,207,176.00
Note 03 : Research & Development				
Research & Development		300%	557,648.49	1,672,945.47
Research & Development		200%	75,590.00	151,180.00
			633,238.49	1,824,125.47



NOTICE

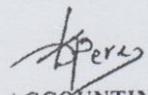
KAHATAGAHA GRAPHITE LANKA LIMITED

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF KAHATAGAHA GRAPHITE LANKA LIMITED WILL BE HELD ON 21ST JUNE 2016 AT 3.00 P. M. AT THE BOARD ROOM OF KGLL, NO. 561/3, ELVITIGALA MAWATHA, NARAHENPITA, COLOMBO 05.

A G E N D A

1. NOTICE
To receive the notice convening the meeting.
2. REPORT OF THE DIRECTORS, AUDITED ACCOUNTS AND THE AUDITOR'S REPORT THEREON
To receive and consider the Report of the Directors and Audited Accounts for the year ended 31ST March 2015 with the Report of the Auditors thereon.
3. RE-ELECTION OF DIRECTORS
 - a) **Mr. Ismail Mohamed Junais**
To re-elect Mr. Ismail Mohamed Junais who retires by rotation and offers himself for re-election, as per the Articles of Association of the Company.
 - b) **Ms. Nainanayake Pathirannehelage Anuja Roshani Jayawardane**
To re-elect Ms. Nainanayake Pathirannehelage Anuja Roshani Jayawardane, who retires by rotation and offers herself for re-election, as per the Articles of Association of the Company.
 - c) **Mr. Bandula Senadhi Wimalasundera**
To re-elect Mr. Bandula Senadhi Wimalasundera, who retires by rotation and offers himself for re-election, as per the Articles of Association of the Company.
 - d) **Mr. Al Haj Meerasahibu Abdhul Majeed**
To re-elect Mr. Al. Haj Meerasahibu Abdhul Majeed ,who retires by rotation and offers himself for re-election, as per the Articles of Association of the Company.
4. RE-APPOINTMENT OF AUDITORS
To re-appoint M/s. Nagasinghe & Company, Chartered Accountants as the Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.
5. To authorize Directors to determine contribution to charities
6. Any other business of which due notice has been given

**BY ORDER OF THE BOARD
KAHATAGAHA GRAPHITE LANKA LIMITED**



ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PRIVATE) LIMITED SECRETARIES
SECRETARIES

30.05.2016

KAHATAGAHA GRAPHITE LANKA LIMITED

NO. 561/3, ELVITIGALA MAWATHA, NARAHENPITA, COLOMBO 05.

PROXY FORM

I, the undersigned Secretary to the Treasury as being a member of Kahatagaha Graphite Lanka Limited, hereby appoint Mr/Ms..... (name) of No (address) as my proxy to represent me and to vote for me and on my behalf for/or against the resolution and/or to speak at the *Annual General Meeting* of the Company, to be held on 21st June 2016 and at any adjournment thereof and at every poll which may be taken in consequence thereof

		For	Against
1	To approve the Audited Financial Statements for the year ended 31 st March 2015	<input type="checkbox"/>	<input type="checkbox"/>
2	To re-elect Mr. Ismail Mohamed Junais as a Director of the Company .	<input type="checkbox"/>	<input type="checkbox"/>
3	To re-elect Ms. Nainanayake Pathirannehelage Anuja Roshani Jayawardane as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
4	To re-elect Bandula Senadhi Wimalasundera as a Director of the Company .	<input type="checkbox"/>	<input type="checkbox"/>
5	To re-elect Al Haj Meerasahibu Abdhul Majeed as a Director of the Company .	<input type="checkbox"/>	<input type="checkbox"/>
6	To re-appoint M/s Nagasinghe & Company Chartered Accountants as Auditors of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
7	To authorize Directors to determine contributions to Charities	<input type="checkbox"/>	<input type="checkbox"/>
8.	To approve any other business of which due notice has been given	<input type="checkbox"/>	<input type="checkbox"/>

.....
Shareholder

Signed this..... day of 2016

Instructions as to the completion of Proxy Form

A member is entitled to appoint a proxy to attend and vote in his/her/their place.

1. A proxy holder need not be a member of the Company.
2. A member wishing to vote by proxy at the meeting may use the form enclosed and interpolate the 'right to speak'.
3. To be valid, the completed form of proxy must be lodged at the registered office of the Company not less than 48 hours before the meeting.
4. In the case of a Company /corporation the proxy must be under it's Common Seal, which should be affixed thereto.