ANNUAL REPORT

OF

B C C LANKA LIMITED

For the financial year ended

31 March 2011

CORPORATE INFORMATION

FOR FINANCIAL YEAR ENDED ON 31ST MARCH 2011

NAME OF COMPANY	B C C LANKA LIMITED
DIRECTORS	Brig. L M Tennakoon (Chairman) Ms. S W C Jayamini
REGISTERED OFFICE	No. 21 Hulftsdorp Mills Meeraniya Street Colombo 12.
SECRETARIES	MERCHANT BANK OF SRI LANKA PLC Bank of Ceylon Merchant Tower No. 28, St. Michael's Road Colombo 3.
AUDITORS	M/s Hulugalle Wickramanayake & Co. (Chartered Accountants) No. 56, Pagoda Road Nugegoda

VISION

To start Grass root level and achieve our old reputation.

MISSION

Our mission should be the most demanded products and a competitive price Range with the present market prices.

BCC LANKA LIMITED

CHAIRMAN'S REVIEW

(FOR FINANCIAL YEAR ENDED ON 31ST MARCH 2011)

Chairman's Statement

It is with satisfaction that we present you the Annual Report and the audited Financial Statement of the Company for the year ended 31st March 2011 within the stipulated time.

BCC managed to register positive total cash flow during the year under review including the lease rental income. However, the Company even during this year could not arrest the continuation of substantial losses due to the legacy of Financial and Resource Mismanagement of the past that left the burden of huge accumulated interest.

Thoughtful of the predicaments faced by the company, the Government has directed Strategic Enterprise Management Agency to formulate a new strategy to overcome the prevailing problems and get optimum utilization of both tangible and intangible assets of BCC. Based on the findings of a SEMA report, Cabinet Paper No. 11/0308/553/006 dated 26.01.2011 decided to shift the factory of BCC to a site in Coconut Triangle, invest part of money in selling BCC land to revitalize the company and settle the loans carried on for years.

The proposed re-structuring of the Company under a SEMA Proposal guided by Mahinda Chinthanaya is expected to determine the future direction and development of the Company and we expect to produce better results in the near future as we have started work as per guidelines of this report.

The company wishes to place on record its appreciation of the guidance received from Hon Minister, Hon Junior Minister and the secretary of the Ministry of State Resources and Enterprise Development and officials of the Ministry of Finance as well as workers of the Company.

Eng. (Brig.) L M Tennakoon
Competent Authority
BCC Lanka Limited

Annual Report of the Board of Directors
On the Affairs of the Company

The Board of Directors of BCC Lanka Limited are pleased to present the Annual Report together with the Audited Financial Statements of the Company for the year ended 31 March 2011. The financial statements have been prepared according to the Sri Lanka Accounting Standards.

Results for the year

The Operational Profit during the financial year amounted to LKR 462,568.40. The Financial expenses incurred by the Company during the financial year under review was LKR 23.6 Mn. The Company has incurred a Net loss of LKR 23.6 Mn.

Stated Capital

The Stated Capital of the Company is LKR 100,000,000/- and 100% of the shareholding amounting to 10,000,000 ordinary shares of the Company are being held by the Secretary to the Treasury to the Government of Sri Lanka.

Board of Directors

The Board of Directors of BCC Lanka Limited as at 31 March 2011 were as follows;

- Mr. Merrick Gooneratne
- Mr. H A N S Kumara

Mr. Merrick Gooneratne resigned with effect from 30 June 2011 and Mr. H A N S Kumara resigned with effect from 28 September 2011.

As per the directions given by the Secretary to the Treasury by letter dated 13 July 2011 to appoint a Competent Authority to BCC Lanka Limited, the appointment of Brig. L M Tennakoon was formally accepted with effect from 01 July 2011 at the 206th Board Meeting. The Ministry of Finance and Planning by letter dated 28 September 2011 has nominated Ms. S W C Jayamini as the Treasury Representative/member to the Board of BCC Lanka Limited.

The current Directors of BCC Lanka Limited are as follows;

1. Brig. L M Tennakoon - Chairman
2. Ms S W C Jayamini - Director

Directors' Interests in Contracts

Directors have complied with the provisions of Section 192 of the Companies Act No.07 of 2007.

Auditors

The retiring Auditors M/s Hulugalla Wickramanayake & Co., Chartered Accountants have expressed their willingness to continue in Office. Accordingly a resolution is proposed for their re- appointment for the year 2012 and the Directors to determine their remuneration.

Company Secretaries

The Company Secretaries-Merchant Bank of Sri Lanka PLC are qualified and registered as required under the regulations.

Registered Office

The registered office of the Company is at Hulftsdorp Mills, Colombo 12.

On behalf of the Board

....	....	....
Brig. Mr. L M Tennakoon	Ms. S W C Jayamini	Merchant Bank of Sri Lanka PLC
Chairman	Director	Secretaries

10 January 2012

BCC LANKA LIMITED

The main production facilities of BCC Lanka Ltd. comprises a Soap Factory, Coconut Oil Refinery and a Drum Plant. A brief description of products manufactured by these plants are given below.

1. Soap Factory

The Soap Factory produces laundry soap, toilet soap and disinfectants and detergents. The products with their brand names are given below.

(1) Toilet Soap - Sandalwood
Suvendra Floral
Suvendra Herbal
Health Joy

(2) Laundry Soap - Sovereign Bar
Sno-wite

(3) Disinfectants - Pynol
Toilet Bowl Cleaner

(4) Detergents - Dish Wash Liquid
Dish Wash Powder
Hand Wash

(5) Air Fresheners

2. Refinery Products

The refinery produces Coconut Oil under the brand names of White Coconut Oil and Cooks Joy. These products are marketed in following Container.

Cooks Joy - 500 ml, 01 ltr, 05 ltr, 20 ltr

White Oil - 500 ml, 01 ltr, 05 ltr, 20 ltr

3. Drum Plant

The drum Plant has been manufacturing drums mainly for Ceylon Petroleum Corporation to pack bitumen (Asphalt). These Steel Drums can be manufactured in the capacitates of 200 ltr and 210 ltr Currently CPC imports the bitumen (Asphalt) with the drums. The Drum Plant is very old and need modification and repairs to produce drums to suit the specifications such as triple seaming etc. needed by the clients.

BCC Lanka Limited

Financial Statements as at 31 March 2011

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HULUGALLE WIKRAMANAYAKE & CO.
Chartered Accountants

H.S. FERNANDO F.C.A.; FSCMA. B.Com (Special)

U. HULUGALLE B.Sc; F.C.A.
A.R. JAYASEKERA F.C.A. (Eng. & Wales) F.C.A.
V.R. KATHIRGAMATAMBY A.C.A.

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SRI LANKA
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BCC LANKA LIMITED

REPORT ON THE FINANCIAL STATEMENT

We have audited the accompanying financial statements of BCC Lanka limited, which comprise the Balance Sheet as at March 31, 2011, and the related 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.

Management's Responsibility for the Financial Statements

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

Scope of Audit and Basis of Opinion

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

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

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

REPORT ON THE AUDITORS CONTD.

Opinion

a) The company faces financial difficulties in servicing its loan and overdrafts as disclosed in Note 16 and Note 18 to this Financial Statement.

b) Company has not maintained a Director's Interest register in the year under review.

c) As described in Note 19 to these Financial Statements the company has been incurring significant losses and facing financial difficulties. These aspects along with other factors raise doubts as to the ability of the said company to continue as a going concern. However, the financial statements have been prepared on a going concern basis without making adjustments that may be required to the recorded asset amounts and classification of liabilities, which should be made if the Company could not continue as a going concern. The Company's accumulated losses as at 31st March 2011 amounted to Rs.224,789,944.59. Further as at the Balance Sheet date the current liabilities of the company exceed its Current Assets by Rs.225,924,789.25. Due to these factors, adjustments may be required to the recorded assets amounts and classification of liabilities. These financial statements have not incorporated any such adjustments. Furthermore these accounts contravene Sec 220 of the Companies Act. No. 7 of 2007.

However it should be noted that BCC Lanka Limited owns the property bearing assessment No. 21, Hulftsdorf Mills, Meeraniya Street, Colombo 12 containing in extent 12A-3R-8.77P. This property has not been revalued. The market value of this property would exceed Rs. 4 billion.

d) We have not received confirmations on the following balances.

	Rs.
— J.E.D.B. Loan	4,508,696(Cr)
— Trade Debtors (Net)	9,257,346(Dr)
— Kalubowitiyana Tea Company Ltd Loan	24,941,667(Cr)
— Trade Creditors	29,777,464(Cr)
— BOC Bank	54,190(Dr)

e) The company has not settled its liabilities arising from Turnover Tax, Defense Levy, Goods and Services Tax, Value added Tax and Rates & Taxes on the due dates.

	Rs.
— Turnover Tax	141,279.00
— Defense Levy	1,079,761.95
— Goods & Services Tax	1,279,509.00
— Rates & Taxes	21,414,470.00
— Value added Tax	33,836,598.52

REPORT ON THE AUDITORS CONTD.

In our opinion, except for the effect on the financial statements, if any, that might have been determined to be necessary in respect of the matters referred to in the preceding paragraphs (a) to (e) above, so far as appears from our examination, the Company maintained proper accounting records for the year ended March 31, 2011 and to the best of our information and according to the explanations given to us, the said Balance Sheet and related Statements of Income, Cash Flow and Changes in Equity and Accounting Policies and Notes thereto, which are in agreement with the said books and have been prepared and presented in accordance with the Sri Lanka Accounting Standards, provide the information required by the companies act. No. 7 of 2007 and give a true and fair view of the Company's state of affairs as at March 31, 2011 and its Loss and cash flow for the year then ended.

Directors' Interest in Contracts with the Company

According to the information made available to us, the directors of the Company were not directly or indirectly interested in contracts with the company during the year ended 31st March 2011 other than mentioned in Note 23 to the accounts.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Section 151 (2) of the Companies Act No: 07 of 2007 except as stated in the Auditors (b) & (e) in our report.

CHARTERED ACCOUNTANTS
COLOMBO: 27TH APRIL 2012

BCC Lanka Limited.
Income Statement.
For The Year Ended 31 March 2011

(All amounts in Sri Lanka Rupees unless otherwise stated).

	Notes	2010/11	2009/10
Net Revenue	01	105,501,644.37	99,570,210
Cost of Goods Sold	02	(75,303,993.77)	(75,486,007)
Gross Profit / (Loss)		30,197,650.60	24,084,203
Other Operating Income	03	-	642,857
Administrative Expenses	04	(26,342,830.92)	(27,413,257)
Selling & Distribution Expenses	05	(3,392,251.28)	(3,566,666)
Operating Profit / (Loss)		462,568.40	(6,252,862)
Financial Expenses	06	(23,647,404.47)	(26,589,495)
Loss Before Taxation		(23,184,836.07)	(32,842,357)
Taxation	07	-	-
Net Loss for the Year		(23,184,836.07)	(32,842,357)

The accounting policies on pages 08 to 13 and notes on pages 14 to 25 form an integral part of these financial statements.

Figures in brackets indicate deductions.

HULUGALLE WIKRAMANAYAKE & CO
Chartered Accountants

BCC Lanka Limited.
Balance Sheet as at 31 March 2011

(All amounts in Sri Lanka Rupees unless otherwise stated).

	Notes	2010/11	2009/10
ASSETS			
Non Current Assets			
Property, Plant & Equipment	08	15,862,379.30	19,589,747
Intangible Assets	09	252,001,153.00	252,001,153
Investments	10	23,000.00	23,000
		267,886,532.30	271,613,900
Current Assets			
Inventories	11	12,700,202.30	12,518,560
Trade and Other Receivables	12	31,976,165.60	30,760,109
Cash and Cash Equivalents	13	12,958,856.80	11,349,737
		57,635,224.70	54,628,405
TOTAL ASSETS		325,521,757.00	326,242,305
EQUITY AND LIABILITIES			
Equity Capital & Reserves			
Stated Capital	14	100,000,000.00	100,000,000
Retained Earnings		(224,789,944.59)	(689,385,197)
		(124,789,944.59)	(589,385,197)
Non Current Liabilities			
Retirements Benefit Obligations	15	3,359,597.88	2,555,718
Interest Bearing Loans & Borrowings	16.1	163,392,089.76	642,678,172
		166,751,687.64	645,233,889
Current Liabilities			
Interest Bearing Loans & Borrowings	16.2	147,915,146.81	138,071,191
Trade and Other Payables	17	96,066,636.17	95,507,936
Bank Overdraft	18	39,578,230.97	36,814,486
		283,560,013.95	270,393,613
TOTAL LIABILITIES		450,311,701.59	915,627,502
TOTAL EQUITY AND LIABILITIES		325,521,757.00	326,242,305

HULUGALLE WIKRAMANAYAKE & CO
Chartered Accountants
COLOMBO

The Board of Directors is responsible for the preparation and presentation of these Financial statements. Signed for and on behalf of the Board.

I certify that the financial statements have been prepared in compliance with the requirements of the Company's Act, No 7 of 2007.

Figures in brackets indicate deductions.

Chairman	Director	Accountant
Date 26.04.2012	Date 26.04.2012	Date 26/04/2012

BCC Lanka Limited.
Statement of Changes in Equity
For the year ended 31st March 2011

(All amounts in Sri Lanka Rupees unless otherwise stated).

	Stated Capital	Accumulated Profit/(Loss)	Total
Balance as at 01st April 2009	100,000,000.00	(742,690,368.56)	(642,690,368.56)
Net Loss for the Year	-	(32,842,357.38)	(32,842,357.38)
Previous Year Adjustment	-	86,147,529.42	86,147,529.42
Balance as at 31st March 2010	100,000,000.00	(689,385,196.52)	(589,385,196.52)
Net Loss for the Year	-	(23,184,836.07)	(23,184,836.07)
Treasury Loan Written Off - (**16.1.2**)	-	487,780,088.00	487,780,088.00
Balance as at 31st March 2011	100,000,000.00	(224,789,944.59)	(124,789,944.59)

The accounting policies on pages 08 to 13 and notes on pages 14 to 25 form an integral part of these financial statements.

Figures in brackets indicate deductions.

BCC Lanka Limited.
Cash Flow Statement.
For the year ended 31st March 2011

(All amounts in Sri Lanka Rupees unless otherwise stated).

Figures in brackets indicate deductions.

	Notes	2010/11		2009/10
Cash Flow From Operating Activities				
Net Profit Before Taxation			(23,184,836)	(32,842,357)
Adjustments For				
Depreciation	04	3,944,350		3,899,368
Gratuity Provision	15	803,880		965,913
Lease Interest	06	924,979		1,229,082
Profit On Disposal Item - Motor Vehicle	03	-		(642,857)
Loan Interest	06	19,785,911		22,459,024
			25,459,120	27,910,529
Operating Profit/(Loss) Before Working Capital Changes			2,274,284	(4,931,828)
Working Capital Changes				
Decrease/(Increase) Inventory	11	(181,642)		13,678,047
Decrease/(Increase) Other Receivable	12	(1,216,057)		(4,055,682)
Decrease/(Increase) Other Payable	17	558,700	(838,999)	(130,120)
Net Cash Flow From Operating Activities			1,435,285	4,560,417
Cash Flow From Investment Activities				
Acquisition Of Property, Plant & Equipment	08	(216,982)		(448,525)
Disposal Property, Plant & Equipment	03	-		642,857
Net Cash Flow From Investment Activities			(216,982)	194,332
			1,218,303	4,754,749
Cash Flow From Financing Activities				
Lease Instalments Paid		(2,372,928)		(2,372,928)
Net Cash Flow From Financing Activities			(2,372,928)	(2,372,928)
Net Cash Increase/(Decrease) During The Year			(1,154,625)	2,381,821
Net Cash & Cash Equivalents At Beginning Of The Year			(25,464,749)	(27,846,570)
Net Cash & Cash Equivalents At End Of The Year			(26,619,374)	(25,464,749)

Cash & Cash Equivalents as per Financial statement

	Notes	2010/11	2009/10
Cash in Hand and In Hand	13	12,958,857	11,349,737
Bank Overdraft	18	(39,578,231)	(36,814,486)
		(26,619,374)	(25,464,749)

BCC LANKA LIMITED
SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

1. CORPORATE INFORMATION

1.1 Domicile and Legal Forms

BCC Lanka Limited is a limited liability company incorporated and domiciled in Sri Lanka. The registered office and the principal place of business is situated at Hultsdorf Mills, Meeraniya Street, Colombo 12.

1.2 Principal Activities and Nature of Operations

The principal activities of the Company during the year under review include.

- Trading of coconut oil.
- Manufacturing and trading of toilet soap, washing soap, detergent and toilet requisites.
- Fabricating drums and trading of asphalt.

2. GENERAL ACCOUNTING POLICIES

2.1 Statement of Compliance

The Balance Sheet, Statement of Income, Changes in Equity and Cash Flows, together with accounting policies and notes, ("Financial Statements") of the Company as at 31st March 2011 and for the year then ended, comply with the Sri Lanka Accounting Standards other than the followings:

- SLAS 05 required that the inventory balance should be stated at the lower of Cost and Net Realizable Value. Company's inventory balance as at 31st March 2011 consist of significant balances of obsolete items stated at cost where as the net realizable value of the said inventory is considerably lower.

- SLAS 25 does not require to written off goodwill arising on acquisition to be recognized in the Income Statement on a systematic basis.

2.2 Basis of Preparation

The financial statements, presented in Sri Lankan rupees, have been prepared on an accrual basis and under the historical cost convention unless stated otherwise.

BCC LANKA LIMITED
SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2.3 Comparative Information

The accounting policies applied by the Company are, unless otherwise stated, consistent with those used in the previous year. Previous years figures and phrases have been re-arranged, wherever necessary, to confirm to the current year's presentation.

2.4 Events after the Balance Sheet

All material post balance sheet events have been considered appropriate adjustments or disclosures have been made in the Note 22 to these financial statements.

3. ASSETS AND BASES OF THEIR VALUATION

3.1 Property, Plant & Equipment

Property, Plant & Equipment are stated at cost to the Government Owned Business Undertaking of British Ceylon Corporation (G.O.B.U.) less accumulated depreciation. The cost of Property, Plant & Equipment is their purchase cost or construction cost together with any incidental expenses of acquisition.

Depreciation is provided on the cost to G.O.B.U. to write off the cost of Property, Plant & Equipment on straight line basis over the expected useful life of the assets concerned.

Building	5%
Furniture & Fittings	25%
Plant & Machinery	10%
Motor Vehicles	25%
Tools & Equipment	25%
Office Equipment	25%

The Company provides a full year's depreciation in the year of disposal, where as no depreciation is charged in the year of purchase.

3.2 Intangible Assets - Goodwill

Goodwill represents the excess of the issued share capital of the Company over the fair value of the identifiable assets, liabilities and contingent liabilities of the business converted to a Company at the date of conversion.

BCC LANKA LIMITED
SIGNIFICANT ACCOUNTING POLICIES (Cont.)

3.3 Investments

Investments are of a long – term nature and are stated at cost. No adjustments are made for diminishing in value of these investments. This amount is in a brought forward proof.

3.4 Inventories

Inventories are stated at cost. Company adopts the first in first out basis for valuation of inventory. Provision of Rs.75,830 has been made for obsolete, slow moving and defective inventory whereas significant amount included in the inventory consist of obsolete items which need a provision.

3.5 Trade and Other Receivables

Trade receivable are stated at the amounts they are estimated to realized net of provisions for bad and doubtful receivables.

3.6 Cash and Cash equivalents

Cash and Cash Equivalents comprise cash at bank and in hand. Bank overdrafts that are repayable on demand and form an integral part of the Company's Cash Management are included as a component of cash & cash equivalents for the purpose of the statement of cash flows.

4. LIABILITIES & PROVISIONS

4.1 Trade & Other Payables

Trade and other payables are stated at their cost.

4.2 Capital Commitments & Contingencies

Capital expenditure commitments and contingent liabilities as at the date of the Balance Sheet have been disclosed in the respective notes to the financial statements.

BCC LANKA LIMITED
SIGNIFICANT ACCOUNTING POLICIES (Cont.)

4.3 Retirement Benefit Cost

4.3.1 Defined Benefit Plan - Gratuity

Gratuity is a Defined Benefit Plan. The Company is liable to pay gratuity in terms of the payment of Gratuity Act. No. 12 of 1983. In order to meet this liability a provision is carried forward in the balance sheet equivalent to an amount calculated based on a half months salary of the last month of the financial year of all employees for each completed year of service, commencing from the first year of service. The resulting differences between brought forward provision at the beginning of a year and the carried forward provision at the end of a year dealt within the income statement. The Gratuity liability is not funded nor actuarially valued. This item is grouped under retirement benefit obligations in the Balance Sheet.

4.3.2 Defined Contribution Plan – Employees' Provident Fund and and Employees' Trust Fund

All executive staff and the office staff are members of BCC Staff Provident Fund and other employees who are eligible for Employees Provident Fund and Employees Trust Fund to which the Company contributes 15% and 3% respectively of such employees' gross emoluments.

Obligations for contributions to provident and trust funds covering all employees are recognized as an expenses in profit or loss when incurred.

4.3.3 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

5. INCOME STATEMENT

5.1 Revenue

The turnover of the Company represents the invoiced value of goods net of trade discounts and sales returns.

5.2 Revenue Recognition

Revenue is recognized to the extent that is probable that the economic benefit will flow to the company and the revenue can be reliably measured.

BCC LANKA LIMITED
SIGNIFICANT ACCOUNTING POLICIES (Cont.)

5.3 Expenditure Recognition

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

For the purpose of presentation of the Income Statement, the Directors are of the view that the function of expense method fairly presents the elements of the company's performance; hence such presentation method is adopted.

6. CAPITAL COMMITMENTS

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.

7. BORROWING COST

Borrowing Cost is recognized as an expense in the period in which they are incurred, unless they are incurred in respect of Qualifying Assets in which case it is capitalized.

8. CASH FLOW STATEMENT

The cash flow statement has been prepared using the 'indirect method'.

For the purpose of the Cash flow Statement, cash and cash equivalents comprise of cash in hand and deposit with banks, net of outstanding bank overdrafts.

Interest paid is classified as operating cash flows, interest received is classified as investing cash flows while dividend paid is classified as financing cash flows for the purpose of presentation of the cash flow statement reported based on indirect method.

BCC LANKA LIMITED
SIGNIFICANT ACCOUNTING POLICIES (Cont.)

9. TAXATION

9.1 Current Taxes

No provision for taxation is made during the year because of the brought forward tax losses.

9.2 Deferred Taxation

No provision has been made by the Company in respect due to the tax losses incurred by the Company.

10. RELATED PARTY TRANSACTIONS

Transactions with related parties are disclosed in the Notes to the Financial Statements.

BCC Lanka Limited.
Notes to the Financial Statements.

(All amounts in Sri Lanka Rupees unless otherwise stated).

01 Net Revenue

	2010/11	2009/10
Soap Department	21,651,786.76	26,565,575
Refinery Department	42,104,384.45	34,138,265
Drum Plant	3,674,160.00	4,207,007
Rental Income	29,276,039.00	25,168,473
Marketing Department	4,738,287.87	8,835,364
Other Income	4,056,986.29	655,527
	105,501,644.37	99,570,210

02 Cost of Goods Sold

	2010/11	2009/10
02.1 Inventory as at 01 April 2010		
Soap Department	4,075,639.55	8,355,173
Drum Department	4,788,839.00	2,011,256
Refinery Department	2,557,181.26	12,218,360
Asphalt	1,172,730.00	3,563,606
Welfare	-	124,042
Sub Total	12,594,389.81	26,272,437
02.2 Purchases		
Soap Department	18,062,424.01	12,817,627
Refinery Department	33,876,935.29	15,774,956
Drum Department	-	5,414,174
Asphalt	3,817,231.07	6,014,160
Sub Total	55,756,590.37	40,020,917
02.3 Direct Expenses		
Wages	12,326,075.63	12,909,148
EPF	1,772,427.13	1,789,222
ETF	354,258.07	357,844
Steam	1,017,720.00	921,360
Chemicals	31,433.40	24,848
Sub Total	15,501,914.23	16,002,423
02.4 Production Overheads		
Salary	2,629,658.16	3,253,736
EPF	387,771.26	485,441
ETF	77,554.26	97,088
Bonus	67,000.00	61,292
Upkeep of Premises	410,354.10	882,385
Upkeep of Equipment	255,344.31	716,953
Upkeep of Machinery	399,449.57	287,726
Sub Total	4,227,131.66	5,784,620

BCC Lanka Limited.
Notes to the Financial Statements.

(All amounts in Sri Lanka Rupees unless otherwise stated).		2010/11	2009/10
02.5	**Inventory as at 31st March 2011**		
	Soap Factory	5,931,545.55	4,075,640
	Refinery	3,911,478.75	2,557,181
	Asphalt	691,200.00	1,172,730
	Drum Plant	2,241,808.00	4,788,839
	Sub Total	12,776,032.30	12,594,390
	Inventory as at 01st April (Note 02.1)	12,594,389.81	26,272,437
	Purchases (Note 02.2)	55,756,590.37	40,020,917
	Direct Expenses (Note 02.3)	15,501,914.23	16,002,423
	Production Overhead (Note 02.4)	4,227,131.66	5,784,620
	Inventory as at 31st March (Note 02.5)	(12,776,032.30)	(12,594,390)
	Total	75,303,993.77	75,486,007
03	**Other Operating Income**		
	Profit On Disposal of Motor Vehicle	-	642,857
		-	642,857
04	**Administrative Expenses**		
	Salary & Wages	7,538,084.63	7,251,867
	Salary & Wages - E.P.F	1,082,419.40	1,031,277
	Salary & Wages - E.T.F	216,711.26	206,255
	Directors' Remuneration	-	48,000
	Bonus	32,000.00	23,917
	Staff Training	10,500.00	8,500
	Staff Welfare	325,849.24	275,151
	Telephone Charges	585,171.74	772,308
	Postage	26,978.00	19,933
	Printing & Stationery Expenses	238,371.38	421,294
	Auditors' Remuneration	168,000.00	175,000
	Professional Fees	188,728.69	254,565
	License & Registration	83,948.50	169,544
	Rent	1,920.00	1,920
	Electricity	2,609,466.15	2,813,776
	Water	723,626.43	658,785
	Insurance	432,170.34	272,744
	Security	3,176,479.56	2,939,662
	Rate & Taxes	2,464,000.00	2,464,000
	Vehicle Maintenance	622,445.53	389,564
	Travelling & Subsistence	51,889.00	90,602
	Under Provision for Gratuity	803,880.38	965,913
	Balance C/F	21,382,640.23	21,254,578

BCC Lanka Limited.
Notes to the Financial Statements.

(All amounts in Sri Lanka Rupees unless otherwise stated).

04 Administrative Expenses

	2010 /11	2009/10
Balance B/F	21,382,640.23	21,254,578
Disallowable Input Tax	116,112.00	122,330
Upkeep of Equipment	57,122.56	96,952
Subscription & Periodicals	116,000.00	35,076
Laboratory Expenses	22,800.00	32,780
Depreciation	3,944,349.71	3,899,368
Annual Service Agreement	20,562.42	86,527
Weighing charges	2,750.00	2,330
Donation	7,750.00	10,000
Transport charges	10,600.00	17,000
Fuel	643,754.00	991,602
Penalties & Surcharges	-	2,661
Vehicle Rent	-	825,000
Refreshment	15,390.00	33,591
Tender Fees	3,000.00	3,464
	26,342,830.92	27,413,257

05 Selling & Distribution Expenses

Turnover Tax	41,382.89	91,159
Advertisement	117,023.34	774,898
National Building Tax	2,532,681.44	2,531,542
Sales Promotions	293,859.94	11,435
Entertainment	-	115,616
Discounts	407,303.67	42,017
	3,392,251.28	3,566,666

06 Financial Expenses

Overdraft Interest - BOC	2,763,744.93	2,784,299
Purchase Loan Interest - BOC	3,327,243.13	3,273,241
Long Term Loan Interest - BOC	10,246,057.66	12,974,174
C.D.A. Loan Interest	4,012,610.00	4,011,609
Interest on Kalubowitiyana Loan	2,200,000.00	2,200,000
Debit Tax	109,364.31	95,880
Lease interest	924,979.41	1,229,082
Bank charges	63,405.03	21,211
	23,647,404.47	26,589,495

07 Taxation

No provision has been made in the accounts in view of the adjusted tax losses of the Company.

BCC Lanka Limited.
Notes to the Financial Statements.

(All amounts in Sri Lanka Rupees unless otherwise stated).

08 Property, Plant & Equipment

Free Hold Assets	As at 31.03.2010	Addition.	Disposals.	As at 31.03.2011
Land	1,424,400.00	-	-	1,424,400.00
Building	15,513,392.00	-	-	15,513,392.00
Furniture & Fittings	4,957,111.00	-	-	4,957,111.00
Tools & Equipment	952,945.00	27,800.00	-	980,745.00
Office Equipment	5,326,376.75	189,182.00	-	5,515,558.75
Plant & Machinery	51,405,611.55	-	-	51,405,611.55
Motor Vehicle	6,146,348.42	-	-	6,146,348.42
	85,726,184.72	216,982.00	-	85,943,166.72
Leased Vehicles	8,487,500.00	-	-	8,487,500.00
TOTAL	94,213,684.72	216,982.00	-	94,430,666.72

Depreciation

	As at 31.03.2010	Charge for the year.	Disposals.	As at 31.03.2011
Free Hold Assets				
Land	-	-	-	-
Building	8,335,650.00	566,159.50	-	8,901,809.50
Furniture & Fittings	4,957,110.00	-	-	4,957,110.00
Tools & Equipment	812,770.18	58,116.09	-	870,886.27
Office Equipment	5,019,326.84	120,797.69	-	5,140,124.53
Plant & Machinery	47,538,617.26	1,000,461.69	-	48,539,078.95
Motor Vehicle	7,960,463.42	2,198,814.75	-	10,159,278.17
TOTAL	74,623,937.70	3,944,349.72	-	78,568,287.42
W D V	19,589,747.02			15,862,379.30

BCC Lanka Limited.
Notes to the Financial Statements.
(All amounts in Sri Lanka Rupees unless otherwise stated).

09 Intangible Assets

The excess of the issued share capital of the Company over the book value of net assets of the business vested in the Company, in terms of the Conversion of public Corporation or Government Owned Business Undertakings into public Companies Act No 23 of 1987 is included in the Balance sheet as Goodwill arising on conversion.

Goodwill has not been amortized following the requirement of the SLAS 25.

10 Investments

	2010/11	2009/10
Ordinary Shares in Ceylon Hotels Corporation - at cost	23,000.00	23,000
	23,000.00	23,000

The share price of 10,000 Shares of Ceylon Hotels Corporation on the Balance Sheet date was Rs. 33.00 (Hotels Corporation web site) Market value Rs. 330,000.00

(The number of shares have been confirmed by the Secretary of BCC Lanka Ltd to the Manager Personal & Administration)

11 Inventories

11.1 Raw Materials and Consumables

	2010/11	2009/10
Soap	4,364,720.12	3,234,082
Refinery	3,478,975.85	1,672,870
Drum plant	2,219,776.00	4,648,385
	10,063,471.97	9,555,337
Less : Provision for Obsolete and Slow Moving Stock	(75,830.00)	(75,830)
	9,987,641.97	9,479,507
Sub Total		

11.2 Finished Goods

	2010/11	2009/10
Soap	1,536,070.57	841,557
Refinery	397,277.82	884,311
Asphalt	691,200.00	1,172,730
Welfare	65,979.94	-
Drum plant	22,032.00	140,454
Sub Total	2,712,560.33	3,039,053

	2010/11	2009/10
Raw Materials and Consumables (11.1)	9,987,641.97	9,479,507
Finished Goods (11.2)	2,712,560.33	3,039,053
Total	12,700,202.30	12,518,560

BCC Lanka Limited.
Notes to the Financial Statements.

(All amounts in Sri Lanka Rupees unless otherwise stated).

12 Trade & Other Receivables	2010/11	2009/10
12.1 Trade Debtors		
Distributor Debtors	10,930,987.14	12,490,535
Direct Buyers	5,579,252.53	5,422,302
Corporation Debtors	2,333,813.59	730,716
Provender Debtors	1,425,743.00	1,425,743
Asphalt Debtors	180,105.00	180,105
Government Debtors	3,064,614.82	2,905,502
	23,514,516.08	23,154,904
Less : Provision for Doubtful Debtors	(13,897,557.00)	(13,897,557)
Sub Total	9,616,959.08	9,257,347
12.2 Deposits, Advances and Prepayments		
Copra Advance	453,074.00	453,074
Purchase Advance	2,198,814.38	2,010,774
Car lease Prepayment	92,725.00	92,725
Receivable from Bharathi	20,082.00	20,082
Dividend Tax	9,766.00	9,766
WHT Receivable	657,499.59	395,707
ESC Receivable	3,811,281.96	2,806,583
Annual Service Prepayment	7,044.58	-
Insurance Prepayment	22,238.17	187,173
Sundry Deposit	244,442.00	223,247
Bid Bond Deposit	303,400.00	59,000
Welfare Shop	-	6,830
VAT Receivable	949,486.77	-
NBT Receivable	1,069.89	-
Rent	160.00	
	8,771,084.34	6,264,962
Less : Provision for Copra Doubtful Debtors	(453,074.00)	(453,074)
Sub Total	8,318,010.34	5,811,888
12.3 Other Debtors		
Sundry Debtors	30,189,179.00	30,189,179
Rental Debtors	13,558,956.89	15,155,985
	43,748,135.89	45,345,164
Less : Provision for Doubtful Debtors	(30,189,179.00)	(30,189,179)
Sub Total	13,558,956.89	15,155,985
12.4 Staff Loans		
Festival Advance - Salaries	140,000.00	180,000
Festival Advance - Wages	306,500.00	348,700
Advances - Salaries	5,739.29	5,739
Welfare Loan	30,000.00	450
Sub Total	482,239.29	534,889
Trade Debtors (12.1)	9,616,959.08	9,257,347
Deposits, Advances and Prepayments (12.2)	8,318,010.34	5,811,888
Other Debtors (12.3)	13,558,956.89	15,155,985
Staff Loans (12.4)	482,239.29	534,889
Total	31,976,165.60	30,760,109

BCC Lanka Limited.
Notes to the Financial Statements.

(All amounts in Sri Lanka Rupees unless otherwise stated).

13 Cash & Cash Equivalents	2010/11	2009/10
Bank of Ceylon - 1940	54,190.38	54,190
Seylan Bank	-	888
NDB	12,563,367.94	7,163,544
People's Bank	217,106.50	4,000,732
Cash in Hand	124,191.98	130,382
	12,958,856.80	11,349,737

14 Ordinary Share Capital

The Company was incorporated with an issued share capital of Rs 100 Million by gazette notification dated 04th November, 1988

The entirety of issued share capital has been allotted to secretary to the Treasury for and on behalf of the State.

15 Retirement Benefit Obligation (Gratuity)	2010/11	2009/10
Balance at the beginning of the year	2,555,717.50	1,589,805
Provision for the year	803,880.38	965,913
	3,359,597.88	2,555,718
Payments for the Year	-	-
Balance at the end of the year	3,359,597.88	2,555,718

This is neither externally funded nor actuarially valued.

16 Interest Bearing Loans & Borrowings

16.1 Interest Bearing Loans, Borrowings & Leasing- Due After One Year

16.1. Interest Bearing Loans, Borrwing	2010/11	2009/10
Bank Of Ceylon - (16.2.4)	160,193,819.86	149,947,762
General Treasury - (16.1.2)	-	487,780,088
Sub Total	160,193,819.86	637,727,850

16.1.2 General Treasury Loan - Rs. 487,780,088.00

At the Annual General Meeting of BCC Lanka Limited for the year ended 31st March 2011 held on 31st January 2012 the audited accounts for the year ended 31st March 2011 were not adopted by the members of the company. Thereafter the Board of Directors requested the auditors to request the Treasury to confirm direct to the auditors the Treasury loan of Rs. 487,780,088.00 outstanding as at 31st March 2011

BCC Lanka Limited.
Notes to the Financial Statements.

(All amounts in Sri Lanka Rupees unless otherwise stated).

16.1.2 General Treasury Loan - Rs. 487,780,088.00

As per the confirmation forwarded by the Department of Treasury Operations by their letter dated 06th March 2012 they have confirmed that the sum of Rs. 487,780,088.00 does not appear in the Treasury books as a loan

Based on the above letter the Board of Directors at a special meeting held on 29th March 2012 decided to write off the above amount of Rs 487,780.088/= which appeared as a Treasury loan in the books of the Company. Accordingly the Treasury loan reflected in the audited accounts for the year ended 31st March 2011 has been written off. It is now reflected in a change in equity statement as "Treasury loan written off". The audited financial statements have been amended accordingly.

		2010/11	2009/10
	Leasing - Peoples Leasing Company Ltd.		
16.1.3	**Vehicle Lease - PB - 7368 (Cab)**		
	Vehicle Lease Gross Liability	2,361,012.00	3,935,028
	Less:- Lease Interest & VAT. in Suspense	(470,386.03)	(1,012,854)
	Sub Total	1,890,625.97	2,922,174
16.1.4	**Vehicle Lease - KH - 5374 (Car)**		
	Vehicle Lease Gross Liability	1,625,508.00	2,709,180
	Less:- Lease Interest & VAT. in Suspense	(317,864.07)	(681,032)
	Sub Total	1,307,643.93	2,028,148
16.1.5	Vehicle Lease Total Gross Liability	3,986,520.00	6,644,208
	Less:- Total Lease Interest & VAT. in Suspense	(788,250.10)	(1,693,887)
	Sub Total	3,198,269.90	4,950,321
Interest Bearing Loans, Borrowing - (16.1.1)		160,193,819.86	637,727,850
Leasing - Peoples Leasing Company Ltd - (16.1.5)		3,198,269.90	4,950,321
Total		163,392,089.76	642,678,172

16.2 Interest Bearing Loans & Borrowings - Due Within One Year

16.2.1	**Leasing - Peoples Leasing Company Ltd.**		
16.2.1.1	**Vehicle Lease - PB - 7368 (Cab)**		
	Vehicle Lease Gross Liability	1,574,011.20	1,574,011
	Less:- Lease Interest & VAT. in Suspense	(542,463.40)	(725,559)
	Sub Total	1,031,547.80	848,452
16.2.1.2	**Vehicle Lease - KH - 5374 (Car)**		
	Vehicle Lease Gross Liability	1,083,672.00	1,083,672
	Less:- Lease Interest & VAT. in Suspense	(363,168.39)	(484,176)
	Sub Total	720,503.61	599,496
16.2.1.3	Vehicle Lease Total Gross Liability	2,657,683.20	2,657,683
	Less:- Total Lease Interest & VAT. in Suspense	(905,631.79)	(1,209,735)
	Sub Total	1,752,051.41	1,447,949

BCC Lanka Limited.
Notes to the Financial Statements.

(All amounts in Sri Lanka Rupees unless otherwise stated).

16.2.2 Other Borrowings	**2010/11**	**2009/10**
The Coconut Development Authority - (16.2.3)	71,302,766.58	67,290,157
J.E.D.B. Loan	4,508,696.00	4,508,696
Kalubowitiyana Tea Company Ltd	27,141,667.00	24,941,667
Pledged Loan - Bank of Ceylon - (16.2.4)	43,209,965.82	39,882,723
Sub Total	146,163,095.40	136,623,242
Leasing - Peoples Leasing Co. Ltd. (16.2.1.3)	1,752,051.41	1,447,949
Other Borrowings (16.2.2)	146,163,095.40	136,623,242
Total	147,915,146.81	138,071,191

16.2.3 Coconut Development Authority

- The Coconut Development Authority advanced funds to the Company to enable the latter to purchase copra to process oil. The agreement pursuant to the loan which is granted, stipulated that the entire loan should have been settled by 1986.Another Rs 25 mn interest free loan was given in 2002 for the purpose of importation of coconut oil which should be settled in 6 months.

- Further Rs. 6,599,000 was given in the year 2004/2005 from cess fund of the Coconut Development Authority for the payment of salaries for the month of November 2004.This loan was agreed to be settled on or before 31st December 2004.

- However, Company has not settled these obligations as per the agreement and as a result an overdue interest at 24% per annum was charged. Interest at this rate is being recognized in the accounts.

16.2.4 Bank of Ceylon

The Bank of Ceylon Loans (both short term and long term) and Bank Overdraft have been secured by way of a primary mortgage over property bearing Assessment No. 21,Hulftsdorf Mills,Meeraniya Street, Colombo 12 depicted in plan No 1743 containing in extent 12A-3R-8.77P

BCC Lanka Limited.
Notes to the Financial Statements.

(All amounts in Sri Lanka Rupees unless otherwise stated).

	2010/11	2009/10
17 Trade & Other Payables		
17.1 Trade Creditors		
Oil	5,253,414.00	5,253,414
Soap	9,954,815.00	9,888,735
Refinery	5,321,844.11	5,059,942
Provender	34,750.00	34,750
Tea	3,828,983.96	5,057,410
Asphalt Sales Advance	1,019,857.00	1,019,857
Vinegar	203,215.00	203,215
Palmolive	1,425,265.00	1,425,265
Candles	271,350.00	271,350
Blue Soap	41,554.00	41,554
Rice Flour	(142,155.00)	(142,155)
Sundry	1,297,360.00	1,297,360
Razor & Blade	222,095.00	222,095
Kings Super	144,672.00	144,672
Sub Total	28,877,020.07	29,777,464
17.2 Accrued Expenses		
Security Charges	416,390.28	600,721
Professional fees	7,600.00	5,202
Water Charges	54,292.00	53,979
Telephone Charges	95,696.38	61,258
Rates & Taxes	21,414,470.00	21,414,470
Staff Welfare	15,000.00	15,000
Audit Fees	350,000.00	350,000
Insurance	123,960.02	-
Electricity	181,772.75	-
Sub Total	22,659,181.43	22,500,629
17.3 Other Payables		
Turnover Tax	141,280.11	153,232
Defense Levy - (NSL)	1,079,761.95	1,079,762
V.AT.	33,916,889.53	34,353,163
N.B.T	177,051.91	230,958
G.S.T	1,279,509.00	1,279,509
E.S.C. Payable	257,865.00	218,297
Salary E.P.F	4,500.94	-
E.T.F	540.11	-
Outside Loan	3,149.41	(446)
PAYE Tax	134.47	-
Salary Payble	13,178.37	
Wages E.P.F	9,823.54	-
E.T.F	1,178.83	-
Outside Loan	175.00	-
Sub Total	36,885,038.17	37,314,476

BCC Lanka Limited.
Notes to the Financial Statements.

(All amounts in Sri Lanka Rupees unless otherwise stated).

	2010/11	2009/10
17.4 Deposits Payable		
Supplies Deposits	105,523.00	105,523
Employee Deposits	5,597.00	5,597
Rental Deposits	7,261,776.50	5,521,748
Tender Deposits	272,500.00	282,500
Sub Total	7,645,396.50	5,915,368
Trade Creditors (17.1)	28,877,020.07	29,777,464
Accrued Expenses (17.2)	22,659,181.43	22,500,629
Other Payables (17.3)	36,885,038.17	37,314,476
Deposits Payable (17.4)	7,645,396.50	5,915,368
Total	96,066,636.17	95,507,936

18 Bank Overdraft

Bank of Ceylon 1935	83,886.11	82,934
Bank of Ceylon 1938	39,494,344.86	36,731,552
	39,578,230.97	36,814,486

19 Going Concern

The Company incurred a loss of Rs. 23,184,836.07 during the year and the accumulated loss as at 31st March 2011 amounts to Rs. 224,789,944.59. The Current Liabilities exceed its Current Assets by Rs. 225,924,789.25. As a result, as at the date of the Balance Sheet the Company had a capital deficiency of Rs. 124,789,944.59.

These facts raise doubts as to the ability of BCC Lanka Limited to continue as a going concern.

However it should be noted that BCC Lanka Limited owns the property bearing assessment No. 21, Hulftsdorf Mills, Meeraniya Street, Colombo 12 containing in extent 12A-3R-8.77P. This property has not been revalued. The market value of this property would exceed Rs. 4 billion.

20 Contingencies

The company has filed a case against Kekunawalage Dharmasiri Ratnapala to reclaim the following property (Flat no L2/3, Gunasinghepura Housing Scheme) which belongs to the company. The case is still underway in Magistrate Court - Colombo . Case no : 93529/1. BCC Lanka Ltd is unable to confirm whether any legal proceedings are pending against the Company.

21 Capital Commitments

There were no material capital commitments outstanding as at the balance sheet date.

BCC Lanka Limited.
Notes to the Financial Statements.

22 Post Balance Sheet Events

It was proposed by a cabinet decision dated 08th March 2011 to immediately release 4 acres of the extent of 12 Acres 3 Roods 8.77 Perches situated at BCC Lanka Ltd, to be channeled through the Urban Development Authority for a suitable investment. It was also proposed to utilize such funds obtained to carryout reconstruction & rehabilitation to the agreed value of Rs 300Mn and utilize the balance monies to settle the loans due to Bank of Ceylon, Treasury and for the payments of statutory dues of BCC Lanka Ltd. If there is any balance funds it could be utilize for the purpose of State Resource Management Company.

However it should be noted that based on a confirmation received from the Department of Treasury Operations the directors of BCC Lanka Limited have written off the outstanding Treasury Loan of Rs. 487,780,088.00 on 29th March 2012.

23. Directors' Interest in Contracts with the company

No director is directly or indirectly interested in contracts with the company.

24. Related Party Transactions

There were no related party transactions during the year under review.