CORPORATE INFORMATION

FOR FINANCIAL YEAR ENDED ON 31ST MARCH 2012

NAME OF COMPANY	**B C C LANKA LIMITED**
COMPANY REGISTRATION NO.	**PB 221**
DIRECTORS	Brig. L M Tennakoon (Chairman) Mr. K D S R Perera
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 CARTER DE COSTA & CO.,** Chartered Accountants, No. 18-17, State bank of India Building, Sir Barón Jayathilaka Mawatha, Colombo 01.

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 2012)

Chairman's Statement

It is my pleasure to join my colleagues once again in presenting the Annual Report and the Audited Financial Statement for the year ended 31st March 2012.

BCC Lanka Ltd is well served by a loyal and dedicated staff committed to fulfilling our core values. I extend thanks to all of them for their commitment and effort.

The performance of the company has once again demonstrated the correctness of the strategy pursued.

Even with the constraints of inadequate working capital and obsolete machinery, the Company has achieved a considerable profit margin compared to the previous year.

I would like to extend my personal gratitude for the generous support and wise guidance received from the Hon. Minister, Hon. Deputy Minister and the Secretary of the Ministry of State Resources and Enterprise Development.

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 2012. 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 31,570,309.15. The Financial expenses incurred by the Company during the financial year under review was LKR 24.2 Mn. The Company has reported a Net Profit of LKR 7.0 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 2012 were as follows;

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

Ms S W C Jayamini resigned with effect from 05 September 2012 and Mr. K D S R Perera was appointed with effect from 28 September 2012 as per the letter dated 17 August 2012 from the Ministry of Finance and Planning.

The current Directors of BCC Lanka Limited are as follows;

1. Brig. L M Tennakoon - Chairman
2. Mr. K D S R Perera - Director

Directors' Interests in Contracts

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

Auditors

M/s Carter De Costa & Co was appointed as the Company's External Auditors in place M/s Hulugalla Wickramanayake & Co during the Financial year 2011/ 2012.

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	Mr. K D S R Perera	Merchant Bank of Sri Lanka PLC
Chairman	Director	Secretaries

26 July 2013

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 31st March 2012

CONTENTS

CARTER DE COSTA & CO.
CHARTERED ACCOUNTANTS

No. 18 - 1/7, State Bank of India Bldg.,
Sir Baron Jayathilaka Mawatha,
P.O. Box 232,
Colombo 01.

Tel: 011-2324513, 2422526
Fax: 011-2472552.
E-Mail: carter@sltnet.lk.

INDEPENDENT AUDITORS REPORT
TO THE SHAREHOLDERS OF BCC LANKA LIMITED

Report on the Financial Statements
We have audited the accompanying financial statements of BCC Lanka Limited, which comprise the Balance Sheet as at 31st March 2012, 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 Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting polices; 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 misstatements.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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 purpose of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

1. During the year ended 31st March 2011, the Urban Development Authority of the government of Sri Lanka took over, part of the land consisting four acres, owned by BCC Lanka Limited at Meeraniya Street, Colombo 12 under a cabinet decision made to carryout the proposal of the Minister of Finance and Planning under reference no PE/COM/78/CM/2011 dated 08th March 2011. According to this decision, this land will be utilized by UDA for a suitable investment and out of the funds raised, UDA shall pay Rs. 300 million to BCC Lanka Limited to be used for restructuring and resurrecting the company and also provide funds to settle the dues to Bank of Ceylon and other statutory creditors of BCC Lanka Limited. If there is any balance funds, it should be paid to the State Resource Management Company. BCC Lanka Limited to be shifted to an identified location in the Coconut Triangle.

CARTER DE COSTA & CO.
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After the restructure program is carried out, the balance eight acres are proposed to be handed over to the UDA and funds raised from investments to be paid to State Resource Management Company.

No adjustments have been made in the financial statements on account of the above decisions except as given in item (2) below.

2. During the year, UDA sold by public tender, factory buildings, steel storage tanks, and non serviceable machinery etc. on this 4 acre land, under break and remove basis and the proceeds realized from this transaction amounting to Rs. 39,519,091/= was paid to BCC Lanka Limited. Surplus on this sale has been shown under Other Income in the Income Statement.

3. Under cabinet approval, the company carried out a voluntary retirement scheme for 41 existing employees during the year. Cost of the scheme amounting to Rs. 16,717,968 has been charged to the income statement.

4. The financial statements have been prepared on a going concern basis although, following factors raise doubts as to the company's ability to continue as a going concern.

   (a) Accumulated losses as at 31.03.2012 Rs. 221,153,546
   (b) Excess of Liabilities over Assets Rs. 121,632,328

   However, this position would not arise due to the proposed restructure scheme as stated under item (1). This scheme is being implemented as of the reporting date of these financial statements.

5. Confirmations were not received with regards to following balances:

Trade Debtors	-	37,171,876
Trade Creditors	-	110,329,329
JEDB Loan	-	4,508,696
Coconut Development Authority	-	75,314,386

6. Following statutory debts remain outstanding as at balance sheet date.
   These debts were incurred prior to the year 2008.
   Statutory debts arising after 2007 have been settled by the company.

Turnover Tax	141,279
Defense Levy	1,079,761
Goods and Services Tax	1,279,509
Rates and Taxes	21,768,670
Value Added Tax	33,836,598

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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 (1) to (6) above, so far as appears from our examination, the company maintained proper accounting records for the year ended 31st March 2012 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 31st March 2012 and its Profit and the 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 2012.

Report on other Legal and Regulatory requirements

These financial statements also comply with the requirements of section 151(2) of the Companies Act No. 7 of 2007.

Carter de Costa & Co

CARTER DE COSTA & CO.,
CHARTERED ACCOUNTANTS
27th September 2012
Colombo

CARTER DE COSTA & CO.
Chartered Accountants

CARTER DE COSTA & CO.,
CHARTERED ACCOUNTANTS
P.O. BOX 232
COLOMBO

BCC Lanka Limited
Income Statement
For the Year Ended 31st March 2012

(All amounts in Sri Lanka Rupees unless otherwise stated)

	Notes	2011 / 2012	2010 / 2011
Net Revenue	01	81,681,431.89	72,168,619
Cost of Goods Sold	02	(74,431,114.68)	(69,119,505)
Gross Profit / (Loss)		7,250,317.21	3,049,114
Other Income	03	75,740,599.14	33,333,025
Administrative Expenses	04	(30,991,219.91)	(32,527,320)
Compensation Paid Under VRS		(16,717,968.75)	-
Selling & Distribution Expenses	05	(3,711,418.54)	(3,392,251)
Operating Profit / (Loss)		31,570,309.15	462,568
Financial Expenses	06	(24,251,606.64)	(23,647,404)
Profit / (Loss) Before Taxation		7,318,702.51	(23,184,836)
Provision for Taxation	07	(243,860.29)	-
Net Profit / (Loss) for the Year		**7,074,842.22**	**(23,184,836)**

The Significant Accounting Policies and Notes from pages 08 to 23 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

CARTER DE COSTA & CO.,
CHARTERED ACCOUNTANTS
P.O. BOX 232
COLOMBO

BCC Lanka Limited
Balance Sheet as at 31st March 2012

(All amounts in Sri Lanka Rupees unless otherwise stated)

	Notes	2011/2012	2010/2011
ASSETS			
Non Current Assets			
Property, Plant & Equipment	08	12,542,405.92	15,862,379
Intangible Assets	09	252,001,153.00	252,001,153
Investments	10	23,000.00	23,000
		264,566,558.92	267,886,532
Current Assets			
Inventories	11	14,969,408.46	12,700,202
Trade and Other Receivables	12	49,896,973.32	40,158,432
Cash and Cash Equivalents	13	33,434,534.12	12,958,857
		98,300,915.90	65,817,492
TOTAL ASSETS		**362,867,474.82**	**333,704,024**
EQUITY AND LIABILITIES			
Equity Capital & Reserves			
Stated Capital	14	100,000,000.00	100,000,000
Retained Earnings		(221,632,327.64)	(224,789,945)
		(121,632,327.64)	(124,789,945)
Non Current Liabilities			
Retirements Benefit Obligations	15	2,081,580.00	3,359,598
Interest Bearing Loans & Borrowings	16.1	369,788,878.77	344,624,720
		371,870,458.77	347,984,318
Current Liabilities			
Interest Bearing Loans & Borrowings	16.2	2,056,154.23	1,752,051
Trade and Other Payables	17	110,329,329.17	108,757,599
Income Tax Payable		243,860.29	-
		112,629,343.69	110,509,650
TOTAL LIABILITIES		**484,499,802.46**	**458,493,968**
TOTAL EQUITY AND LIABILITIES		**362,867,474.82**	**333,704,024**

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

The Significant Accounting Policies and Notes from pages 08 to 23 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

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

Chairman   Director   Accountant

26th September 2012, Colombo

CARTER DE COSTA & CO.,
CHARTERED ACCOUNTANTS
P.O. BOX 232
COLOMBO

BCC Lanka Limited
Cash Flow Statement
For the Year Ended 31st March 2012

(All amounts in Sri Lanka Rupees unless otherwise stated)

	Notes	2011 / 2012	2010 / 2011
Cash Flow From Operating Activities			
Net Profit / (Loss) Before Taxation		7,318,702.51	(23,184,836)
Adjustments For			
Depreciation	04	3,961,387.46	3,944,350
Gratuity Provision	15	349,040.90	803,880
FD - Interest		(2,434,691.42)	-
Previous Year Adjustment		(3,917,225.27)	-
Lease Interest	06	620,876.61	924,979
Profit on Disposal of Building	03	(39,519,091.64)	-
Loan Interest	06	20,552,950.04	19,785,911
		(20,386,753.32)	25,459,120
Operating Profit / (Loss) Before Working Capital Changes		**(13,068,050.81)**	**2,274,284**
Working Capital Changes			
Decrease / (Increase) Inventory	11	-	(181,642)
Decrease / (Increase) Other Receivable	12	(9,738,540.91)	(1,216,057)
(Decrease) / Increase Other Payable	17	27,039,992.00	558,700
Cash Flow From Operating Activities		**17,301,451.09**	**(838,999)**
Gratuity Paid	15	(1,627,058.78)	-
Net Cash Flow From Operating Activities		**2,606,341.50**	**1,435,285**
Cash Flow From Investment Activities			
Acquisition of Property, Plant & Equipment	08	(1,122,322.45)	(216,982)
Disposal Property, Plant & Equipment	03	45,713,920.00	-
Investment in Fixed Deposits		(45,713,920.00)	-
Withdrawal of Fixed Deposits		20,932,972.43	-
Net Cash Flow From Investing Activities		**19,810,649.98**	**(216,982)**
Cash Flow From Financing Activities			
Lease Installments Paid		(2,372,928.00)	(2,372,928)
Net Cash Flow From Financing Activities		**(2,372,928.00)**	**(2,372,928)**
Net Cash Increase / (Decrease) During the Year		**20,044,063.48**	**(1,154,625)**
Net Cash & Cash Equivalents at Beginning of the Year		(26,619,374.20)	(25,464,749)
Net Cash & Cash Equivalents at End of the Year		**(6,575,310.72)**	**(26,619,374)**
Cash & Cash Equivalents as per Financial statement			
Cash in Hand and at Bank	13	33,434,534.12	12,958,857
Bank Overdraft		(42,279,051.00)	(39,578,231)
Total		**(8,844,516.88)**	**(26,619,374)**

The Significant Accounting Policies and Notes from pages 08 to 23 form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

(All amounts in Sri Lanka Rupees unless otherwise stated)

	Stated Capital	Accumulated Profit / (Loss)	Total
Balance as at 01st April 2010	100,000,000.00	(689,385,196.52)	(589,385,196.52)
Net Profit / (Loss) for the Year	-	(23,184,836.07)	(23,184,836.07)
Previous Year Adjustment	-	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)
Net Profit / (Loss) for the Year	-	7,074,842.22	7,074,842.22
Previous Year Adjustment	-	(3,917,225.27)	(3,917,225.27)
Balance as at 31st March 2012	**100,000,000.00**	**(221,632,327.64)**	**(121,632,327.64)**

The Significant Accounting Policies and Notes from pages 08 to 23 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

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.

- Processing and sale 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 2012 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 2012 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.

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 21 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.

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. 75,830.00 has been made for obsolete, slow moving and defective inventory.

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.

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 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.

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.

9. Taxation

9.1 Current Taxes

Provision has been made in the accounts in respect of income tax.

9.2 Deferred Taxation

No provision has been made by the Company in this 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.

CARTER DE COSTA & CO.,
CHARTERED ACCOUNTANTS
P.O. BOX 232
COLOMBO

(All amounts in Sri Lanka Rupees unless otherwise stated)

		2011 / 2012	2010 / 2011
01	**Net Revenue**		
	Soap Department	24,641,510.90	21,651,787
	Refinery Department	52,205,400.99	42,104,384
	Drum Plant	-	3,674,160
	Marketing Department	4,834,520.00	4,738,288
		81,681,431.89	**72,168,619**
02	**Cost of Goods Sold**		
02.1	**Inventory as at 01st April 2011**		
	Soap Department	5,900,790.69	4,075,640
	Drum Department	2,241,808.00	4,788,839
	Refinery Department	3,876,253.67	2,557,181
	Asphalt	691,200.00	1,172,730
	Welfare	65,979.94	-
	Sub Total	**12,776,032.30**	**12,594,390**
02.2	**Purchases**		
	Soap Department	21,742,652.49	18,062,424
	Refinery Department	37,268,783.64	33,876,935
	Asphalt	3,910,500.00	3,817,231
	Sub Total	**62,921,936.13**	**55,756,590**
02.3	**Direct Expenses**		
	Wages	8,410,810.56	7,029,380
	EPF	1,150,885.87	1,032,410
	ETF	230,177.18	206,482
	Steam	1,378,080.00	1,017,720
	Chemicals	4,880.00	31,433
	Power	847,235.00	-
	Sub Total	**12,022,068.61**	**9,317,425**
02.4	**Production Overheads**		
	Salary	1,312,248.73	2,629,658
	EPF	174,309.53	387,771
	ETF	34,861.93	77,554
	Bonus	-	67,000
	Upkeep of Premises	-	410,354
	Upkeep of Equipment	61,686.52	255,344
	Upkeep of Machinery	173,209.40	399,450
	Sub Total	**1,756,316.11**	**4,227,132**

CARTER DE COSTA & CO.,
CHARTERED ACCOUNTANTS
P.O. BOX 232
COLOMBO

BCC Lanka Limited
Notes to the Financial Statements
For the Year Ended 31st March 2012

(All amounts in Sri Lanka Rupees unless otherwise stated)

			2011 / 2012	***2010 / 2011***
02.5	**Inventory as at 31st March 2012**			
	Soap Factory		7,594,831.28	5,931,546
	Refinery		5,006,999.19	3,911,479
	Asphalt		201,600.00	691,200
	Drum Plant		2,241,808.00	2,241,808
	Sub Total		**15,045,238.47**	**12,776,032**
	Cost of Sale Summary			
	Inventory as at 01st April	***(Note 02.1)***	12,776,032.30	12,594,390
	Purchases	***(Note 02.2)***	62,921,936.13	55,756,590
	Direct Expenses	***(Note 02.3)***	12,022,068.61	9,317,425
	Production Overhead	***(Note 02.4)***	1,756,316.11	4,227,132
	Inventory as at 31st March	***(Note 02.5)***	(15,045,238.47)	(12,776,032)
	Total		**74,431,114.68**	**69,119,505**
03	**Other Income**			
	Profit on Disposal of Buildings		39,519,091.64	-
	Rental Income		33,538,421.47	29,276,039
	FD Interest		2,434,691.42	-
	Weighing & Handling Income		248,394.61	-
	Sundry Income		-	4,056,986
			75,740,599.14	**33,333,025**
04	**Administrative Expenses**			
	Salary & Wages		12,077,654.75	12,834,780
	Salary & Wages - E.P.F.		1,642,650.69	1,822,437
	Salary & Wages - E.T.F.		328,967.95	364,487
	Directors' Remuneration		20,000.00	-
	Bonus		121,466.67	32,000
	Staff Training		5,000.00	10,500
	Staff Welfare		253,597.46	325,849
	Telephone Charges		589,029.19	585,172
	Postage		38,143.00	26,978
	Printing & Stationery Expenses		169,578.76	238,371
	Auditors' Remuneration		17,500.00	168,000
	Professional Fees		105,542.21	188,729
	License & Registration		41,430.54	83,949
	Rent		1,920.00	1,920
	Electricity		1,274,017.75	2,609,466
	Water		64,697.49	723,626
	Insurance		394,155.79	432,170
	Security		3,807,428.50	3,176,480
	Rate & Taxes		2,202,200.00	2,464,000
	Vehicle Maintenance		849,270.17	622,446
	Travelling & Subsistence		64,375.00	51,889
	Under Provision for Gratuity		349,040.90	803,880
	Balance C/F		**24,417,666.82**	**27,567,129**

BCC Lanka Limited
Notes to the Financial Statements
For the Year Ended 31st March 2012

(All amounts in Sri Lanka Rupees unless otherwise stated)

		2011 / 2012	2010 / 2011
04	**Administrative Expenses**		
	Balance B/F	**24,417,666.82**	**27,567,129**
	Disallowable Input Tax	116,112.00	116,112
	Upkeep of Equipment	262,876.54	57,123
	Subscription & Periodicals	126,940.00	116,000
	Laboratory Expenses	113,586.22	22,800
	Depreciation	3,961,387.46	3,944,350
	Annual Service Agreement	35,092.08	20,562
	Donation	10,000.00	7,750
	Transport Charges	21,000.00	10,600
	Fuel	914,468.63	643,754
	Refreshment	37,061.00	15,390
	Upkeep of Premises	555,207.83	-
	Penalties & Surcharges	1,150.00	-
	Vehicle Rent	235,333.33	-
	Tender Fees	-	3,000
	Weighing Charges	-	2,750
	Unclaimable ESC	183,338.00	-
		30,991,219.91	**32,527,320**
05	**Selling & Distribution Expenses**		
	Turnover Tax	-	41,383
	Advertisement	196,138.87	117,023
	National Building Tax	2,212,105.10	2,532,681
	Sales Promotions	204,301.38	293,860
	Trade Fair Fees	257,487.00	-
	Discounts	841,386.19	407,304
		3,711,418.54	**3,392,251**
06	**Financial Expenses**		
	Overdraft Interest - BOC	2,964,804.81	2,763,745
	Purchase Loan Interest - BOC	3,623,654.87	3,327,243
	Long Term Loan Interest - BOC	10,181,772.71	10,246,058
	C.D.A. Loan Interest	4,011,610.00	4,012,610
	Interest on Kalubowitiyana Loan	2,735,912.46	2,200,000
	Debit Tax	-	109,364
	Lease Interest	620,876.61	924,979
	Bank Charges	112,975.18	63,405
		24,251,606.64	**23,647,404**

07 Taxation

Provision has been made in the accounts in respect of Income Tax.

CARTER DE COSTA & CO.,
CHARTERED ACCOUNTANTS
P.O. BOX 232
COLOMBO

BCC Lanka Limited
Notes to the Financial Statements
For the Year Ended 31st March 2012

(All amounts in Sri Lanka Rupees unless otherwise stated)

08 Property, Plant & Equipment

Cost

Free Hold Assets	As at 01.04.2011	Addition	Disposals	As at 31.03.2012
Land	1,424,400.00	-	-	1,424,400.00
Building	15,513,392.00	-	2,719,791.36	12,793,600.64
Furniture & Fittings	4,957,111.00	-	-	4,957,111.00
Tools & Equipment	980,745.00	89,266.00	-	1,070,011.00
Office Equipment	5,515,558.75	281,420.00	-	5,796,978.75
Plant & Machinery	51,405,611.55	751,636.45	-	52,157,248.00
Motor Vehicle	6,146,348.42	-	-	6,146,348.42
	85,943,166.72	1,122,322.45	2,719,791.36	84,345,697.81
Leased Vehicles	8,487,500.00	-	-	8,487,500.00
TOTAL	**94,430,666.72**	**1,122,322.45**	**2,719,791.36**	**92,833,197.81**

Depreciation

Free Hold Assets	As at 31.03.2011	Charge for the Year	Disposals	As at 31.03.2012
Land	-	-	-	-
Building	8,901,809.50	566,159.50	2,238,883.00	7,229,086.00
Furniture & Fittings	4,957,110.00	-	-	4,957,110.00
Tools & Equipment	870,886.27	62,708.34	-	933,594.61
Office Equipment	5,140,124.53	153,218.19	-	5,293,342.72
Plant & Machinery	48,539,078.95	980,486.69	-	49,519,565.64
Motor Vehicle	10,159,278.17	2,198,814.75	-	12,358,092.92
TOTAL	**78,568,287.42**	**3,961,387.47**	**2,238,883.00**	**80,290,791.89**
W D V	**15,862,379.30**			**12,542,405.92**

BCC Lanka Limited
Notes to the Financial Statements
For the Year Ended 31st March 2012

(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

	2011 / 2012	2010 / 2011
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. 22.90 (Last Traded Price) Market value Rs. 229,000.00

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

11 Inventories

		2011 / 2012	2010 / 2011
11.1 Raw Materials and Consumables			
Soap		5,333,306.63	4,364,720
Refinery		4,451,585.78	3,478,976
Drum Plant		2,219,776.00	2,219,776
		12,004,668.41	10,063,472
Less : Provision for Obsolete and Slow Moving Stock		(75,830.00)	(75,830)
Sub Total		**11,928,838.41**	**9,987,642**
11.2 Finished Goods			
Soap		2,261,524.65	1,536,071
Refinery		555,413.40	397,278
Asphalt		201,600.00	691,200
Welfare		-	65,980
Drum Plant		22,032.00	22,032
Sub Total		**3,040,570.05**	**2,712,560**
Raw Materials and Consumables	**_(11.1)_**	11,928,838.41	9,987,642
Finished Goods	**_(11.2)_**	3,040,570.05	2,712,560
Total		**14,969,408.46**	**12,700,202**

CARTER DE COSTA & CO.,
CHARTERED ACCOUNTANTS
P.O. BOX 232
COLOMBO

Notes to the Financial Statements
For the Year Ended 31st March 2012

(All amounts in Sri Lanka Rupees unless otherwise stated)

12	**Trade & Other Receivables**	***2011 / 2012***	***2010 / 2011***
12.1	**Trade Debtors**		
	Distributor Debtors	16,379,715.20	14,110,213
	Direct Buyers	5,545,737.89	6,063,618
	Corporation Debtors	8,786,113.82	4,760,919
	Provender Debtors	1,425,743.00	1,425,743
	Asphalt Debtors	110,105.00	180,105
	Government Debtors	4,924,461.14	4,175,832
		37,171,876.05	30,716,429
	Less : Provision for Doubtful Debtors	(13,897,557.00)	(13,897,557)
	Sub Total	**23,274,319.05**	**16,818,872**
	The Debtor Balances Comprises the Followings :		
	Debtors Outstanding Over 10 Years	24,539,886.00	24,539,886
	Operating Debtors	12,631,990.05	6,176,543
	Total	**37,171,876.05**	**30,716,429**
12.2	**Deposits, Advances and Prepayments**		
	Copra Advance	453,074.00	453,074
	Purchase Advance	2,277,992.42	2,198,814
	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	699,596.72	657,500
	ESC Claimable	4,702,097.96	3,811,282
	Annual Service Prepayment	7,267.50	7,045
	Insurance Prepayment	196,105.65	22,238
	Sundry Deposit	245,147.00	244,442
	Bid Bond Deposit	511,900.00	303,400
	Rice Flour	142,155.00	142,155
	Welfare Shop	10,000.00	-
	VAT Receivable	1,139,977.19	949,487
	NBT Receivable	29,996.50	1,070
	License & Registration Prepayment	8,750.00	-
	Rent	-	160
		10,546,632.94	8,913,239
	Less : Provision for Doubtful Debtors	(482,922.00)	(453,074)
	Sub Total	**10,063,710.94**	**8,460,165**
12.3	**Other Debtors**		
	Sundry Debtors	30,189,179.00	30,189,179
	Rental Debtors	16,554,443.33	14,397,156
		46,743,622.33	44,586,335
	Less : Provision for Doubtful Debtors	(30,189,179.00)	(30,189,179)
	Sub Total	**16,554,443.33**	**14,397,156**

CARTER DE COSTA & CO.,
CHARTERED ACCOUNTANTS
P.O. BOX 232
COLOMBO

Notes to the Financial Statements
For the Year Ended 31st March 2012

(All amounts in Sri Lanka Rupees unless otherwise stated)

			2011 / 2012	2010 / 2011
12.4	**Staff Loans**			
	Festival Advance - Salaries		-	140,000
	Festival Advance - Wages		4,500.00	306,500
	Advances - Salaries		5,739.29	5,739
	Welfare Loan		-	30,000
			10,239.29	482,239
	Less : Provision for Advance - Salaries		(5,739.29)	-
	Sub Total		**4,500.00**	**482,239**
	Trade Debtors	***(12.1)***	23,274,319.05	16,818,872
	Deposits, Advances and Prepayments	***(12.2)***	10,063,710.94	8,460,165
	Other Debtors	***(12.3)***	16,554,443.33	14,397,156
	Staff Loans	***(12.4)***	4,500.00	482,239
	Total		**49,896,973.32**	**40,158,432**
13	**Cash & Cash Equivalents**			
	Bank of Ceylon - 1940		54,190.38	54,190
	NDB		2,220,135.42	12,563,368
	People's Bank		4,547,893.40	217,107
	Cash in Hand		147,298.90	124,192
	People's Bank - FD		26,465,016.02	-
			33,434,534.12	**12,958,857**

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.

		2011 / 2012	2010 / 2011
15	**Retirement Benefit Obligation (Gratuity)**		
	Balance at the Beginning of the Year	3,359,597.88	2,555,718
	Provision for the Year	349,040.90	803,880
		3,708,638.78	3,359,598
	Payments for the Year	(1,627,058.78)	-
	Balance at the End of the Year	**2,081,580.00**	**3,359,598**

This is neither externally funded nor actuarially valued.
This contravenes the requirements under SLAS 16.

Notes to the Financial Statements
For the Year Ended 31st March 2012

(All amounts in Sri Lanka Rupees unless otherwise stated)

			2011 / 2012	2010 / 2011
16	**Interest Bearing Loans & Borrowings**			
16.1	**Interest Bearing Loans, Borrowings & Leasing - Due After One Year**			
	Leasing - Peoples Leasing Company Ltd			
16.1.1	**Vehicle Lease - PB - 7368 (Cab)**			
	Vehicle Lease Gross Liability		786,996.00	2,361,012
	Less : Lease Interest & VAT in Suspense		(111,013.44)	(470,386)
	Sub Total		**675,982.56**	**1,890,626**
16.1.2	**Vehicle Lease - KH - 5374 (Car)**			
	Vehicle Lease Gross Liability		541,836.00	1,625,508
	Less : Lease Interest & VAT in Suspense		(75,702.89)	(317,864)
	Sub Total		**466,133.11**	**1,307,644**
16.1.3	Vehicle Lease Total Gross Liability		1,328,832.00	3,986,520
	Less : Total Lease Interest & VAT in Suspense		(186,716.33)	(788,250)
	Total		**1,142,115.67**	**3,198,270**
16.1.4	**Bank Of Ceylon**			
	Bank of Ceylon	***(16.2.3)***	170,375,592.57	160,193,820
	Pledged Loan - Bank of Ceylon	***(16.2.3)***	46,833,620.69	43,209,966
	Bank of Ceylon 1935		84,904.90	83,886
	Bank of Ceylon 1938		42,279,050.92	39,494,345
	Sub Total		**259,573,169.08**	**242,982,017**
16.1.5	**Other Loans**			
	The Coconut Development Authority	***(16.2.2)***	75,314,376.58	71,302,767
	Kalubowitiyana Tea Company Ltd		33,759,217.44	27,141,667
	Sub Total		**109,073,594.02**	**98,444,434**
	Leasing - Peoples Leasing Co. Ltd.	***(16.1.3)***	1,142,115.67	3,198,270
	Bank of Ceylon	***(16.1.4)***	259,573,169.08	242,982,017
	Other Borrowings	***(16.1.5)***	109,073,594.02	98,444,434
	Total		**369,788,878.77**	**344,624,720**

Note :

The Loans under 16.1.4 and 16.1.5 are payable immediately and therefore current liabilities. However, since the company does not have sufficient funds to settle these loans and do not foresee the possibility of settlement within next 12 months, they have been classified under non current liabilities. Under proposed restructure program initiated by the cabinet, these loans will be settled out of funds to be received from Urban Development Authority on take over of land belonging to BCC Lanka Limited. Please refer note (21) for details.

Notes to the Financial Statements
For the Year Ended 31st March 2012

(All amounts in Sri Lanka Rupees unless otherwise stated)

		2011 / 2012	2010 / 2011
16.2	**Interest Bearing Loans, Borrowings & Leasing - Due With in 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	(359,367.79)	(542,463)
	Sub Total	**1,214,643.41**	**1,031,548**
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	(242,161.18)	(363,168)
	Sub Total	**841,510.82**	**720,504**
16.2.1.3	Vehicle Lease Total Gross Liability	2,657,683.20	2,657,683
	Less : Total Lease Interest & VAT in Suspense	(601,528.97)	(905,632)
	Sub Total	**2,056,154.23**	**1,752,051**

16.2.2 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.

16.2.3 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.

CARTER DE COSTA & CO.,
CHARTERED ACCOUNTANTS
P.O. BOX 232
COLOMBO

Notes to the Financial Statements
For the Year Ended 31st March 2012

(All amounts in Sri Lanka Rupees unless otherwise stated)

17	**Trade & Other Payables**	***2011 / 2012***	***2010 / 2011***
17.1	**Trade Creditors**		
	Oil	5,253,414.00	5,253,414
	Soap	11,615,085.37	9,954,815
	Refinery	5,158,275.19	5,321,844
	Provender	34,750.00	34,750
	Tea	2,600,558.12	3,828,984
	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
	Sundry	1,297,360.00	1,297,360
	Razor & Blade	222,095.00	222,095
	Kings Super	144,672.00	144,672
	Detergent	396,508.63	-
	J.E.D.B. Loan	4,508,696.00	4,508,696
	Other Creditors ***(Note 17.1.1)***	8,040,111.81	8,040,112
	Sub Total	**42,232,767.12**	**41,567,983**
17.1.1	**Other Creditors**		
	Distribution Creditors OLD	3,179,225.78	3,179,226
	Direct Buyers Creditors OLD	484,365.21	484,365
	Corporation Creditors OLD	2,427,104.99	2,427,105
	Government Creditors OLD	1,111,217.18	1,111,217
	Rental Creditors OLD	838,198.65	838,199
	Sub Total	**8,040,111.81**	**8,040,112**
17.2	**Accrued Expenses**		
	Security Charges	271,881.00	416,390
	Professional Fees	13,500.00	7,600
	Water Charges	11,720.66	54,292
	Telephone Charges	38,329.92	95,696
	Rates & Taxes	21,768,670.00	21,414,470
	Staff Welfare	17,000.00	15,000
	Audit Fees	199,500.00	350,000
	Wages Soap Sundry	102,998.50	-
	Annual Service Agreement	3,000.00	-
	Electricity	300,723.61	181,773
	Insurance	-	123,960
	Sub Total	**22,727,323.69**	**22,659,181**

Notes to the Financial Statements
For the Year Ended 31st March 2012

(All amounts in Sri Lanka Rupees unless otherwise stated)

			2011 / 2012	2010 / 2011
17.3	**Other Payables**			
	Turnover Tax		141,280.11	141,280
	Defense Levy - (NSL)		1,079,761.95	1,079,762
	V.AT.		33,863,501.63	33,916,890
	N.B.T.		444,068.15	177,052
	G.S.T.		1,279,509.00	1,279,509
	E.S.C. Payable		166,799.00	257,865
	Salary - E.P.F.		-	4,501
	E.T.F.		-	540
	Outside Loan		149.11	3,149
	PAYEE Tax		134.47	134
	Salary Payable		9,600.00	13,178
	Wages - E.P.F.		3,402.20	9,824
	E.T.F.		408.26	1,179
	Outside Loan		878.10	175
	Unclaimed Wages		3,546.50	-
	Sub Total		**36,993,038.48**	**36,885,038**
17.4	**Deposits Payable**			
	Supplies Deposits		105,523.00	105,523
	Employee Deposits		5,597.00	5,597
	Rental Deposits		7,982,579.88	7,261,777
	Tender Deposits		282,500.00	272,500
	Sub Total		**8,376,199.88**	**7,645,397**
	Trade Creditors	***(17.1)***	42,232,767.12	41,567,983
	Accrued Expenses	***(17.2)***	22,727,323.69	22,659,181
	Other Payables	***(17.3)***	36,993,038.48	36,885,038
	Deposits Payable	***(17.4)***	8,376,199.88	7,645,397
	Total		**110,329,329.17**	**108,757,599**

18 Going Concern

The accumulated loss as at 31st March 2012 amounts to Rs. 221,632,327. The current liabilities exceed its current assets by Rs.14,328,428. As at the date of the balance Sheet the company had a capital deficiency of Rs. 121,632,327.

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

However, this situation would not arise once the proposed re-structuring program approved by the cabinet is implemented. Please refer note (21) for details.

19 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.

CARTER DE COSTA & CO.,
CHARTERED ACCOUNTANTS
P.O. BOX 232
COLOMBO

Notes to the Financial Statements
For the Year Ended 31st March 2012

(All amounts in Sri Lanka Rupees unless otherwise stated)

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

21 Post Balance Sheet Events
During the year ended 31st March 2011, the Urban Development Authority of the government of Sri Lanka took over, part of the land consisting four acres, owned by BCC Lanka Limited at Meeraniya Street, Colombo 12 under a cabinet decision made to carryout the proposal of the Minister of Finance and Planning under reference no PE/COM/78/CM/2011 dated 08th March 2011. According to this proposal, this land will be utilized by UDA for a suitable investment and out of the funds raised, UDA shall pay Rs. 300 million to BCC Lanka Limited to be used for restructuring and resurrecting the company and also provide funds to settle the dues to Bank of Ceylon and other statutory creditors of BCC Lanka Limited. If there is any balance funds, it will be paid to the State Resource Management Company. BCC Lanka Limited to be shifted to an identified location in the Coconut Triangle.
After the restructure program is carried out, the balance eight acres are proposed to be handed over to the UDA and funds raised from investments to be paid to State Resource Management Company.

As of the reporting date of these financial statements, the above proposals were being implemented but not completed.

22 Directors' Interest in Contracts with the Company
No director is directly or indirectly interested in contracts with the company.

23 Related Party Transactions
There were no related party transactions during the year under review.