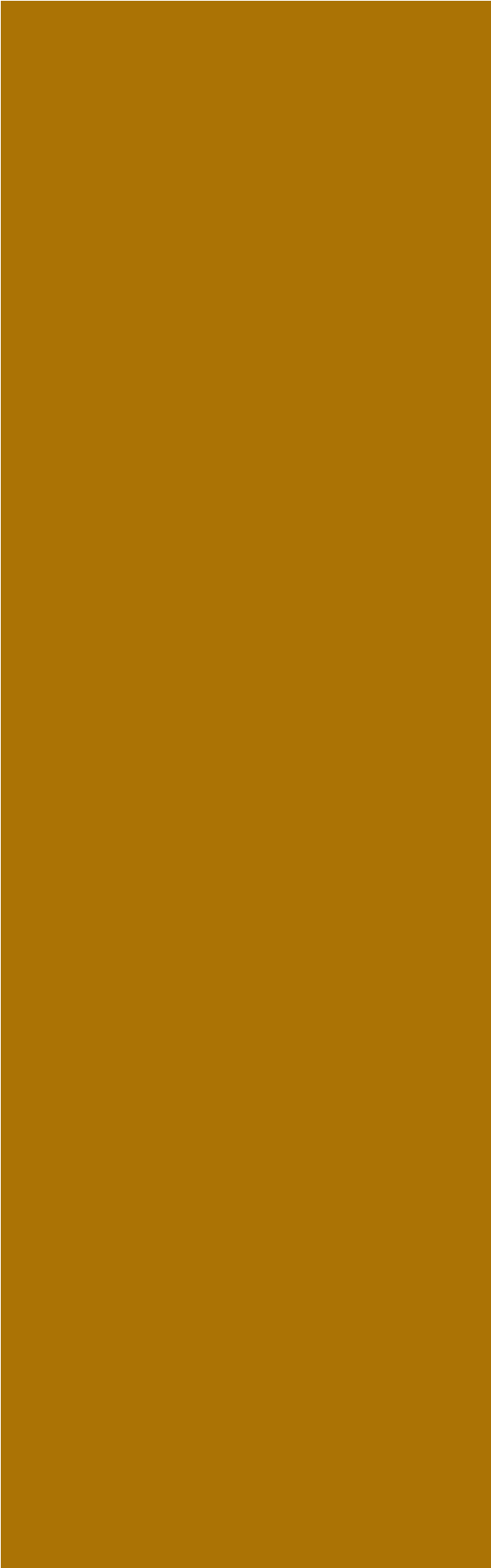




**Raigam**

**Raigam Wayamba Salterns PLC.**  
ANNUAL REPORT 2011/2012



THE SHEER DEDICATION AND COMMITMENT BY MANY TOWARDS THE ATTAINMENT OF THE PROMISED GOALS, CONTRIBUTED TO THE ACHIEVEMENT OF YOUR COMPANY'S SUCCESS SO FAR.

THE COMPLETION OF MANY PHASES OF THE GIGANTIC PROJECTS THAT HAVE BEEN UNDERTAKEN BY YOUR COMPANY REINFORCES SELF BELIEF AND INSPIRES TOWARDS ACHIEVING THE GOAL OF YOUR COMPANY BECOMING THE LARGEST PLAYER IN THE SALT INDUSTRY IN SRI LANKA.

YOUR COMPANY, ENCAPSULATING THE UNIQUE BUSINESS STRENGTHS IT IS ENDOWED WITH, MARCHES ON, HAVING EMBARKED ON THE ROAD TO GAIN SUPREMACY IN THE SALT INDUSTRY IN SRI LANKA IN NEAR FUTURE .....

## OUR VISION

"To be the convenient partner in enhancing the taste and health needs of the nation"

## OUR MISSION

"To become the largest value added salt supplier in the island contributing to fulfillment of salt and iodine needs of the nation by way of extracting best resources from nature using modern technology and improved productivity while satisfying stakeholders of every facet"

## OUR VALUES

- Customer is valued as the most important party and the entire processes centre for fulfilling and exceeding customer needs and wants.
- We value the customer centric decision making system based on evidence rather than management by opinion.
- Equal treatment of employees is recognized as a prominent value of the company.
- Existence of favourable working environment and protection and respect for employees' rights, assurance equity in reward system.
- Employees are valued and recognized as the number one asset of the company rather than as a liability.
- Drivers towards continuous improvements in processes are recognized as a value in the system.
- Team effort is a valued feature of the organization rather than chasing individual goal achievement.
- Recognition and acceptance of social and environmental responsibilities in all the operations of the company.

# CONTENTS

05	Corporate Information
06	Message from the Chairman
08	Board of Directors
11	Management Discussion and Financial Review
15	Corporate Governance
17	Annual Report of the Board of Directors
20	Statement of Directors' Responsibility
22	Report of the Audit Committee
24	Report of the Remuneration Committee
25	Risk Management
27	Auditors' Report
28	Balance Sheet
29	Income Statement
30	Statement of Changes in Equity
31	Cash Flow Statement
32	Notes to the Financial Statements
53	Investor Information
57	Real Estate Portfolio
58	Notice of Meeting
59	Form of Proxy

# CORPORATE INFORMATION

## NAME OF COMPANY

Raigam Wayamba Salterns PLC

## REGISTERED OFFICE

No. 23, Walukarama Road,  
Colombo 3

## CONTACT DETAILS

Tel: 0112 753340-1, 0114 886777  
Fax: 0112 753342, E-mail: info@raigam.lk  
Web: www.wayambasalterns.lk

## COMPANY REGISTRATION NUMBER

PV 10922 PB/PQ

## DETAILS OF INCORPORATION

Incorporated as a Private Limited Liability company under the Companies Act No. 17 of 1982 on 15 June 2005 in Colombo, and re-registered under the Companies Act No. 07 of 2007 on 15 January 2009, converted to a Public Company in December 2009. Later the company was listed on the Dirisavi Board of the Colombo Stock Exchange on 29 April 2010 converting into a Public Listed Company.

## BOARD OF DIRECTORS

Dr. Ravindranath Liyanage  
Mr. G.V.P.Ganaka Amarasinghe  
Prof. S. P. P. Amaratunga  
Mr. T. Dharmarajah  
Mr. N. B. W. C. Prashantha  
Mr. W.A.Upali Gunawardena  
Mr. S. A. Wickramapala

## AUDITORS TO THE COMPANY

Messrs. Ernst & Young  
Chartered Accountants  
201, De Saram Place,  
Colombo 10

## REGISTRARS TO THE COMPANY

Merchant Bank of Sri Lanka PLC  
Level 18, Bank of Ceylon Merchant Tower,  
No. 28, St. Michael's Road,  
Colombo 3

## SECRETARIES TO THE COMPANY

Business Management Services Limited  
94, York Street,  
Colombo 01  
Tel.: 0115737415

## BANKERS TO THE COMPANY

Sampath Bank PLC  
People's Bank

# MESSAGE FROM THE CHAIRMAN



## OVERVIEW

To assess the performance of a company, it is imperative to look at the global and local operational environments under which it is being operated. As far as the salt industry in Sri Lanka is concerned, in addition to the above factors, stability of weather pattern in the salt producing areas has necessarily been the dominant factor that decides the performance of the industry. This is due to the fact that salt manufacturers as the industry starters have not still adopted techniques to protect the already formed salt in the salt beds from unexpected rains consequent to the changing weather patterns. These unexpected rains experienced throughout the concerning year, brought adverse impact to the industry by lowering the quality and the quantity of raw salt harvest. Consequently, your company had to operate at a lower turnover volume due to lower production resulted from limited input material due to the limited supply of raw crystal salt. Despite operating at relatively lower volumes and usage of low quality inputs, your company has recorded positive results in the bottom line though comparative figures recorded a downturn.

## PERFORMANCE AND DEVELOPMENT DRIVE

The group has recorded Rs. 28.2 Mn (10.6%) profit after tax, which is a satisfactory performance under the light of adverse impact on the industry by higher and frequent rainfall as mentioned earlier. In a compelled quantity limitation, your management was extremely conscious of cost factors and committed to cut down expenditure to a great extent, to preserve a positive figure in the bottom line. Curtailment of envisaged selling and distribution initiatives due to compelled quantity limitation resulted from limited raw material availability, is reflected by significantly reduced selling and distribution cost in the financial statements.

In our feasibility assessment 8 years ago, we had foreseen the above industry situation and decided to go for backward integration by developing our own salterns. This is what we emphasized at the time of executing our IPO, funds from which were mainly intended to develop salterns and related plants envisaged to counter the threat of unpredictable weather patterns.

Going ahead with the intended development plan, we have now come to the completion of almost all the project work. The results of which will kick in from 2012 / 13 but in a slow pace as salterns necessarily take at least two years to be seasoned.

In Puttlam at Palavi, saltern development work is completed including the development of new land acquired in lieu of initially planned Wanathavilluwa land. Few harvests were made in the year of concern. Establishment of the state of the art modern PVD (Pure Vacuum Dried) plant equipped with a production capacity of 0.5 Mt per hour, which is capable in continuous functioning 365 days of the year has now been completed. The company's process integration of its free flow salt plant with this PVD salt plant, has made it possible to re-use the outflows of free flow salt plant operation. This out-flow is being used as the input of the PVD plant operation, to maximize the raw salt yield while deriving synergetic benefit which will surely bring positive impact to the bottom line.

In Tangalle at Bata-atha, establishment of group's second salt refinery having a production capacity of 1 Mt / hour has been completed and is successfully running at present. Development work of the saltern is also now completed, of which raw salt is planned to be fed to the refinery.

## FUTURE PROSPECTS

Evaluation of mechanisms for envisaged integration of saltern being developed at Periyakarachchi in Trincomalle under Raigam Eastern Salt Company (Pvt) Ltd to the company has been under way, which is expected to be executed at the right time.

Your management attempts to develop a business model of which the vertical value chain starting from selection of raw materials to the customers' door step is controlled by the company, is very much rare to be seen in any industry. In the back-end of the supply chain, completion of salterns and salt refineries assures main raw material supplying under the company's own control. In the front-end, the company plans out to establish three de-centralized distribution networks to be operated in the long run, based in three salt bases; Puttalam, Tangalle and Trincomalee in a such a way to minimize cost of transportation which has a high significance on the whole cost structure. It will bring out a strong competitive edge in the market for our salt. Within a period of three years, we have planned out to realize this model that will bring the company to a strong position in the industry.

The result that we experienced in the year concerned is not a sudden, surprise scenario. As I emphasized we had foreseen the situation well in advance and had acted proactively, which enabled us to secure your bottom line ends up with a positive figure though there is a downturn in comparing with the previous year. This is only a temporary downturn. I declare now we are at a new threshold with the completion of our development work. We will surely catch up not drastically but gradually which will pave the way for sustainability.

## APPRECIATION

We have become the market leader for table salt in Sri Lanka consequent to the trust placed by our valuable consumers who are very much appreciated. We could not have come up to this level if not for the contribution of our energetic team of employees, who deserve my sincere gratitude. I dedicate my sincere thanks to my colleagues on the Board for the invaluable guidance and support extended to me. I greatly appreciate the confidence placed in us by our shareholders and on behalf of the Board of Directors I assure that we will reach greater heights in near future.



Dr. Ravindranath Liyanage  
Chairman

# BOARD OF DIRECTORS



◀ DR. RAVINDRANATH LIYANAGE  
CHAIRMAN / CEO

MR. G.V.P. GANAKA AMARASINGHE  
MANAGING DIRECTOR ▶



◀ PROF. S.P.P. AMARATUNGA  
NON-EXECUTIVE DIRECTOR

MR. T. DHARMARAJAH  
NON-EXECUTIVE DIRECTOR ▶



◀ MR. W.A. UPALI GUNAWARDENA  
NON-EXECUTIVE DIRECTOR

MR. N.B.W.C. PRASHANTHA  
EXECUTIVE DIRECTOR ▶



◀ MR. S.A. WICKRAMAPALA  
NON-EXECUTIVE DIRECTOR

## **DR. RAVINDRANATH LIYANAGE**

CHAIRMAN / CEO

Dr. Ravindranath Liyanage is the founder and present Chairman / CEO of the Raigam Group and holds a B.Sc. Degree in Business Administration from the University of Sri Jayewardenepura. His MBA, specializing in Marketing was obtained from the University of Colombo and later the Lacrosse University (USA) conferred him the Ph.D. in Management.

This was followed by numerous other post graduate and professional qualifications such as Diploma in Marketing. Dr. Liyanage is the first Fellow of The Institute of Marketing in Sri Lanka and he holds membership of various professional bodies including Institute of Gemology, Institute of HR Professionals, and The Association of Accounting Technicians of Sri Lanka.

Starting his career in the private sector, he changed course in mid career to public sector and changed again to end up creating the well known, truly Sri Lankan FMCG company in the land, The Kingdom of Raigam. He was the Platinum Award winner of FCCISL Entrepreneur of the Year in 2005 and in the same year won the much coveted CIMA Business Leader of the Year, thus becoming the first ever entrepreneur to win both these prestigious awards in the same year. He presently serves as a Director of Puttalam Salt Limited. Dr. Liyanage is a Faculty Board Member of the Management Faculty of the University of Sri Jayewardenepura and a well known lecturer in Management subjects in many universities and institutions.

## **MR. G.V.P. GANAKA AMARASINGHE**

MANAGING DIRECTOR

Mr. Ganegama Vidana Pathirana Ganaka Amarasinghe commenced his career at Raigam as the Managing Director of the group in early 1999. He obtained his first Degree in Business Administration from the University of Sri Jayewardenepura and became a Fellow Member of the Institute of Chartered Accountants, Society of Certified Management Accountants and The Association of Accounting Technicians of Sri Lanka. For decades he has held senior positions in private and public sectors, as Accountant, Financial Analyst, and Finance Manager. He has served as a Member of the Governing Council's of The Institute of Chartered Accountants of Sri Lanka and The Association of Accounting Technicians of Sri Lanka (AAT Sri Lanka) for many years. Presently he is the President of AAT Sri Lanka.

Mr. Amarasinghe is a regular lecturer at the Institute for Accounting Studies and is a visiting lecturer for many professional and academic institutions. He has served as a Member of the Panel of Judges of National Exports Awards since 2005 and The Presidential Awards for Travel and Tourism in 2007. He is also a Director of Puttalam Salt Limited.

## **PROF. S.P.P. AMARATUNGA**

NON - EXECUTIVE DIRECTOR

Prof. Sampath Perera Priyantha Amaratunga, who is presently, the Dean of the Faculty of Management Studies and Commerce, University of Sri Jayewardenepura, obtained his B.A Degree in Economics from the same university and his M.A. in Economics from the University of Colombo.

Obtaining his M.Sc in Economics of Rural Development from the Saga National University and Ph.D. in Economics of Rural Development from Kogoshima National University in Japan, Prof. Amaratunga counts over 20 years of service as an academic at the University of Sri Jayewardenepura. He has published many articles in international and national refereed journals. In addition, he serves as a consultant to many reputed companies.

Prof. Amaratunga was the recipient of the prestigious Research Excellence Award in 2002, awarded by the Keyshu Society of Rural Economics, Japan, in addition to several other local and international awards. He is considered as an expert in the field of Economics with special reference to Rural Development, whose attention is not focused solely on the university community, but additionally, he has a wide array of interests and is actively involved in the development of the country.

## **MR. T. DHARMARAJAH**

NON - EXECUTIVE DIRECTOR

Mr. Thiyagarajah Dharmarajah, the immediate past President of The Association of Accounting Technicians (AAT) of Sri Lanka, graduated from the University of Sri Jayewardenepura obtaining a B.Sc. Management (Sp) Degree and counts over 30 years experience in the disciplines of finance and accounting in the public and private sectors. He is a partner of Amarasekara and Company, a well recognized firm of Chartered Accountants in Sri Lanka. Mr. Dharmarajah is well-known and respected in the field of Finance and Accountancy, who has been in active involvement in many accounting bodies of Sri Lanka. He holds the fellow membership of The Institute of Chartered Accountants of Sri Lanka, The Association of Accounting Technicians of Sri Lanka, The Institute of Public Finance and Development Accountancy.

In addition, he holds the Higher National Diploma in Accountancy – Ceylon Technical College. He is also a member of the Governing Council of The Institute of Chartered Accountants of Sri Lanka (ICASL) and a member of the Council of the University of Sri Jayewardenepura. Mr. Dharmarajah has been lecturing in Finance and Accountancy for decades and he is acknowledged as a respected lecturer who has contributed immensely to produce thousands of qualified Accountants in Sri Lanka.

**MR. W.A. UPALI GUNAWARDENA**  
NON - EXECUTIVE DIRECTOR

Mr. Warusapperuma Arachchige Upali Gunawardena is a Chartered Engineer by Profession. He is the present President of The Institution of Incorporated Engineers, Sri Lanka, and the incumbent Chairman of SAARC Diploma Engineers Forum. He is a Fellow of Institution of Incorporated Engineers, Sri Lanka and a Member of The Institution of Engineers, Sri Lanka. He holds a Post Graduate Diploma in Engineering (Construction Management) from the University of Moratuwa and many other qualifications.

After completing initial career in Civil Engineering he gained over thirty five years experience with significant exposure to the salt industry in Sri Lanka. During this period he held several positions in the management of the Sri Lanka National Salt Corporation, Lanka Salt Ltd. and Mantai Salt Ltd, including the positions of Chief Engineer, General Manager, Consultant and Director.

He was highly involved in the implementation of Universal Salt Iodization programe at the inception in Sri Lanka, and installed the first Iodization plant in Palavi Saltern donated by UNICEF. Eng. Upali Gunawardena handled a special assignment as a Consultant to UNICEF to assess the damages to the salterns in the country as a consequence of the Tsunami. He also participated in programs in managing, monitoring and controlling of iodine deficiency disorders, organized by WHO in India, Nepal and Thailand.

**MR. N.B.W.C. PRASHANTHA**  
EXECUTIVE DIRECTOR

Mr. Nanayakkarawasam Bataduwa Widanelage Chandana Prashantha is the Director Finance of Raigam group. He holds B.Sc. (Special) Degree in Business Administration from the University of Sri Jayewardenepura. He is also a Member of The Institute of Chartered Accountants of Sri Lanka (ICASL). After completing his internship at Ernst & Young in 2000, he served in a few institutions in Sri Lanka and overseas in the field of Finance and accounting. Thereafter joining The Kingdom of Raigam as the Financial Controller, he was appointed as Director-Finance of the Raigam Group on 01st January 2006 after holding several positions in Raigam corporate ladder.

**MR. S.A. WICKRAMAPALA**  
NON - EXECUTIVE DIRECTOR

Mr. Subasinghe Arachchige Wickramapala is currently the Chairman of Co-operative Leasing Company Ltd and Vice-Chairman of Co-operative Insurance Company Ltd. He counts over 35 years extensive experience in the public sector with considerable exposure to rural banking and co-operatives in Sri Lanka. Mr. Wickramapala served as an Assistant Commissioner,

Government of Sri Lanka, until 2004. He has also functioned as a Director of Sri Lanka Co-operative Rural Bank Federation Ltd and as its Chairman, from 2004-2009, and also the Chairman of Wayamba Co-operative Rural Bank Union Ltd from 1996- 2009. He is a director of Puttalam Salt Ltd.

During his tenure as Managing Director of Puttalam Salt Ltd (PSL) from 1997 to 2003, he contributed greatly, overseeing the transition of Sri Lanka Salt Corporation to Puttalam Salt Limited, for PSL to become one of the most profitable companies.

# MANAGEMENT DISCUSSION AND FINANCIAL REVIEW

Dawning of peace and changes in fiscal policies have created a conducive environment for the salt industry in Sri Lanka to be developed as a local industry. This industry is not too vulnerable to the risk factors like exchange rate and interest rate fluctuations etc which have had adverse impact on many local industries. Nevertheless, dominant factor in the performance of the salt industry in Sri Lanka will always be the behavior of the weather during the harvesting months. This is due to the fact that salt industry in Sri Lanka is yet in a primary stage and does not follow any developed techniques to guard against the changes in weather patterns. Unpredictability of the weather patterns last couple of years has posed a severe challenge to players in the salt industry. Adverse impact on the industry due to unexpected and frequent rains resulting due to the changes in weather pattern in the salterns areas during last year has brought about an up-down turn of the company's performance compared to the previous year.

## DEVELOPMENT DRIVE

We as the management have figured out the above industry situation even before we entered the industry which led us to develop our own salterns to protect from unexpected rains the salt already being formed in salt beds. Also from marketing perspective, we foresaw an emerging opportunity for value added salt. This too has been taken in to account in our development plan. Accordingly and in keeping with the promises made at the IPO, the company continued its development projects during the year.

## DEVELOPMENT OF SALTERNS

With the intention of sourcing raw salt from its owned salterns, the company continued development of salterns in Puttlam, and under its fully owned subsidiary, Southern Salt Company (Pvt) Ltd salterns development work was carried out in Tangalle.

Development of a pilot saltern in Puttlam factory premises is noteworthy to mention as it has enable much of the R&D works pertaining to developing new techniques to result a better yield in salterns. Production of 1000 Mt salt in a period of 6 months by this pilot saltern witnesses the convincing results over the success of R&D works. One other significant benefit is outflow of the refinery which contents high density (sodium) has now been recoverable by way of depositing in this pilot saltern. In our Bata-Atha saltern, designing of two deep tanks having a capacity of 1000 Mt is another achievement as those tanks operate as safety stock in uncertain situations. Inter-connecting the refinery out flow to saltern is another envisaged development that we have been planning in Bata-Atha operation, in order to derive synergetic benefit like in Puttlam operation.

LOCATION	STATUS AT THE BEGINNING OF THE YEAR	NEW ACQUISITIONS	STATUS AT THE END OF THE YEAR	PLANNED
Puttalam – Palavi Saltern	110 acres completed	Nil	110 acres further improvements done	110 acres
Puttalam Saltern (alternative for Vanathavilluwa)	35 acres under construction	Nil	35 acres completed	325 acres
Hambantota – Bata-atha Saltern	204 acres nearing completion	Nil	204 acres completed	204 acres
Total	349 acres	Nil	349 acres	639 acres



## PRODUCTION FACILITIES

The production strategy focuses on value addition following the core strategy of the company which is offering a range of value added salt products to capture a major market share. Moving to PVD (Pure Vacuum Dried) salt manufacturing, this is a novelty to Sri Lanka, a major step taken in line with this thinking. PVD plant which was under fabrication in the previous financial year has been completed in April 2012. This plant equipped with a production capacity of 0.5 Mt per hour is capable in continuous functioning 365 days of the year.

LOCATION	STATUS AT THE BEGINNING OF THE YEAR	DEVELOPMENTS DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR (Rs.)
Palavi Table Salt Plant	Completed	Process improvement	15,262,503
Palavi Pure Vacuum Dried Plant	Machines under fabrication	Completed	37,866,003
Bata-atha Salt Plant	Machine installation started	Completed	7,231,118

Consequent to the company's process integration of its free flow salt plant with this PVD salt plant, it is now possible to re-use the outflows of free flow salt plant operation as the input to PVD plant. This will maximize the raw salt yield while deriving synergetic benefit which will surely bring positive impact to the bottom line.

The process of establishment of group's second salt refinery in Bata-Atha which was initiated in 2011, has successfully been completed and its commercial production started in March 2012. This refinery, having a production capacity of 1 Mt / hour sources its raw crystal salt requirement from group's owned saltern and hence does not depend on other raw salt suppliers.

## PERFORMANCE TURNOVER

The group recorded a turnover of Rs. 265.7 Mn during the year. This is a downturn of Rs. 31.6 Mn which is by 10.6% in comparing with previous year. Adverse weather conditions prevailed throughout the year concerned leading to the downturn in results due to compelled quantity limitation though the company had many sales opportunities.



The subsidiary company started contributing to the consolidated turnover starting from March 2012 that was the last month of the financial year concerned, which did not bring significant mitigating results to consolidated figures.

## PROFITABILITY

Adverse impact to the turnover simultaneously reflects in downturn of profitability measures also. Net profit after taxation of the group for the year was Rs. 28.2 Mn compared to Rs.57.8 Mn the corresponding value recorded for the previous year, which is a 51.2% downturn. Magnitude of downturn is higher in profitability measures due to the fact that low yield resulted in production and also loss of economies of scale. In a condition where harvest is hit by rainfall, harvesters generally do not concentrate on quality factor but attempt to harvest maximum quantities they can. This exercise prevents salt reaching its perfect maturity level and immature salt is harvested. Usage of immature salt as the input to refineries results in low yield, which has had a significant, adverse impact on the bottom line.

## EARNINGS PER SHARE

The Group's Earnings per share (EPS) stood at Rs. 0.10 for the financial year under review. This is a 52.3% decrease over the previous year's EPS. However, starting from next year growth in the EPS can be anticipated when the new capital raised at the Initial Public Offering (IPO) starts yielding through the investments made in last two years.

## FINANCIAL POSITION

During the year the group invested Rs. 75.6 Mn in capital assets as compared to the previous year's investment of Rs. 130.3 Mn. Net assets value of the group was grown by Rs. 70.1 Mn during the year.

Borrowing at the end of the year, amounting to Rs. 55.5 Mn includes bank overdraft for the value of Rs. 48.5 Mn since the developments were funded through short term financing facilities which were obtained against fixed deposits raised by utilizing IPO funds. The value of fixed deposits on 31 March 2012 reported to Rs. 53.1Mn.

## MARKET PRICE AND DIVIDEND

Reflecting sensitivity to the downward of All Share Price Index, the Company's share price also fluctuated, recording Rs. 5.40 and Rs. 2.90 the highest and the lowest respectively.

The company did not declare any dividend during the year concerned.

## MOVING FORWARD

The company plans out to go for a harvesting target in the financial year 2012/13 which will fulfill minimum 25% input quantity of the year's total input raw salt requirement. This will make a substantial contribution to reduce cost of production, bringing positive impact to the bottom line.

Restructuring the distribution channel by giving much more weight to direct distribution from factory to customers, diluting the prevailing practice of central distribution is another envisaged plan in place to be realized in the years ahead. Accordingly, two de-centralized distribution centers; based on Puttlam factory and based on Bata-Atha factory will be established from where direct delivery to our island wide distributors will be executed forming a cost-efficient transportation model. This also might bring distinctive benefits over cost of transportation which holds a magnitude portion within the total cost structure.

Envisaged launching of PVD salt product to the market, especially to industrial customers could be set out as the key under our sales and marketing plan.

As we mentioned in our prospectus also, integration of the Periyakarachi saltern development project of Raigam Eastern Salt Company (Pvt) Ltd to the company is also being considered to be executed in the years ahead, which will make the company the island largest salt manufacturer.

# CORPORATE GOVERNANCE

The company manages its affairs in accordance with appropriate standards for good Corporate Governance. The Board of Directors is responsible for the governance of the company, in a manner that protects the rights and interests of the shareholders where corporate governance practices come into play in the company. Corporate governance is understood as the manner in which a corporate entity directs and controls its common affairs with respect to all stakeholders. There is no single model or set of structures which manifest the concept of good corporate governance. It is in effect the rules and regulations that govern the relationship between all stakeholders in the system.

## COMPOSITION OF THE BOARD

The Board meets once every month. Its principal focus is the overall strategic direction, development and control of the company. The Board of Directors of the company comprises seven (07) Directors, consisting three (03) Executive Directors and four (04) Non- Executive Independent Directors. Out of the eleven Board Meetings held for the financial year ending 31 March 2012. The Directors' attendance has been shown in the below table.

NAME OF THE DIRECTOR	EXECUTIVE	NON-EXECUTIVE	INDEPENDENT	NO. OF MEETINGS
Dr. Ravindranath Liyanage	√	-	-	11
Mr. G.V.P. Ganaka Amarasinghe	√	-	-	11
Mr. N.B.W.C. Prashantha	√	-	-	06
Prof. S.P.P. Amaratunga	-	√	√	09
Mr. T. Dharmarajah	-	√	√	09
Mr. S.A. Wickramapala	-	√	√	10
Mr. W.A. Upali Gunawardena	-	√	√	08

## STRATEGIC DIRECTION AND CORPORATE STRUCTURE

The company strongly pursues the direction identified and laid down in its strategic plan taking into account the current business and political environment. The company has recently benefited from initiatives such as Information Technology, Human Resources and Sourcing.

## INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the company's systems of the internal control and risk management and for reviewing the effectiveness of those systems. Such systems are designed to

manage, rather than eliminate, the risk of failure to achieve business objectives. Any system can provide only reasonable and not absolute assurance against material misstatements or losses.

## RELATIONSHIP WITH SHAREHOLDERS

It is our policy for all Directors to attend the AGM, if at all possible. Whilst, this may not always be achievable, under normal circumstances this means the Chairman and Directors are available to answer questions.

Established procedures ensure the timely release of share price sensitive information and the publication of financial results and regulatory financial statements.

## BEST BUSINESS PRACTICES

To reinforce our commitment to our policy to achieve best practice in our standards of business integrity Raigam Wayamba Salterns PLC has communicated its best business practices across the company.

It now better reflects Raigam Wayamba Salterns PLC's growing operations and the increasing expectations in the areas of corporate governance and business practice standards.

## COMMITTEES

### BOARD AUDIT COMMITTEE

#### Members:

Mr. T. Dharmarajah (Head)

Mr. W.A.U. Gunawardena

Prof. S.P.P. Amaratunga

The Audit Committee is comprised of three (03) Non-Executive Directors of the Board, headed by Mr. Dharmarajah. The Audit Committee closely examines all internal audit reports and ensures appropriate follow up action is taken on the comments and recommendations made in these reports.

### REMUNERATION COMMITTEE

#### Members:

Mr. W.A.U. Gunawardena (Head)

Mr. S.A. Wickramapala

Prof. S.P.P. Amaratunga

This committee recommends to the Board of Directors of the company the remuneration payable to the executive staff in managerial category and above. The Board of Directors will make the final determination upon consideration of such recommendations. Prior to the appointment of the Remuneration Committee the matters pertaining to the remuneration was determined by the Board of Directors of the company. The remuneration of the Executive Directors will be based on market rates and the remuneration of the Non Executive Directors will be an amount per Board sitting.

## DISCLOSURE OF INFORMATION AND COMPLIANCE

The Board makes every endeavor to ensure that the business complies with all laws and regulations.

The Board of Directors requires that financial statements of the company are prepared in accordance with the Sri Lanka Accounting Standards and in accordance with the requirements of the Colombo Stock Exchange. Maximum information is provided to shareholders and full disclosure is made subject only to any sensitive information, which could directly impact the business of the company.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors of Raigam Wayamba Salterns PLC have pleasure in presenting to the Members, their Report together with the Audited Financial Statements of the company for the year ended 31 March 2012 and the Auditor's Report thereon.

The details set out herein provide pertinent information required by the Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange, Securities Exchange Commission and are guided by recommended best Accounting Practices.

## OPERATIONAL REVIEW

### TURNOVER

The Turnover of the group was Rs. 265,770,127 and a composition of Revenue is given in Note 03 to the financial statements.

## FINANCIAL PERFORMANCE AND POSITION

For the year ended 31 March,

	2012 Rs.	2011 Rs.
Turnover	265,770,127	297,411,339
Gross Profit	106,512,667	136,002,558
Profit Before Tax	29,192,697	64,161,794
Profit After Tax	28,205,652	57,865,492
Total Assets	817,052,533	806,670,616
Net Assets	731,021,283	660,880,769
Net Current Assets	162,490,059	223,535,585

## PROPERTY, PLANT AND EQUIPMENT

The total capital expenditure incurred on the acquisition of property, plant and equipment during the financial year amounted to Rs. 75,600,636 (2011 – Rs. 130,359,317), out of which expenditure on Salterns and Field Development amounts to Rs. 30,206,351 (2011 - Rs. 35,555,746). Further information relating to the movement of property, plant and equipment is given in Note 04 to the financial statements. Capital expenditure has been financed by either long or short term borrowing and or internally generated funds.

## STATED CAPITAL

The Stated Capital of the company as at 31 March 2012 was Rs. 604,414,640. Details of the Stated Capital are given in Note 11 to the financial statements.

## DONATIONS

The donations made during the year by the company amounted to Rs. 537,190 (2011 - Rs. 389,950).

## TAXATION

Pursuant to agreement dated 20 March 2006 entered into with Board of Investment under Section 17 of the Board of Investment Law, the company is exempt from the business of manufacturing for a period of 8 years from year 2007. This exemption expires on the 2nd of March 2015 and for the immediately succeeding two years the company is liable to pay income tax at the rate of 10% and thereafter at the rate of 20%.

## MAJOR SHAREHOLDERS

The details of 20 major shareholders of the company as at 31 March 2012 have been set out under "Investor information".

## DIRECTORS

The names of the Directors who held office during the year are given below. Their brief profile has been set out under the content of "Board of Directors."

Names

Dr. Ravindranath Liyanage

Mr. G.V.P.G. Amarasinghe

Prof. S.P.P. Amarathunga

Mr.T. Dharmarajah

Mr. W.A. Upali Gunawardane

Mr. N.B. W.C. Prashantha

Mr. S.A. Wickramapala

The balance of the composition of the Board between Executive and Non- executive is well structured by having four number of Non-executive Independent directors and three number of Executive directors.

## DIRECTORS' INTERESTS IN CONTRACTS WITH THE COMPANY

No Directors held any Interests in contract with the company.

## DIRECTORS' INTERESTS IN SHARES

Directors' share holding of the company as at 31 March 2012 is as follows.

Name of the Director	Number	Percentage
Mr.G.V.P.G. Amarasinghe	250,000	0.08%

## DIRECTORS' REMUNERATION AND OTHER BENEFITS

The remuneration of the Directors for the financial year ended 31<sup>st</sup> March 2012 is Rs.5,281,000 (2011 - Rs. 5,081,000).

## DIVIDEND

The company did not declare any dividend for the period concerned.

## ENVIRONMENTAL PROTECTION

The company activities may have indirect effect on the environment. It is the policy of the company to minimize any adverse effects as much as possible and creating awareness among staff on current global environment threats.

## EMPLOYMENT POLICY

The company's recruitment and employment policy is non discriminatory. Employees' appraisals are carried out by the respective Departmental Head annually in order to evaluate their performances and realize their potential to benefit the company and employees.

## STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments have been made up to date.

## POST BALANCE SHEET EVENTS

No circumstances have arisen since the Balance Sheet date, which would require adjustment or disclosure in the financial statements.

## INTERNAL CONTROLS

The Board has overall responsibility for the company's system of internal controls. Although no system of internal control can provide absolute assurance against material misstatement or loss, the company's internal control system has been designed to provide the Directors with reasonable assurance that assets are safeguarded, transactions properly recorded and material errors and irregularities either prevented or detected within a reasonable period of time.

## DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Statement of Director's Responsibility is given in this report.

## AUDITORS

The financial statements for the year ended 31 March 2012 have been audited by Messrs. Ernst & Young, Chartered Accountants. In accordance with the Companies Act No. 7 of 2007, a resolution proposing re-appointment of Messrs. Ernst & Young as Auditors to the company and authorizing the Directors of the company to fix their remuneration will be forwarded at the Annual General Meeting.

The Audit Fees of Messrs. Ernst & Young for the current year was Rs. 273,850 (2011 - Rs. 241,450) was paid by the company. As far as the Directors were aware the Auditors do not have any relationship other than that of an Auditor with the company.

## ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 9.0 a.m. on 20 September 2012 at the Auditorium of the Institute of Chartered Accountants of Sri Lanka. The notice of Annual General Meeting is attached hereto the report.

By Order of the Board



Dr Ravindranath Liyanage  
Chairman / CEO



G.V.P Ganaka Amarasinghe  
Managing Director

15 August, 2012

# STATEMENT OF DIRECTORS' RESPONSIBILITY

The Companies Act No. 07 of 2007 stipulates that Directors are responsible for the preparation and presentation of financial statements comprising a Profit and Loss Account for the year and a Balance Sheet which presents a true and fair view of the state of affairs of the company as at the end of the financial year, which have to be placed before the AGM.

In keeping with the provisions under the above Act, the Directors of Raigam Wayamba Salterns PLC, acknowledge their responsibility in relation to financial reporting of the company. The responsibilities differ from those of its Auditors, Messrs Ernst & Young, which are set out in their report.

The financial statements of the company for the year ended 31 March 2012 included in this report, have been prepared and presented in accordance with the Sri Lanka Accounting Standards, and they provide the information as required by the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange. The Directors confirm that suitable accounting policies have been used and applied consistently, and that all applicable accounting standards have been followed in the preparation of the financial statements. All material deviations from these standards if any have been disclosed and explained. The judgments and estimates made in the preparation of these financial statements are reasonable and prudent.

The Directors confirm their responsibility for ensuring that the company maintains accounting records, which are sufficient to prepare financial statements that disclose with reasonable accuracy, the financial position of the company. They also confirm their responsibility towards ensuring that the financial statements presented in the Annual Report give a true and fair view of the state of affairs of the company as at 31 March 2012 and that of the profit for the year then ended.

The overall responsibility for the company's internal control systems lies with the Directors. Whilst recognizing the fact that there is no single system of internal control that could provide absolute assurance against material misstatements and frauds, the Directors confirm that the prevalent internal control systems instituted by them and which comprise internal checks, internal audit and financial and other controls are so designed that, there is a reasonable assurance that all assets are safeguarded and transactions properly authorized and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time.

The Directors are of the view that the company has adequate resources to continue operations in the foreseeable future, and have continued to use the going concern basis in the preparation of these financial statements.

The Directors have provided the Auditors Messrs. Ernst & Young, Chartered Accountants with every opportunity to carry out reviews and tests that they considered appropriate and necessary for the performance of their responsibilities. The Auditors have examined the financial statements together with all financial records and related data they may have considered to be appropriate to enable them to express their opinion.

By Order of the Board



Dr. Ravindranath Liyanage  
Chairman / CEO

15 August, 2012

# REPORT OF THE AUDIT COMMITTEE

In accordance with the Corporate Governance guidelines the Board appointed Audit Committee which comprises three members namely, Mr. T. Dharmarajah, Prof. S.P.P. Amaratunga and Mr. W.A.U. Gunawardana, all being Non-Executive Independent Directors of the company. The Committee is chaired by Mr. T. Dharmarajah, a member of the Institute of Chartered Accountants of Sri Lanka. All members of the Audit Committee have requisite knowledge to carry-out their roles effectively and to discuss matters that come within their purview independently and professionally.

The Purpose of the Audit Committee is to:

1. Assist the Board of Directors in fulfilling its overall responsibilities for the financial reporting process
2. Review the system of internal control and risk management
3. Monitor the effectiveness of the internal audit function
4. Review the company's process for monitoring compliance with laws and regulations
5. Review the independence and performance of the external auditors
6. To make recommendations to the Board on the appointment of external auditors and recommend their remuneration and terms of engagement

The Principal activities of the Committee during the year are detailed below.

## INTERNAL CONTROLS

During its meeting, the Committee reviewed the adequacy and effectiveness of the internal control systems and approach to its exposure to the business and financial risks. Processes are in place to safeguard the assets of the organization and to ensure that the financial reporting system can be relied upon in the preparation and presentation of financial statements.

## FINANCIAL STATEMENTS

The Committee reviewed the company's Bi- Annual Financial Statements, the Annual Report and Statutory Accounts for reliability, consistency and compliance with the Sri Lanka Accounting Standards and other statutory requirements, including the Companies Act No 7. of 2007 prior to issuance. It also reviewed the adequacy of disclosure in published financial statements.

## EXTERNAL AUDITORS

The Committee reviewed the Management Letters Issued by the External Auditors and the Management response thereto.

The Audit Committee has recommended to the Board of Directors that Messrs Ernst & Young be re-appointed as Auditors for the financial year ending 31 March 2013 subject to the approval of the shareholders at the next Annual General Meeting.

## CONCLUSION

The Audit committee is satisfied that the control environment adopted in the organization provides reasonable, but not absolute assurance that the financial position of the company is satisfactory and that systems are in place to minimize the impact of identifiable risks and that the Listing Rules of the Colombo Stock Exchange have been met.



T. Dharmarajah  
Chairman - Audit Committee

15 August, 2012

# REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee consists of three independent Non Executive Directors; Mr. W.A.U. Gunawardana, Prof. S.P.P. Amaratunga and Mr. S.A. Wickramapala. The Committee is chaired by Mr. W.A.U. Gunawardana. The Committee met on several occasions during the financial year.

The Remuneration Committee has reviewed and recommended the following to the Board of Directors.

1. Policy on remuneration of the Executive Staff
2. Specific remuneration package for the Executive Directors
3. Recruitment and selection of staff to managerial cadre.

In a highly competitive environment attracting and retaining high calibre executives is a key challenge faced by the company. In this context, the Committee took into account, competition, market information and performance evaluated methodology in declaring the overall remuneration policy.



W.A.U. Gunawardana  
Chairman - Remuneration Committee

15 August, 2012

# RISK MANAGEMENT

Risk management is a systematic continuing process by which entities methodically address the risks attaching to their business activities with the goal of achieving sustained benefit within the activity and across the portfolio of entire business activities.

The company faces varied risks which affect value creation and preservation, including the followings

## BUSINESS RISK

Low returns due to resource limitation by nature. E.g. Weather pattern changes that bring unfavourable impact to raw salt harvest.

### MITIGATING ACTIONS

Backward integration, obtaining expert knowledge on forecasting and assumptions.

## PROJECT DEVELOPMENT RISK

Delays in project development due to deadlocks leading to loss of revenue E.g. Delay in granting approval by related authorities for project related matters.

### MITIGATING ACTIONS

Building and maintaining a good rapport with the stakeholders to minimize project development delays.

## TECHNOLOGICAL RISK

Obsolescent of existing technology due to innovation in the industry.

### MITIGATING ACTIONS

Foreign consultancy, training.

## LEGAL RISK

Non adherence to the rules and regulations set out in numerous government Acts.

### MITIGATING ACTIONS

Awareness of those regulations and policy level arrangement to address those risks.

## COST OVERRUN RISK

Returns from new projects being lower due to actual project cost overruns.

### MITIGATING ACTIONS

Making accurate project cost estimates using expert knowledge. Adopting budgetary controls on development cost.

## OPERATIONAL RISK

Losses due to fraud, human errors, inefficient processes, natural perils and loss of sensitive information.

### MITIGATING ACTIONS

Conduct periodic internal audit reviews which report to the Audit Committee of the company. Working out a business continuity plan to ensure disaster preparedness. Appropriate insurance covers.

## REGULATORY AND COMPLIANCE RISK

Introduction of new regulations affecting the business adversely.

### MITIGATING ACTIONS

Monitoring of compliance with regulatory requirements.  
Participate in lobbying efforts against regulations that could have a negative impact on business / industry.

## HUMAN RISK

Adverse impact on business competitiveness due to the inability to recruit / retain required talented staff.

### MITIGATING ACTIONS

Build strong employer brand.

## INTEREST RATE RISK

Adverse impact on profitability due to interest rate fluctuations.

### MITIGATING ACTIONS

Use of flexible financial sources and arrangement.

## CREDIT RISK

Liquidity position being negatively affected due to delays / non-payments from debtors.

### MITIGATING ACTIONS

Protection through legally enforceable agreements.

BW/SCG/HMS/TW

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF RAIGAM WAYAMBA SALTERNS PLC**

***Report on the Financial Statements***

We have audited the accompanying financial statements of Raigam Wayamba Salterns PLC ("Company"), the consolidated financial statements of the Company and its subsidiary ("Group") which comprise the balance sheets as at 31 March 2012, and the income statements, statement of changes in equity and cash flow statements 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 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 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 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 policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

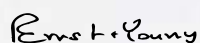
**Opinion**

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

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

**Report on Other Legal and Regulatory Requirements**

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



15 August 2012  
Colombo

# Raigam Wayamba Salterns PLC & Subsidiary Company

## BALANCE SHEET

As at 31 March 2012

	Note	Group		Company	
		2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	4	568,662,178	442,072,419	508,129,991	398,520,931
Leasehold Land	5	1,200,000	1,200,000	-	-
Investments in Subsidiaries	6	-	-	61,823,540	61,823,540
Goodwill		1,846,790	1,846,790	-	-
Deferred Tax Assets	8	1,071,821	202,057	1,071,821	202,057
		<u>572,780,789</u>	<u>445,321,266</u>	<u>571,025,352</u>	<u>460,546,528</u>
<b>Current Assets</b>					
Inventories	9	35,709,302	29,191,336	33,613,942	27,809,135
Trade and Other Receivables	10	154,566,777	176,416,295	178,370,526	169,844,646
Fixed Deposits	7	53,104,563	150,000,000	53,104,563	150,000,000
Cash and Cash Equivalents	21.1	891,102	5,741,719	822,461	5,673,078
		<u>244,271,744</u>	<u>361,349,350</u>	<u>265,911,492</u>	<u>353,326,859</u>
<b>Total Assets</b>		<u>817,052,533</u>	<u>806,670,616</u>	<u>836,936,844</u>	<u>813,873,387</u>
<b>EQUITY AND LIABILITIES</b>					
Stated Capital	11	604,414,640	604,414,640	604,414,640	604,414,640
Revaluation Reserve		75,799,740	-	75,799,740	-
Retained Earnings		50,806,903	56,466,129	65,579,398	66,988,427
<b>Total Equity</b>		<u>731,021,283</u>	<u>660,880,769</u>	<u>745,793,778</u>	<u>671,403,067</u>
<b>Non-Current Liabilities</b>					
Interest Bearing Loans and Borrowings	12	2,226,276	6,783,658	2,226,276	6,783,658
Retirement Benefit Liability	13	2,023,289	1,192,424	2,023,289	1,192,424
		<u>4,249,565</u>	<u>7,976,082</u>	<u>4,249,565</u>	<u>7,976,082</u>
<b>Current Liabilities</b>					
Trade and Other Payables	15	24,744,731	18,560,265	30,082,123	16,598,990
Income Tax Payable		3,674,548	3,332,480	3,674,548	3,332,480
Interest Bearing Loans and Borrowings	12	53,362,406	115,921,020	53,136,830	114,562,768
		<u>81,781,685</u>	<u>137,813,765</u>	<u>86,893,501</u>	<u>134,494,238</u>
<b>Total Equity and Liabilities</b>		<u>817,052,533</u>	<u>806,670,616</u>	<u>836,936,844</u>	<u>813,873,387</u>

I Certify that these financial statements are in compliance with the requirements of the Companies Act No.07 of 2007.

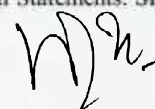


.....  
E.A.C.K.Perera  
General Manager Finance

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



.....  
G.V.P.G.Amarasinghe  
Director



.....  
R.Liyanage  
Director

The accounting policies and notes on pages 32 through 52 form an integral part of the Financial Statements.

15 August 2012  
Colombo

Raigam Wayamba Salterns PLC & Subsidiary Company

INCOME STATEMENT

Year ended 31 March 2012

	Note	Group		Company	
		2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>Revenue</b>	3	265,770,127	297,411,339	265,770,127	297,411,339
Cost of Sales		(159,257,460)	(161,408,781)	(164,548,925)	(161,408,781)
<b>Gross Profit</b>		106,512,667	136,002,558	101,221,202	136,002,558
Other Income	16	6,631,460	20,928,425	6,631,460	20,928,425
Selling and Distribution Costs		(28,776,806)	(36,448,233)	(28,683,806)	(36,448,233)
Administrative Expenses		(50,095,912)	(47,101,659)	(40,691,965)	(39,985,798)
Finance Cost	17	(5,078,712)	(9,219,296)	(5,033,997)	(9,173,847)
<b>Profit Before Tax</b>	18	29,192,697	64,161,794	33,442,894	71,323,104
Income Tax Expense	14	(987,045)	(6,296,302)	(987,045)	(6,296,302)
<b>Profit for the Year</b>		28,205,652	57,865,492	32,455,849	65,026,802
Earnings Per Share	19	0.10	0.21	0.12	0.23
- Basic Earnings per share					

The accounting policies and notes on pages 32 through 52 form an integral part of the Financial Statements.

Raigam Wayamba Salterns PLC & Subsidiary Company

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2012

**Group**

	Note	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
<b>Balance as at 31 March 2010</b>		604,414,640	-	(1,399,363)	603,015,277
Profit for the Year		-	-	57,865,492	57,865,492
<b>Balance as at 31 March 2011</b>		604,414,640	-	56,466,129	660,880,769
Dividends Paid	20	-	-	(33,864,878)	(33,864,878)
Surplus on Revaluation of Property, Plant & Equipment		-	75,799,740	-	75,799,740
Profit for the Year		-	-	28,205,652	28,205,652
<b>Balance as at 31 March 2012</b>		<u>604,414,640</u>	<u>75,799,740</u>	<u>50,806,903</u>	<u>731,021,283</u>

**Company**

	Note	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
<b>Balance as at 31 March 2010</b>		604,414,640	-	1,961,625	606,376,265
Profit for the Year		-	-	65,026,802	65,026,802
<b>Balance as at 31 March 2011</b>		604,414,640	-	66,988,427	671,403,067
Dividends Paid	20	-	-	(33,864,878)	(33,864,878)
Surplus on Revaluation of Property, Plant & Equipment		-	75,799,740	-	75,799,740
Profit for the Year		-	-	32,455,849	32,455,849
<b>Balance as at 31 March 2012</b>		<u>604,414,640</u>	<u>75,799,740</u>	<u>65,579,398</u>	<u>745,793,778</u>

The accounting policies and notes on pages 32 through 52 form an integral part of the Financial Statements.

Raigam Wayamba Salterns PLC & Subsidiary Company

CASH FLOW STATEMENT

Year ended 31 March 2012

	Note	Group		Company	
		2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>Cash Flows from Operating Activities</b>					
Profit Before Income Tax Expense		29,192,697	64,161,794	33,442,894	71,323,104
Adjustments for:					
Depreciation	4	19,207,928	15,997,264	18,529,218	15,602,602
Finance Costs Paid	17	5,078,712	9,219,296	5,033,997	9,173,847
Provision for Defined Benefit Plans	13	873,178	379,800	873,178	379,800
Loss on Disposal of Property, Plant and Equipment		350,012	103,028	350,012	103,028
Provision for Doubtful Debtors		1,170,563	-	1,170,563	-
Operating Profit before Working Capital Changes		55,873,090	89,861,182	59,399,862	96,582,381
(Increase)/Decrease in Inventories		(6,517,966)	(22,178,899)	(5,804,807)	(20,796,700)
(Increase)/Decrease in Trade and Other Receivables		20,678,954	(21,989,940)	(9,696,445)	1,079,266
Increase/ (Decrease) in Trade and Other Payables		6,184,466	(932,162,833)	13,483,134	(933,347,816)
Cash Generated from Operations		76,218,544	(886,470,490)	57,381,744	(856,482,869)
Income Tax Paid		(1,514,740)	(3,165,879)	(1,514,740)	(3,165,879)
Gratuity Paid	13	(42,313)	(80,000)	(42,313)	(80,000)
Finance Costs Paid	17	(5,078,712)	(9,219,296)	(5,033,997)	(9,173,847)
Net Cash from/(used in) Operating Activities		69,582,779	(898,935,665)	50,790,694	(868,902,595)
<b>Cash Flows from Investing Activities</b>					
Acquisition of Property, Plant and Equipment	4.10	(75,600,638)	(130,359,317)	(57,941,229)	(109,209,589)
Acquisition Subsidiaries		-	-	-	(50,000,000)
Investment in Fixed Deposits		(53,104,563)	(150,000,000)	(53,104,563)	(150,000,000)
Disposal Proceeds from Property, Plant and Equipment		5,252,679	3,392,857	5,252,679	3,392,857
Withdrawal of Investment		150,000,000	-	150,000,000	-
Net Cash from/(used in) Investing Activities		26,547,478	(276,966,460)	44,206,887	(305,816,732)
<b>Cash Flows from Financing Activities</b>					
Principal Payment under Finance Lease Liabilities	12.5	(3,709,621)	(3,020,135)	(3,709,621)	(3,020,135)
Repayment of Interest Bearing Loans and Borrowings	12.4	(3,752,817)	(3,683,080)	(3,752,817)	(3,683,080)
Repayment of Non Interest Bearing Loans and Borrowings		-	(23,189,355)	-	(23,189,355)
Payment of Dividends		(33,864,878)	-	(33,864,878)	-
Net Cash from/(used in) Financing Activities		(41,327,316)	(29,892,570)	(41,327,316)	(29,892,570)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		54,802,941	(1,205,794,696)	53,670,265	(1,204,611,898)
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	21	(102,469,676)	1,103,325,020	(101,180,065)	1,103,431,833
<b>Cash and Cash Equivalents at the End of the Year</b>	21	(47,666,735)	(102,469,676)	(47,509,800)	(101,180,065)

The accounting policies and notes on pages 32 through 52 form an integral part of the Financial Statements.

**1. CORPORATE INFORMATION**

**1.1 General**

Raigam Wayamba Salterns PLC ("Company") is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 23, Walukarama Road, Colombo 03.

**1.2 Principal Activities and Nature of Operations**

During the year, the principal activities of the Company and the subsidiary dealt with in these financial statements were as follows;

<b>Company</b>	<b>Activities</b>
Raigam Wayamba Salterns PLC	Manufacturing and Distribution of Salt Island wide, Development of Salterns
Southern Salt Company (Pvt) Ltd	The Company commenced its revenue generation from the refinery since mid of January 2012 while continuing the Salterns Development activities.

**1.3 Parent Entity and Ultimate Parent Entity**

The Group's parent entity is Raigam Marketing Services (Private) Limited. In the opinion of the directors, the Group's ultimate parent undertaking and controlling party is also Raigam Marketing Services (Private) Limited, which is incorporated in Sri Lanka.

**1.4 Date of Authorization for Issue**

The Financial Statements of Raigam Wayamba Salterns PLC and its subsidiary for the year ended 31 March 2012 were authorized for issue in accordance with a resolution of the Board of Directors on 15 August 2012.

## 2. GENERAL POLICIES

### 2.1 BASIS OF PREPARATION

The Financial Statements have been prepared on a historical cost basis, except for Property, Plant & Equipment. The Financial Statements are presented in Sri Lankan Rupees. The Preparation and Presentation of these Financial Statements are in compliance with the Companies Act No. 07 of 2007.

#### 2.1.1 Basis of Consolidation

The Financial Statements of the Group represent the consolidation of the Financial Statements of the Company, its subsidiary, after elimination of all material intra Group transactions.

##### a) Subsidiary

Subsidiary is the enterprise controlled by the parent. Control exists when the parent has the power, directly or indirectly to govern the financial and operating policies of an enterprise. Subsidiary is controlled from the date the parent obtains control until the date that control ceases. The following companies have been consolidated.

Raigam Wayamba Salterns PLC	- Parent
Southern Salt Company (Private) Limited	- Subsidiary

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

- b) The total profits and losses for the year, of the Company and of its Subsidiary included in consolidation are shown in the Consolidated Income Statement. All assets and liabilities of the Company and of its Subsidiary included in consolidation are shown in the Consolidated Balance Sheet. The Consolidated Cash Flow Statement includes the cash flows of the Company and its Subsidiary.

##### c) Goodwill

Goodwill represents the excess of the cost of the acquisition over the Fair Value of identifiable net assets of a subsidiary as at the date of acquisition. In accordance with SLAS 25 (revised 2004), goodwill arising on business combinations after 1 June 2005 are not amortised, but tested for impairment annually.

#### 2.1.2 Comparative Information

The accounting policies applied by the Group are consistent with those used in previous year's figures and phrases have been rearranged, wherever necessary, to confirm to the current year's presentation.

#### 2.1.3 Statement of Compliance

The Financial Statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards (SLAS).

## 2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

### Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Financial Statements.

*Allowance for Doubtful Debts:*

The Group reviews at each balance sheet date all receivables to assess whether an allowance should be recorded in the income statement. The Management uses judgement in estimating such amounts in the light of the duration of outstanding and any other factors management is aware of that indicate uncertainty in recovery.

**Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the Balance Sheet date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The respective carrying amounts of assets and liabilities are given in related notes to the Financial Statements.

*Fair Value of Property, Plant & Equipment:*

The Property, Plant and Equipment of the Group are reflected at fair value, when current market prices of similar assets are available, such evidences are considered in estimating fair values of these assets. In the absence of such information the Group determines within a reasonable fair value estimates, amounts that can be attributed as fair values, with the assistance of an independent valuer.

*Defined Benefit Plans:*

The Defined Benefit Obligation and the related charge for the year is determined using assumptions required under actuarial valuation techniques. The valuation involves making assumptions about discount rates, future salary increases, staff turnover rates etc. Due to the long term nature of such obligations these estimates are subject to significant uncertainty. Further details are given in Note 13.

**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.3.1 Foreign Currency Translation**

The Financial Statements are presented in Sri Lanka Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

**2.3.2 Taxation**

**a) Current Taxes**

***Raigam Wayamba Salterns PLC***

Pursuant to agreement dated 20 March 2006 entered into with Board of Investment under Section 17 of the Board of Investment Law, the Company is exempt from the business of manufacturing for a period of 8 years from year 2007. This exemption expires on the 2<sup>nd</sup> of March 2015 and for the immediately succeeding two years the Company is liable to pay income tax at the rate of 10% and thereafter at the rate of 20%.

***Southern Salt Company (Private) Limited***

Pursuant to the approval granted on 5<sup>th</sup> August 2008 by the Ministry of Industrial Development under "300 Industries Programme, "Gamata Karmantha Project" referring to Section 20 of the Inland Revenue Act. No. 10 of 2006 and Section 11 of the Inland Revenue (Amendment) Act. No.09 of 2008, the Company has been entitled to a tax holiday period upto a minimum period of five years and a maximum period of ten years provided certain conditions are met by the Company.

**b) Deferred Taxation**

Section 17 of the Greater Colombo Economic Commission Law No. 4 of 1978, under which The Board of Investment (BOI) in Sri Lanka is set up, has given the BOI the power to grant exemptions from the Inland Revenue Act. The Board on entering into agreement with the Company has stated that the provisions of the Inland Revenue Act in relation to the imposition, payment, and recovery of income tax in respect of the profits and income of the enterprise shall not apply for the profits and income of the enterprise.

**Effect of application of deferred taxation as per SLAS 14 Income Taxes (Revised 2005) on entities enjoying a tax holiday period**

Since financial year 2010/2011 the Group commenced application of deferred taxation as per SLAS 14 Income Taxes (Revised 2005) on entities enjoying tax holiday periods under the Board of Investment Law, as recommended by the “Deferred Tax council ruling for BOI companies” issued by The Institute of Chartered Accountants of Sri Lanka.

**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 and receivable and payable that are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the Balance Sheet.

**2.3.3 Borrowing Costs**

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset.

**2.3.4 Inventories**

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formulae:-

Raw Materials	- At purchase cost on First-in First-out basis
Finished Goods & Work-in-Progress	- At the cost of direct materials, direct labour and an appropriate proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs.
Engineering Stock and Other Chemicals Stock	- At purchase cost on First in First out basis

### 2.3.5 Trade and Other Receivables

Trade Receivables are stated at the amounts they are estimated to realise net of allowances for bad and doubtful receivables.

Other Receivables and dues from related parties are recognised at cost less allowances for bad and doubtful receivables.

### 2.3.6 Cash and Cash Equivalents

Cash and Cash Equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

### 2.3.7 Property, Plant and Equipment

#### (a) Cost and Revaluation

Property, Plant and Equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value initially. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met.

Each class of Property, Plant and Equipment of the Company are measured at fair value less depreciation and impairment charged subsequent to the date of the revaluation. Where items of Property, Plant and Equipment are subsequently revalued, the entire class of such assets is revalued. The Company has adopted a policy of revaluing assets every three years.

When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down. When an assets' carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to Accumulated Profits on retirement or disposal of the asset.

#### (b) Subsequent Expenditure

Expenditure incurred to replace a component of an item of Property, Plant and Equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied in the item of Property, Plant and Equipment will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of Property, Plant and Equipment are recognized in the Income Statement as incurred.

#### (c) Depreciation

Depreciation is provided on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each part of an item of Property, Plant and Equipment, other than freehold land, in order to spread the cost and/or the valuation over the estimated useful economic life of such assets.

Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

The appropriateness of useful lives of the asset and the depreciation rates are assessed annually.

The useful lives of the assets have been disclosed under Note 4.9.

**(d) De-recognition**

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 derecognition 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 derecognised.

**2.3.8 Leases – Company as a Lessee**

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the Income Statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term. The depreciation policy for depreciable leased assets is consistent with that for depreciable asset that are owned as described in 4.9.

Operating lease payments are recognised as an expense in the Income Statement on a straight line basis over the lease term.

**2.3.9 Investments**

**a) Initial Recognition:**

Cost of investment includes purchase cost and acquisition charges such as brokerages, fees, duties and bank regulatory fees. The Group distinguishes and presents current and non current investment in the Balance Sheet.

**b) Measurement**

**Current Investments**

Current investments are carried at the lower of cost and market value, determined on the basis of aggregate portfolio.

Unrealized gains and losses on current investment is carried at market value are recognized as income or expense.

**Long Term Investments**

Long term investments are stated at cost. Carrying amounts are reduced to recognize a decline other than temporary, determined for each investment individually. These reductions for other than temporary declines in carrying amounts are charged to Income Statement.

**2.3.10 Provisions**

Provisions are recognized when the Group 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 Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

### 2.3.11 Retirement Benefit Obligations

#### a) Defined Benefit Plan – Gratuity

The Group measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of a qualified actuary, using the Projected Unit Credit (PUC) method for the purpose of determining the charge for any period before the next regular actuarial valuation fall due and approximate estimation provided by the qualified actuary is used.

Actuarial gain and losses are recognized as income or expense immediately.

#### b) Defined Contribution Plans – Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

### 2.3.12 Impairment of Non Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the Income Statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Income Statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

### 2.3.13 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

#### a) Sales of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to buyer, usually on dispatch of the goods.

**b) Interest**

Revenue is recognised on a time proportion basis that takes into accounts the effective interest rate on asset.

**c) Dividends**

Dividend Income is recognised when the shareholders' right to receive the payment is established.

**d) Others**

Other income is recognised on an accrual basis.

**2.4 EFFECT OF SRI LANKA ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The Company will be adopting the new Sri Lanka Accounting Standards (new SLAS) comprising LKAS and SLFRS applicable for financial periods commencing from 01 April 2012 as issued by the Institute of Chartered Accountants of Sri Lanka.

The Institute of Chartered Accountants of Sri Lanka has resolved an amendment to Sri Lanka Accounting Standard 10, whereby the provision contained in paragraphs 30 and 31 of SLAS 10 – Accounting Policies, Changes in Accounting Estimates and Errors, would not be applicable for Financial Statements prepared in respect of financial periods commencing before 1 January 2012 and hence the impact of this transition is not required to be disclosed in these Financial Statements.

Raigam Wayamba Salterns PLC & Subsidiary Company

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

3. REVENUE

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Revenue from Sale of goods	265,770,127	297,411,339	265,770,127	297,411,339
	<u>265,770,127</u>	<u>297,411,339</u>	<u>265,770,127</u>	<u>297,411,339</u>

4. PROPERTY, PLANT & EQUIPMENT - GROUP

4.1 Gross Carrying Amounts	Balance	Additions/ Acquisitions	Disposals/ Transfers	Revaluations	Balance
	As at 01.04.2011				As at 31.03.2012
At Cost	Rs.	Rs.	Rs.	Rs.	Rs.
Land	5,223,000	-	(5,223,000)	-	-
Buildings	2,409,436	17,951,737	(20,252,733)	-	108,440
Plant & Machinery	45,460,419	3,208,503	(43,040,022)	-	5,628,900
Motor Vehicles	23,782,602	6,955,100	(29,370,702)	-	1,367,000
Furniture & Fittings	327,962	187,250	(456,252)	-	58,960
Factory Equipment	1,363,770	604,038	(1,498,836)	-	468,972
Office Equipment	221,921	-	(201,761)	-	20,160
Name Board	60,849	10,077	(70,926)	-	-
Salterns Development	2,741,100	67,555,041	(70,296,141)	-	-
Computers & Accessories	971,490	203,940	(1,118,740)	-	56,690
	<u>82,562,549</u>	<u>96,675,686</u>	<u>(171,529,112)</u>	<u>-</u>	<u>7,709,123</u>
<b>At Valuation</b>					
Freehold Lands	186,518,750	5,223,000	-	30,918,182	222,659,932
Buildings on Freehold Land	49,494,468	20,252,733	-	(10,163,201)	59,584,000
Plant & Machinery	50,387,250	43,040,022	-	(1,837,456)	91,589,816
Motor Vehicles	-	23,144,589	-	3,987,095	27,131,684
Furniture & Fittings	-	456,252	-	(256,252)	200,000
Factory Equipment	-	1,498,836	-	(498,836)	1,000,000
Office Equipment	-	162,571	-	(62,571)	100,000
Name Board	-	70,925	-	(7,093)	63,832
Salterns Development	-	70,296,141	-	1,011,596	71,307,737
Computers & Accessories	-	1,118,740	-	(318,740)	800,000
	<u>286,400,468</u>	<u>165,263,809</u>	<u>-</u>	<u>22,772,724</u>	<u>474,437,001</u>
<b>Assets on Finance Lease</b>					
Plant & Machinery	14,730,000	-	-	(4,092,000)	10,638,000
	<u>14,730,000</u>	<u>-</u>	<u>-</u>	<u>(4,092,000)</u>	<u>10,638,000</u>
<b>Total Value of Depreciable Assets</b>	<u>383,693,017</u>	<u>261,939,494</u>	<u>(171,529,112)</u>	<u>18,680,724</u>	<u>492,784,124</u>
<b>4.2 In the Course of Construction</b>					
Salterns Development	78,984,158	30,206,351	(67,555,041)	-	41,635,468
Factory Extension	11,274,013	12,269,460	(23,543,473)	-	-
Factory Building	5,809,468	4,611,959	-	-	10,421,427
Plant Installation	1,948,512	2,403,759	-	-	4,352,271
Office Extension WIP	-	656,863	-	-	656,863
PVD Plant WIP	-	19,914,266	-	-	19,914,266
	<u>98,016,151</u>	<u>70,062,657</u>	<u>(91,098,514)</u>	<u>-</u>	<u>76,980,294</u>
<b>Total Gross Carrying Amount</b>	<u>481,709,168</u>	<u>332,002,151</u>	<u>(262,627,626)</u>	<u>18,680,724</u>	<u>569,764,418</u>

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

## 4. PROPERTY, PLANT &amp; EQUIPMENT (Contd...)

4.3 Depreciation	Balance	Charge for the Year	Transfers/ Disposals	Revaluation	Balance
	As at 01.04.2011				As at 31.03.2012
At Cost	Rs.	Rs.	Rs.	Rs.	Rs.
Buildings	74,596	240,943	-	(269,988)	45,552
Plant & Machinery	3,062,508	4,586,534	-	(6,739,343)	909,699
Motor Vehicles	2,031,078	2,332,582	(623,423)	(3,666,191)	74,046
Furniture & Fittings	96,171	35,420	-	(120,091)	11,500
Factory Equipment	111,013	145,328	-	(203,049)	53,293
Office Equipment	17,541	18,273	-	(32,314)	3,500
Name Board	12,273	6,752	-	(19,025)	-
Salterns Development	822,330	274,110	-	(1,096,440)	-
Computer & Accessories	31,287	106,813	-	(133,452)	4,648
	<u>6,258,798</u>	<u>7,746,755</u>	<u>(623,423)</u>	<u>(12,279,893)</u>	<u>1,102,237</u>
<b>At Valuation</b>					
Buildings on Freehold Land	15,264,090	4,949,447	-	(20,213,537)	-
Plant & Machinery	15,537,027	5,038,725	-	(20,575,752)	-
	<u>30,801,117</u>	<u>9,988,172</u>	<u>-</u>	<u>(40,789,289)</u>	<u>-</u>
<b>Assets on Finance Lease</b>					
Plant and Machinery	2,576,833	1,473,000	-	(4,049,833)	-
	<u>2,576,833</u>	<u>1,473,000</u>	<u>-</u>	<u>(4,049,833)</u>	<u>-</u>
<b>Total Depreciation</b>	<u>39,636,748</u>	<u>19,207,927</u>	<u>(623,423)</u>	<u>(57,119,015)</u>	<u>1,102,237</u>
<b>4.4 Net Book Values</b>				<b>2012</b>	<b>2011</b>
<b>At Cost</b>				<b>Rs.</b>	<b>Rs.</b>
Land				-	5,223,000
Buildings				62,889	2,334,839
Plant & Machinery				4,719,201	42,397,910
Motor Vehicles				1,292,954	21,751,523
Furniture & Fittings				47,460	231,791
Office Equipment				16,659	208,165
Factory Equipment				415,680	1,252,756
Name Board				-	44,792
Salterns Development				-	1,918,770
Computers & Accessories				52,042	940,204
				<u>6,606,885</u>	<u>76,303,750</u>
<b>At Valuation</b>					
Freehold Lands				222,659,932	186,518,750
Buildings on Freehold Land				59,584,000	34,230,378
Plant and Machinery				91,589,816	34,850,223
Motor Vehicles				27,131,684	-
Furniture & Fittings				200,000	-
Factory Equipment				1,000,000	-
Office Equipment				100,000	-
Name Board				63,832	-
Computers & Accessories				800,000	-
Salterns Development				71,307,737	-
				<u>474,437,001</u>	<u>255,599,351</u>
<b>Assets on Finance Lease</b>					
Plant & Machinery				10,638,000	12,153,167
				<u>10,638,000</u>	<u>12,153,167</u>
<b>In the Course of Construction</b>					
Salterns Development				41,635,468	78,984,158
Factory Extension				-	11,274,013
Factory Building				10,421,425	5,809,468
Plant Installation				4,352,271	1,948,513
Office Extension WIP				656,863	-
PVD Plant WIP				19,914,266	-
				<u>76,980,292</u>	<u>98,016,151</u>
<b>Total carrying amounts of Property, Plant and Equipment</b>				<u>568,662,178</u>	<u>442,072,419</u>

Raigam Wayamba Salterns PLC & Subsidiary Company

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

4. PROPERTY, PLANT & EQUIPMENT - COMPANY

4.5 Gross Carrying Amounts	Balance As at 01.04.2011 Rs.	Additions/ Transfers/ Acquisitions Rs.	Disposals/ Transfers Rs.	Revaluation Rs.	Balance As at 31.03.2012 Rs.
<b>At Cost</b>					
Land	5,223,000	-	(5,223,000)	-	-
Building	2,300,996	17,951,737	(20,252,733)	-	-
Plant & Machinery	40,046,919	2,993,103	(43,040,022)	-	-
Motor Vehicles	23,782,602	5,588,100	(29,370,702)	-	-
Furniture & Fittings	295,462	160,790	(456,252)	-	-
Factory Equipment	1,023,005	475,831	(1,498,836)	-	-
Office Equipment	162,571	-	(162,571)	-	-
Name Board	60,849	10,077	(70,926)	-	-
Salterns Development	2,741,100	67,555,041	(70,296,141)	-	-
Computers & Accessories	971,490	147,250	(1,118,740)	-	-
	<u>76,607,994</u>	<u>94,881,929</u>	<u>(171,489,922)</u>	<u>-</u>	<u>-</u>
<b>At Valuation</b>					
Freehold Lands	186,518,750	5,223,000	-	30,918,182	222,659,932
Buildings on Freehold Land	49,494,468	20,252,733	-	(10,163,201)	59,584,000
Plant & Machinery	50,387,250	43,040,022	-	(1,837,456)	91,589,816
Motor Vehicles	-	23,144,589	-	3,987,095	27,131,684
Furniture & Fittings	-	456,252	-	(256,252)	200,000
Factory Equipment	-	1,498,836	-	(498,836)	1,000,000
Office Equipment	-	162,571	-	(62,571)	100,000
Name Board	-	70,925	-	(7,093)	63,832
Salterns Development	-	70,296,141	-	1,011,596	71,307,737
Computers & Accessories	-	1,118,740	-	(318,740)	800,000
	<u>286,400,468</u>	<u>165,263,809</u>	<u>-</u>	<u>22,772,724</u>	<u>474,437,001</u>
<b>Assets on Finance Lease</b>					
Plant and Machinery	14,730,000	-	-	(4,092,000)	10,638,000
	<u>14,730,000</u>	<u>-</u>	<u>-</u>	<u>(4,092,000)</u>	<u>10,638,000</u>
<b>Total Value of Depreciable Assets</b>	<u>377,738,462</u>	<u>260,145,737</u>	<u>(171,489,922)</u>	<u>18,680,724</u>	<u>485,075,001</u>
<b>4.6 In the Course of Construction</b>					
Salterns Development	48,721,677	21,317,225	(67,555,041)	-	2,483,861
Factory Extention	11,274,013	12,269,460	(23,543,473)	-	-
Office Extention	-	656,863	-	-	656,863
PVD Plant	-	19,914,266	-	-	19,914,266
	<u>59,995,690</u>	<u>54,157,814</u>	<u>(91,098,514)</u>	<u>-</u>	<u>23,054,990</u>
<b>Total Gross Carrying Amount</b>	<u>437,734,152</u>	<u>314,303,551</u>	<u>(262,588,436)</u>	<u>18,680,724</u>	<u>508,129,991</u>

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

## 4. PROPERTY, PLANT &amp; EQUIPMENT (Contd...)

4.7 Depreciation	Balance As at 01.04.2011 Rs.	Charge for the year/ Transfers Rs.	Transfers/ Disposals Rs.	Revaluations Rs.	Balance As at 31.03.2012 Rs.
<b>At Cost</b>					
Building	39,888	230,099	-	(269,988)	-
Plant & Machinery	2,701,608	4,037,735	-	(6,739,343)	-
Motor Vehicles	2,031,078	2,258,536	(623,423)	(3,666,191)	-
Furniture & Fittings	87,921	32,170	-	(120,091)	-
Factory Equipment	92,827	110,221	-	(203,049)	-
Name Board	12,273	6,752	-	(19,025)	-
Office Equipment	16,057	16,257	-	(32,314)	-
Salterns Development	822,330	274,110	-	(1,096,440)	-
Computers & Accessories	31,287	102,165	-	(133,452)	-
	<u>5,835,270</u>	<u>7,068,045</u>	<u>(623,424)</u>	<u>(12,279,893)</u>	<u>-</u>
<b>At Valuation</b>					
Buildings on Freehold Land	15,264,090	4,949,447	-	(20,213,537)	-
Plant and Machinery	15,537,027	5,038,725	-	(20,575,752)	-
	<u>30,801,117</u>	<u>9,988,172</u>	<u>-</u>	<u>(40,789,289)</u>	<u>-</u>
<b>Assets On Finance Lease</b>					
Plant and Machinery	2,576,833	1,473,000	-	(4,049,833)	-
	<u>2,576,833</u>	<u>1,473,000</u>	<u>-</u>	<u>(4,049,833)</u>	<u>-</u>
<b>Total Depreciation</b>	<u>39,213,220</u>	<u>18,529,217</u>	<u>(623,424)</u>	<u>(57,119,015)</u>	<u>-</u>

## 4.8 Net Book Values

	2012 Rs.	2011 Rs.
<b>At Cost</b>		
Land	-	5,223,000
Building	-	2,261,107
Plant & Machinery	-	37,345,310
Motor Vehicles	-	21,751,523
Furniture & Fittings	-	207,541
Factory Equipment	-	930,177
Office Equipment	-	146,514
Name Board	-	48,576
Salterns Development	-	1,918,770
Computers & Accessories	-	940,205
	<u>-</u>	<u>70,772,723</u>
<b>At Valuation</b>		
Freehold Lands	222,659,932	186,518,750
Buildings on Freehold Land	59,584,000	34,230,378
Plant & Machinery	91,589,816	34,850,223
Motor Vehicles	27,131,684	-
Furniture & Fittings	200,000	-
Factory Equipment	1,000,000	-
Office Equipment	100,000	-
Name Board	63,832	-
Computers & Accessories	800,000	-
Salterns Development	71,307,737	-
	<u>474,437,001</u>	<u>255,599,351</u>
<b>Assets on Finance Lease</b>		
Plant & Machinery	10,638,000	12,153,167
	<u>10,638,000</u>	<u>12,153,167</u>
<b>In the Course of Construction</b>		
Salterns Development	2,483,861	48,721,677
Factory Extension	-	11,274,013
Office Extension WIP	656,863	-
PVD Plant WIP	19,914,266	-
	<u>23,054,990</u>	<u>59,995,690</u>
<b>Total carrying amounts of Property, Plant and Equipment</b>	<u>508,129,991</u>	<u>398,520,931</u>

Raigam Wayamba Salterns PLC & Subsidiary Company

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

4. PROPERTY, PLANT & EQUIPMENT (Contd....)

4.9	The useful lives of the assets of the Group are estimated as follows.	<b>2012</b>	<b>2011</b>
	Buildings	10 Years	10 Years
	Plant & Machinery	10 Years	10 Years
	Motor Vehicles	10 Years	10 Years
	Furniture & Fittings	10 Years	10 Years
	Factory Equipments	10 Years	10 Years
	Office Equipment	10 Years	10 Years
	Salterns Development	10 Years	10 Years
	Name Board	10 Years	10 Years
	Computer & Accessories	10 Years	10 Years

4.10 During the financial year, the Group and the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 75,600,638/- and Rs. 57,941,229/- (2011 Group-Rs.130,359,317/-, 2011 Company-Rs.109,209,589/-) and Cash payments amounting to Rs. 75,600,638/- and Rs. 57,941,229/- (2011 Group & Company - Rs.130,359,317/-) respectively, were made during the year for purchase of Property, Plant and Equipment.

4.11 The fair value of each class of Property, Plant and Equipment was determined by means of a revaluation during the financial year ended 31 March 2012, by Messrs D. Jayawardana an independent valuer with reference to market based evidence. The results of such revaluation were incorporated in these Financial Statements with effects from is 27 March 2012. The surplus arising from the revaluation was transferred to revaluation reserve.

The carrying amount of revalued assets that would have been included in the Financial Statements had the assets been carried at cost less depreciation is as follows:

Class of Asset	Cost Rs.	Cumulative Depreciation of assets were carried at cost Rs.	Net Carrying	Net Carrying
			Amount 2012 Rs.	Amount 2011 Rs.
Freehold Land	47,651,247	-	47,651,247	42,428,247
Building on Free hold land	47,042,146	13,681,386	33,360,760	16,093,041
Plant & Machinery	70,880,621	19,171,212	51,709,410	16,812,902
Motor Vehicles	23,144,589	3,664,903	19,479,686	21,751,523
Furniture & Fittings	456,252	120,090	336,162	207,541
Factory Equipment	1,498,836	205,036	1,293,800	930,177
Office Equipment	162,571	19,025	143,546	48,576
Name Board	70,926	32,314	38,612	146,514
Salterns Development	70,296,141	1,096,440	69,199,701	1,918,770
Computers & Accessories	1,118,740	133,453	985,287	940,203

5. LEASEHOLD LAND

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
As at the beginning of the Year	1,200,000	1,200,000	-	-
As at the end of the Year	1,200,000	1,200,000	-	-

Leasehold land obtained for a period of 30 years for the purpose of establishment of a saltern and other related activities.

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

6. INVESTMENTS IN SUBSIDIARIES			Group		Company		
			2012	2011	2012	2011	
				Rs.	Rs.	Rs.	Rs.
<b>Non Current</b>							
Investment in Equity Securities (6.1)				-	-	61,823,540	11,823,540
Acquisition of Investments				-	-	-	50,000,000
Balance as at 31 March				-	-	61,823,540	61,823,540
				<b>Carrying</b>	<b>Directors'</b>	<b>Carrying</b>	<b>Directors'</b>
				<b>Value</b>	<b>Valuation</b>	<b>Value</b>	<b>Valuation</b>
				<b>2012</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>
				<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
6.1 Non-Quoted - Company	% of Holding	2012	2011				
<b>Investments with Other Parties:</b>							
Southern Salt Co (Pvt) Ltd	100%	100%		61,823,540	61,823,540	61,823,540	61,823,540
<b>Total Investments in Non-Quoted Equity Securities</b>				61,823,540	61,823,540	61,823,540	61,823,540
Total Gross Carrying Value of Investments in Equity Securities				61,823,540		61,823,540	
Provision for Decline in Value Other than Temporary				-		-	
<b>Total Net Carrying Value of Investments</b>				61,823,540		61,823,540	
<b>7. INVESTMENTS IN FIXED DEPOSITS</b>							
				Group		Company	
				2012	2011	2012	2011
				Rs.	Rs.	Rs.	Rs.
Balance as at the Beginning of the Year				150,000,000	-	150,000,000	-
Additions during the Year				53,104,563	150,000,000	53,104,563	150,000,000
Withdrawal During the Year				(150,000,000)	-	(150,000,000)	-
Balance as at the End of the Year				53,104,563	150,000,000	53,104,563	150,000,000
<b>8. DEFERRED TAX ASSET</b>							
				Group		Company	
				2012	2011	2012	2011
				Rs.	Rs.	Rs.	Rs.
At the beginning of the year				202,057	-	202,057	-
Charge / Release for the year				869,764	202,057	869,764	202,057
At the end of the year				1,071,821	202,057	1,071,821	202,057
<b>9. INVENTORIES</b>							
				Group		Company	
				2012	2011	2012	2011
				Rs.	Rs.	Rs.	Rs.
Raw Materials				18,927,768	13,104,929	18,169,018	11,722,727
Finished Goods				5,761,632	7,199,785	4,425,022	7,199,785
Packing Materials				8,401,913	7,006,368	8,401,913	7,006,368
Other Chemical Stocks				1,317,556	939,500	1,317,556	939,500
Engineering Stocks				1,300,433	940,753	1,300,433	940,754
				35,709,302	29,191,336	33,613,942	27,809,135
<b>10. TRADE AND OTHER RECEIVABLES</b>							
				Group		Company	
				2012	2011	2012	2011
				Rs.	Rs.	Rs.	Rs.
Trade Debtors - Others				64,907,293	56,061,232	64,907,293	56,061,232
Less : Provision for Doubtful Debts				(2,300,039)	(1,139,843)	(2,300,039)	(1,139,843)
				62,607,254	54,921,389	62,607,254	54,921,389
Other Debtors-Related Parties (10.1)				80,048,725	96,186,331	105,131,861	98,275,295
Advances, Prepayments and Deposits				11,910,798	25,308,575	10,631,411	16,647,962
				154,566,777	176,416,295	178,370,526	169,844,646

Raigam Wayamba Salterns PLC & Subsidiary Company

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

10. TRADE AND OTHER RECEIVABLES (Contd.)

10.1 Other Receivables From Related Parties

	Relationship	Group		Company	
		2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Raigam Marketing Services (Pvt) Ltd	Parent Company	49,296,754	65,434,360	49,296,754	65,434,360
Dream Life Science (Pvt) Ltd	Other Related Party	19,218,936	19,218,936	19,218,936	19,218,936
Raigam Herbal Remedies (Pvt) Ltd	Other Related Party	8,556,500	8,556,500	8,556,500	8,556,500
Raigam Eastern Salt Company (Pvt) Ltd	Other Related Party	1,165,890	1,165,890	1,165,890	1,165,890
Southern Salt Company (Pvt) Ltd	Subsidiary Company	-	-	25,083,136	2,088,964
Raigam Distributors (Pvt) Ltd	Other Related Party	1,810,645	1,810,645	1,810,645	1,810,645
		<u>80,048,725</u>	<u>96,186,331</u>	<u>105,131,861</u>	<u>98,275,295</u>

11. STATED CAPITAL

Fully Paid Ordinary Shares	2012		2011	
	Number	Rs.	Number	Rs.
Balance as at the Beginning of the Period	282,207,320	604,414,640	282,207,320	604,414,640
Balance as at the End of the Year	<u>282,207,320</u>	<u>604,414,640</u>	<u>282,207,320</u>	<u>604,414,640</u>

12. INTEREST BEARING LOANS AND BORROWINGS - GROUP

	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2012 Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2011 Total Rs.
Bank Loans (12.1)	1,230,769	-	1,230,769	4,000,000	983,586	4,983,586
Finance Leases (12.2)	3,573,800	2,226,276	5,800,076	3,709,625	5,800,072	9,509,697
Bank Overdrafts (21.2)	48,557,837	-	48,557,837	108,211,395	-	108,211,395
	<u>53,362,406</u>	<u>2,226,276</u>	<u>55,588,682</u>	<u>115,921,020</u>	<u>6,783,658</u>	<u>122,704,678</u>

12.1 Bank Loans

	As at 01.04.2011 Rs.	Loans Obtained Rs.	Repayments Rs.	As at 31.03.2012 Rs.
People's Bank	4,983,586	-	(3,752,817)	1,230,769
	<u>4,983,586</u>	<u>-</u>	<u>(3,752,817)</u>	<u>1,230,769</u>

12.2 Finance Leases

	As at 01.04.2011 Rs.	New Leases Obtained Rs.	Repayments Rs.	As at 31.03.2012 Rs.
Sampath Bank PLC	11,060,120	-	(4,803,831)	6,256,289
	<u>11,060,120</u>	<u>-</u>	<u>(4,803,831)</u>	<u>6,256,289</u>
Gross Liability	11,060,120			6,256,289
Finance Charges Allocated to Future Periods	(1,550,423)			(456,213)
Net Liability	<u>9,509,697</u>			<u>5,800,076</u>

Raigam Wayamba Salterns PLC & Subsidiary Company

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

12. INTEREST BEARING LOANS AND BORROWINGS - COMPANY

12.3 Interest Bearing Loans and Borrowings - Company

	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2012 Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	2011 Total Rs.
Bank Loans (12.4)	1,230,769	-	1,230,769	4,000,000	983,586	4,983,586
Finance Leases (12.5)	3,573,800	2,226,276	5,800,076	3,709,625	5,800,072	9,509,697
Bank Overdrafts (21.2)	48,332,261	-	48,332,261	106,853,143	-	106,853,143
	<u>53,136,830</u>	<u>2,226,276</u>	<u>55,363,106</u>	<u>114,562,768</u>	<u>6,783,658</u>	<u>121,346,426</u>

12.4 Bank Loans

	As at 01.04.2011 Rs.	Loans Obtained Rs.	Repayments Rs.	As at 31.03.2012 Rs.
People's Bank	4,983,586	-	(3,752,817)	1,230,769
	<u>4,983,586</u>	<u>-</u>	<u>(3,752,817)</u>	<u>1,230,769</u>

12.5 Finance Leases

	As at 01.04.2011 Rs.	New Leases Obtained Rs.	Repayments Rs.	As at 31.03.2012 Rs.
Sampath Bank PLC	11,060,120	-	(4,803,831)	6,256,289
	<u>11,060,120</u>	<u>-</u>	<u>(4,803,831)</u>	<u>6,256,289</u>
Gross Liability	11,060,120			6,256,289
Finance Charges allocated to Future Periods	(1,550,423)			(456,213)
Net Liability	<u>9,509,697</u>			<u>5,800,076</u>

13. RETIREMENT BENEFIT LIABILITY

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>13.1 Expense on Defined Benefit Plan - Gratuity</b>				
Current Service Cost	924,564	601,891	924,564	601,891
Interest Cost on Benefit Obligation	131,167	-	131,167	-
Net Actuarial (Gain)/Loss on Obligation	(182,553)	(222,091)	(182,553)	(222,091)
	<u>873,178</u>	<u>379,800</u>	<u>873,178</u>	<u>379,800</u>
<b>13.2 Defined Benefit Obligation - Gratuity</b>				
Balance as at the Beginning of the Year	1,192,424	892,624	1,192,424	892,624
Current Service Cost	924,564	601,891	924,564	601,891
Interest Cost on Benefit Obligation	131,167	-	131,167	-
Net Actuarial (Gain)/Loss on Obligation	(182,553)	(222,091)	(182,553)	(222,091)
Benefit Paid	(42,313)	(80,000)	(42,313)	(80,000)
Balance as at the end of the Year	<u>2,023,289</u>	<u>1,192,424</u>	<u>2,023,289</u>	<u>1,192,424</u>

13.3 Principal Assumptions in Applying Gratuity Formula

	2012	2011
Staff Turnover Ratio	5%	5%
Salary Increase Rate	10%	10%
Discount Rate	11%	11%
Retirement Age	55 Years	55 Years

## 14. INCOME TAX

The major components of income tax expense for the years ended 31 March are as follows :

Income Statement	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<b>Current Income Tax</b>				
Current Income Tax Charge (14.1)	1,856,809	6,498,359	1,856,809	6,498,359
<b>Deferred Income Tax</b>				
Deferred Taxation Charge/(Reversal) (14.2)	(869,764)	(202,057)	(869,764)	(202,057)
<b>Income tax (Income) / expense reported in the Income Statement</b>	<u>987,045</u>	<u>6,296,302</u>	<u>987,045</u>	<u>6,296,302</u>

14.1 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Accounting Profit Before Tax	29,192,697	64,161,794	33,442,894	71,323,104
Aggregate Allowed Items	(29,192,697)	(64,161,794)	(33,442,894)	(71,323,104)
	-	-	-	-
Other Income	6,631,460	20,928,425	6,631,460	20,928,425
Tax loss brought forward & Utilised	-	(2,636,071)	-	(2,636,071)
Taxable Profit	<u>6,631,460</u>	<u>18,292,354</u>	<u>6,631,460</u>	<u>18,292,354</u>
Current Income Tax Expense at 28%	1,856,809	6,402,324	1,856,809	6,402,324
Social Responsibility Levy	-	96,035	-	96,035
Current Income Tax Expense	<u>1,856,809</u>	<u>6,498,359</u>	<u>1,856,809</u>	<u>6,498,359</u>

There is no income tax expense on profit of trade and business. (Refer Note No. 2.3.2)

14.2 Deferred Tax Assets, Liabilities and Income Tax relates to the followings; Group

	Balance Sheet 2012 Rs.	Income Statement 2012 Rs.	Balance Sheet 2011 Rs.	Income Statement 2011 Rs.
	Deferred Tax Liability			
Capital Allowances for Tax Purposes	(869,492)	(786,677)	(82,815)	(82,815)
	<u>(869,492)</u>	<u>(786,677)</u>	<u>(82,815)</u>	<u>(82,815)</u>
Deferred Tax Assets				
Defined Benefit Plans	(202,329)	(83,087)	(119,242)	(119,242)
	<u>(202,329)</u>	<u>(83,087)</u>	<u>(119,242)</u>	<u>(119,242)</u>
Deferred Income Tax Income / (Expense)		<u>(869,764)</u>		<u>(202,057)</u>
Net Deferred Tax Asset	<u>(1,071,821)</u>		<u>(202,057)</u>	

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

## 14. INCOME TAX (Contd.)

## 14.3 Deferred Tax Assets, Liabilities and Income Tax relates to the followings; Company

	Balance Sheet 2012 Rs.	Income Statement 2012 Rs.	Balance Sheet 2011 Rs.	Income Statement 2011 Rs.
Deferred Tax Liability				
Capital Allowances for Tax Purposes	(869,492)	(786,677)	(82,815)	(82,815)
	<u>(869,492)</u>	<u>(786,677)</u>	<u>(82,815)</u>	<u>(82,815)</u>
Deferred Tax Assets				
Defined Benefit Plans	(202,329)	(83,087)	(119,242)	(119,242)
	<u>(202,329)</u>	<u>(83,087)</u>	<u>(119,242)</u>	<u>(119,242)</u>
Deferred Income Tax Income / (Expense)		<u>(869,764)</u>		<u>(202,057)</u>
Net Deferred Tax Asset	<u>(1,071,821)</u>		<u>(202,057)</u>	

## 15. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Trade Payables - Others	3,660,231	2,165,510	3,660,231	2,165,510
- Related Parties (15.1)	2,819,504	263,597	10,220,954	263,597
Other Payables - Related Parties (15.2)	793,000	793,000	43,000	43,000
Sundry Creditors Including Accrued Expenses	17,153,996	15,020,158	15,839,938	13,808,883
Excess Funds Refundable against IPO Proceeds	318,000	318,000	318,000	318,000
	<u>24,744,731</u>	<u>18,560,265</u>	<u>30,082,123</u>	<u>16,598,990</u>

## 15.1 Trade Payables to the Related Parties

	Relationship	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Puttalam Salt Ltd	Other Related Party	263,596	263,597	263,596	263,597
Sun Salt (Pvt) Ltd	Other Related Party	2,555,908	-	2,555,908	-
Southern Salt Company (Pvt) Ltd	Subsidiary	-	-	7,401,450	-
		<u>2,819,504</u>	<u>263,597</u>	<u>10,220,954</u>	<u>263,597</u>

## 15.2 Other Payables to the Related Parties

	Relationship	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Raigam Marketing Services (Pvt) Ltd	Parent Company	750,000	750,000	-	-
Raigam Creations (Pvt) Ltd	Other Related Party	43,000	43,000	43,000	43,000
		<u>793,000</u>	<u>793,000</u>	<u>43,000</u>	<u>43,000</u>

## 16. OTHER INCOME

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Interest Income	6,631,460	20,928,425	6,631,460	20,928,425
	<u>6,631,460</u>	<u>20,928,425</u>	<u>6,631,460</u>	<u>20,928,425</u>

## 17. FINANCE COST

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Interest Charges	3,984,503	7,435,596	3,939,788	7,390,147
Lease Interest Charges	1,094,209	1,783,700	1,094,209	1,783,700
	<u>5,078,712</u>	<u>9,219,296</u>	<u>5,033,997</u>	<u>9,173,847</u>

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

18. PROFIT FROM CONTINUING OPERATIONS	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
<i>Included in Cost of Sales</i>				
Depreciation	15,496,692	13,297,844	14,912,786	12,907,914
Staff Costs includes	40,487,068	40,117,153	40,487,068	40,117,153
- Defined Benefit Plan Costs - Gratuity (included in staff cost)	547,876	531,045	547,876	531,045
- Defined Contribution Plan Costs - EPF & ETF (included in staff cost)	2,615,604	2,471,044	2,615,604	2,471,044
<i>Included in Administrative Expenses</i>				
Depreciation	3,709,220	2,694,687	3,616,432	2,694,687
Staff Costs includes	30,499,338	24,276,041	24,483,167	19,335,803
- Defined Benefit Plan Costs - Gratuity (included in staff cost)	239,696	391,495	239,696	391,495
- Defined Contribution Plan Costs - EPF & ETF (included in staff cost)	2,615,727	1,503,551	1,831,009	1,503,551
IPO Expenses	-	2,098,011	-	2,098,011
Audit Fee & Expenses	273,850	241,450	180,400	160,000
Loss on Lease Back of Plant	350,012	103,028	350,012	103,028

## 19. EARNINGS PER SHARE

19.1 Basic Earnings Per Share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events, if any, that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

19.2 The following reflects the income and share data used in the Basic Earnings Per Share computation

Amount Used as the Numerator:	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	28,205,652	57,865,492	32,455,849	65,026,802
<b>Number of Ordinary Shares Used as Denominator:</b>				
Weighted Average number of Ordinary Shares in Issue Applicable to Basic Earning Per Share	2012 Number	2011 Number	2012 Number	2011 Number
	282,207,320	282,207,320	282,207,320	282,207,320

## 20. DIVIDENDS PAID

Final Dividend for 2010/2011 - (Rs.0.12 per share)	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
	33,864,878	-	33,864,878	-
	33,864,878	-	33,864,878	-

## 21. CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT

21.1 Favourable Cash & Cash Equivalent Balances	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Cash & Bank Balances	891,102	5,741,719	822,461	5,673,078
21.2 Unfavourable Cash & Cash Equivalent Balances				
Bank Overdrafts (Note 12)	(48,557,837)	(108,211,395)	(48,332,261)	(106,853,143)
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statement	(47,666,735)	(102,469,676)	(47,509,800)	(101,180,065)

**22. COMMITMENTS AND CONTINGENCIES****22.1 Capital Expenditure Commitments**

Commitments for acquisition of Salterns and Development of Salterns as at the Balance Sheet date is as follows:

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Authorised by the Board, but not Contracted for	20,000,000	50,000,000	20,000,000	50,000,000
	<u>20,000,000</u>	<u>50,000,000</u>	<u>20,000,000</u>	<u>50,000,000</u>

**22.2 Contingencies**

The Group does not have significant contingencies as at the Balance Sheet date.

**23. ASSETS PLEDGED**

The following assets have been pledged as security for liabilities.

Nature of the assets Pledged	Facility Obtained	Carrying Value of the Assets		Included Under
		Pledged 2012	Pledged 2011	
Land at Palavi	Loans and Overdraft Facility	223 Mn	187 Mn	Property, Plant and equipment
Building at Palavi	Loans and Overdraft Facility	60 Mn	34 Mn	
Machinery at Palavi	Overdraft Facility	92 Mn	35 Mn	
Fixed Deposits	Overdraft Facility	45 Mn	150 Mn	
				Investments

**24. RELATED PARTY DISCLOSURES**

Details of significant related party disclosures are as follows:

**24.1 Transaction with the parent**

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Balance as at 1 April	65,434,360	54,855,100	65,434,360	54,855,100
Fund Transfers	(16,137,606)	(12,610,095)	(16,137,606)	(12,610,095)
Loan Repayment	-	23,189,355	-	23,189,355
Balance as at 31 March	<u>49,296,754</u>	<u>65,434,360</u>	<u>49,296,754</u>	<u>65,434,360</u>

**24.2 Transaction with the Subsidiary and Other Related Entities**

	Group		Company	
	2012 Rs.	2011 Rs.	2012 Rs.	2011 Rs.
Balance as at 1 April	30,445,374	28,351,807	32,534,338	46,314,418
Fund Transfers	-	500,356	22,994,171	34,626,709
Purchase of goods and Services	(45,532,389)	(71,639,697)	(52,933,839)	(71,639,697)
Settlement for purchase of goods and services	42,976,484	73,232,908	42,976,484	73,232,908
Issue of Shares	-	-	-	(50,000,000)
Balance as at 31 March	<u>27,889,469</u>	<u>30,445,374</u>	<u>45,571,154</u>	<u>32,534,338</u>

The above transactions are included in current liabilities as balance due to related parties and non interest bearing borrowings and in current assets as balance due from related parties.

The above other related companies include following companies.

- Southern Salt Company (Pvt) Ltd
- Raigam Creations (Pvt) Ltd
- Dream Life Science (Pvt) Ltd
- Raigam Herbal Remedies (Pvt) Ltd
- Raigam Eastern Salt Company (Pvt) Ltd
- Puttalam Salt Ltd
- Sun Salt (Pvt) Ltd
- Raigam Distributors (Pvt) Ltd

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

**24. RELATED PARTY DISCLOSURES (Contd.)**

**24.3 Transactions with entities that are controlled or significantly influenced by Key Management Personnel or their Close Members of Family**

- a) Joint and Several Guarantee for Rs.9,499,452/- has been executed by Mr.G.V.P.G.Amarasinghe and Dr. R.Liyanage as at the Balance Sheet date, in respect of lease agreement no 012/L/2009/SBL/PET.
- b) Joint and Several Guarantee for Rs.8,312,020/- has been executed by Mr.N.BW.C.Pashantha and Dr. R.Liyanage as at the Balance Sheet date, in respect of lease agreement no 011/L/2009/SBL/PET.
- c) Joint and Several Guarantee for Rs. 4,761,340/- has been executed by Dr.R.Liyanage, Mr. K.R. Theodore, Mr. G.V.P.G. Amarasinghe, Mrs. G.P. Madumage, Mrs. M.U.N.Perera, Mrs. R.A.S.M. Darmajeewa as at the Balance Sheet date, in respect of lease agreement numbers 020, 021 and 022/L/2007/SBL/PET.
- d) Joint and Several Guarantee has been executed by Mr.K.R.Theodore and G.V.P.G.Amarasinghe as at the Balance Sheet date, in respect of bank loan of 20 Mn.

**24.4 Key Management Personnel Compensations.**

	<b>2012</b>	<b>2011</b>
	<b>Rs.</b>	<b>Rs.</b>
Short Term Employee Benefits	<u>2,275,000</u>	<u>2,100,000</u>

**25. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

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

# INVESTOR INFORMATION

## STOCK EXCHANGE

The issued Ordinary shares of Raigam Wayamba Salterns PLC are listed with the Colombo Stock Exchange of Sri Lanka, since 29 April 2010. The Audited Financial Statements of the company for the year ended 31 March 2012 have been submitted to the Colombo Stock Exchange.

## COMPOSITION OF SHARE HOLDINGS

The details of shareholders as at 31 March 2012 are as follows;

	31.03.2012		31.03.2011	
	No. of Shares	%	No. of Shares	%
<u>Major share holding</u>				
Raigam Marketing Services (Pvt) Ltd	101,103,660	35.83%	101,103,660	35.83%
Raigam Distributors (Pvt) Ltd	101,103,660	35.83%	101,103,660	35.83%
Employees Provident Fund	28,157,800	9.98%	29,864,300	10.58%
<u>Directors' share holding</u>				
G. V. P. G. Amarasinghe	250,000	0.08%	658,100	0.23%
<u>Public share holding</u>				
3,863 numbers of shareholders	79,750,000	28.26%	49,477,600	17.53%

## STATED CAPITAL

Stated Capital as at 31 March 2012 is represented by shares in issue as given below;

	31.03.2012	31.03.2011
Ordinary Shares (Numbers)	282,207,320	282,207,320

## MARKET VALUE PER SHARE

		2011/12	2010/11
Highest	Rs.	5.40	5.10
Lowest	Rs.	2.90	3.70
As at the year end	Rs.	3.10	4.50

## TRADING ACTIVITIES

		2011/12	2010/11
No. of Transactions	No. of times	10,986	9,026
No. of Shares Traded	Nos.	87,667,031	75,816,600
Value of Shares Traded	Rs.	398,104,294	331,735,810

## INVESTOR RATIOS

		2011/12	2010/11
Earnings per Share	Rs.	0.10	0.21
Dividend per Share	Rs.	-	0.12
Price Earning Ratio	No. of Times	31.02	21.43
Earnings Yield	%	3.22	4.67
Net Assets per Share	Rs.	2.59	2.34
Debt Equity Ratio	%	11.77	22
Interest Cover	No. of Times	6.55	7.96

## EXCHANGE RATES US\$

	2011/12	2010/11
At the year end	129.57	111.33

## VALUE ADDED STATEMENT

YEAR ENDED 31 MARCH 2012

	2012		2011	
	%	Rs	%	Rs
<b>VALUE ADDITION</b>				
Gross Turnover		265,770,127		297,411,339
Cost of Materials & Services Purchased		(96,432,308)		(141,843,639)
Other Income		6,631,460		20,928,425
Total Value Addition		<u>175,969,279</u>		<u>176,496,125</u>
<b>DISTRIBUTION OF VALUE ADDITION</b>				
To Employees (as Remuneration)	43%	76,491,297	37%	66,102,702
To Government	12%	21,990,688	15%	25,665,998
To Providers of Capital	3%	5,078,712	7%	11,608,197
Retained in the Business	41%	72,408,582	41%	73,119,228
	100%	<u>175,969,279</u>	100%	<u>176,496,125</u>
Value Added per Employee		833,978		865,177
Value Added as a % of Turnover		66%		59%

## COMPOSITION OF SHAREHOLDERS

	31 March 2012			31 March 2011		
	No of Shareholders	% of Holding	No of Shares	No of Shareholders	% of Holding	No of Shares
<b>DISTRIBUTION OF SHAREHOLDING</b>						
Less than or equal to 1000	1,261	0.27 %	775,977	1,221	0.28 %	795,540
1,001 - 10,000	2,167	3.49 %	9,854,060	2,442	4.00 %	11,286,360
10,001 - 100,000	376	4.28 %	12,076,501	415	4.88 %	13,767,300
100,001 - 1,000,000	51	4.73 %	13,347,462	70	6.47 %	18,248,200
Over 1,000,001	12	87.23 %	246,253,320	7	84.37 %	238,109,920
Grand Total	<u>3,867</u>	<u>100.00 %</u>	<u>282,207,320</u>	<u>4,155</u>	<u>100.00 %</u>	<u>282,207,320</u>
<b>RESIDENT &amp; NON - RESIDENT</b>						
Resident	3,720	98.16 %	277,006,320	4,133	98.85 %	278,960,520
Non - Resident	147	1.84 %	5,201,000	22	1.15 %	3,246,800
Total Shareholding	<u>3,867</u>	<u>100.00 %</u>	<u>282,207,320</u>	<u>4,155</u>	<u>100%</u>	<u>282,207,320</u>
<b>INDIVIDUALS &amp; INSTITUTIONS</b>						
Individuals	3,765	13.91%	39,260,095	4,048	13.19%	3,722,400
Institutions	102	86.09 %	242,947,225	107	86.81 %	244,984,920
Total Shareholding	<u>3,867</u>	<u>100.00 %</u>	<u>282,207,320</u>	<u>4,155</u>	<u>100.00 %</u>	<u>282,207,320</u>

## TWENTY LARGEST SHAREHOLDERS

Name of Shareholders	As at 31 March 2012		As at 31 March 2011	
	No. of Share held	%	No. of Share held	%
1. Raigam Marketing Services (Pvt) Ltd	101,103,660	35.83 %	101,103,660	35.83 %
2. Raigam Distributors (Pvt) Ltd	101,103,660	35.83 %	101,103,660	35.83 %
3. Employees Provident Fund	28,157,800	9.98 %	29,864,300	10.58 %
4. Mr. T.L.M. Imtiaz	3,886,600	1.38 %	-	-
5. Mr. M.N. Singa Laxana	2,328,000	0.82 %	141,000	0.05 %
6. Sri Lanka Insurance Corporation Ltd - General Fund	1,700,000	0.60 %	-	-
7. Tranz Dominion, LLC	1,550,500	0.55 %	950,000	0.34 %
8. Mr. D. Kim	1,476,000	0.52 %	1,525,700	0.54 %
9. Merchant Bank of Sri Lanka Ltd	1,392,100	0.49 %	-	-
10. Seylan Bank PLC / Mr. Jayantha Dewage	1,277,100	0.45 %	1,277,100	0.45 %
11. Waldock Mackenzie LTD / Mr. Chamila Damion	1,118,100	0.40 %	500,000	0.18 %
12. Venture Partners (Pvt) Ltd	1,059,800	0.38 %	-	-
13. Pan Asia Banking Corporation PLC / Mr. Ravindra Erle	959,800	0.34 %	1,000,000	0.35 %
14. Mr. H.N. De Silva	904,800	0.32 %	-	-
15. Mr. M.M. Udeshi	678,300	0.24 %	678,300	0.24 %
16. Mr. F.G.N. Mendis	612,400	0.22 %	100,000	0.04 %
17. Mr. H.A.S. Madanayake	569,800	0.20 %	49,800	0.02 %
18. Mr. B.L.S. Peiries	500,000	0.18 %	-	-
19. Elgin Investments Limited	500,000	0.18 %	-	-
20. Mr. R.E. Rambukwelle	426,100	0.15 %	476,100	0.17 %
Sub Total	251,304,520	89.06%	238,769,620	84.62%
Balance held by 3,847 shareholders (2011- 4,142)	30,902,800	10.94 %	43,437,700	15.38%
Total No. of shares	<u>282,207,320</u>	<u>100 %</u>	<u>282,207,320</u>	<u>100%</u>

# FIVE YEAR SUMMARY

## YEAR ENDED 31 MARCH

### OPERATING RESULTS

		2012	2011	2010	2009	2008
Turnover	Rs.	265,770,127	297,411,339	259,531,518	382,619,050	157,973,507
Gross Profit	Rs.	106,512,667	136,002,558	115,952,873	203,298,171	45,471,772
Earning Before Interest & Taxation (EBIT)	Rs.	34,271,409	73,381,090	58,720,035	180,689,019	28,860,711
Profit / (Loss) Before Taxation (PBT)	Rs.	29,192,697	64,161,794	51,256,027	172,053,821	12,547,391
Profit / (Loss) After Taxation (PAT)	Rs.	28,205,652	57,865,492	51,256,027	172,053,821	12,547,391
Retained Profit / (Loss)	Rs.	50,806,903	56,466,129	(1,399,363)	183,557,518	11,503,697

### FINANCIAL POSITION

#### CAPITAL EMPLOYED

Stated Capital	Rs.	604,414,640	604,414,640	604,414,640	204,414,629	15,000,020
Reserves	Rs.	126,606,643	56,466,129	(1,399,363)	183,557,518	200,918,306
Total Equity	Rs.	731,021,283	660,880,769	603,015,277	387,972,147	215,918,326
Total Debt	Rs.	86,031,250	145,789,847	1,023,594,704	73,973,666	128,459,570
Total Capital Employed	Rs.	817,052,533	806,670,616	1,626,609,981	461,945,813	344,377,896

#### ASSETS EMPLOYED

Property, Plant & Equipment - Leasehold	Rs.	10,638,000	12,153,167	13,626,167	2,229,500	2,502,500
Property, Plant & Equipment - Outright	Rs.	558,024,178	429,919,252	317,580,083	307,849,529	303,287,692
Other Non Current Assets	Rs.	4,118,611	3,248,847	3,046,790	3,046,790	3,046,790
Total Current Assets	Rs.	244,271,744	361,349,350	1,292,356,941	148,819,998	35,540,914

### KEY FINANCIAL INDICATORS

Equity / Asset Ratio	No. of Times	0.89	0.82	0.37	0.84	0.63
Current Ratio	No. of Times	2.99	2.62	1.28	2.34	0.31
Gearing Ratio	%	11.77	22	169	19	59
Turnover to Capital Employed	No. of Times	0.33	0.37	0.16	0.83	0.46
Earnings Per Share (EPS)	Rs.	0.10	0.21	0.18	8.42	8.36

# GROUP REAL ESTATE PORTFOLIO

YEAR ENDED 31 MARCH 2012

Owning Company	Location	Land			No. of Buildings	Building		
		Freehold Land	Leasehold Land	Extent Acers		Value Rs.	Extent Sq. feet	Value Rs.
Raigam Wayamba Salterns PLC	Kalpitiya Road, Palavi Puttalam	✓		22	11,156,000	5	23,800	56,944,000
	Lot A Periyatheevu Manaikany Puladivayal Palavi Puttalam	✓		17	30,067,000	1	1,840	1,380,000
	Lot B Periyatheevu Vayalkany Puladivayal Palavi Puttalam	✓		78	127,726,000	1	900	1,260,000
	Lot C Periyatheevu Kany Puladivayal Palavi Puttalam	✓		23	21,082,500	-	-	-
							<u>190,031,500</u>	<u>59,584,000</u>
Southern Salt Company (Pvt) Ltd	Kunukallilevaya Kahandamodara Gurupokuna Tangalle		✓	204	47,000,000	1	144	108,440
	Bata-atha Industrial Zone Kahandamodara Gurupokuna Tangalle		✓	8	5,000,000	2	8748	10,421,427
							<u>52,000,000</u>	<u>10,529,867</u>

## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of Raigam Wayamba Salterns PLC will be held at the Auditorium of The Institute of Chartered Accountants of Sri Lanka, No 30A, Malalasekara Mawatha, Colombo 7 on Thursday the 20 September 2012 at 9.00 a.m. for the following purposes:

### AGENDA

1. To receive and consider the Report of the Directors and Audited Financial Statements of the Company and the Group for the financial year ended 31 March 2012, with the Auditors' Report thereon.
2. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors for the ensuing year and to authorize the Directors to determine their remuneration.
3. To authorize the Directors to determine donations for the financial year 2012/2013.

By order of the Board  
Raigam Wayamba Salterns PLC

Business Management Services Limited  
Secretaries

15 August, 2012

Note:

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

A Proxy need not to be a member of the Company.

A Form of Proxy accompanies this Notice.

## FORM OF PROXY

We.....

of.....

being a Member/s of Raigam Wayamba Salterns PLC do hereby appoint one of the following Directors of the Company,

- Dr. Ravindranath Liyanage or failing him
- Mr. G.V.P. Ganaka Amarasinghe or failing him
- Prof. S.P.P. Amaratunga or failing him
- Mr. T. Dharmarajah or failing him
- Mr. W.A. Upali Gunawardena or failing him
- Mr. N.B.W.C Prashantha or failing him
- Mr. S.A. Wickramapala or failing him

Mr./Mrs.....

of.....

as \*my / our Proxy to speak and / to vote for \*me / us on \*my / our behalf at the Seventh Annual General Meeting of Raigam Wayamba Salterns PLC to be held at the Auditorium of The Institute of Chartered Accountants of Sri Lanka, No 30A, Malalasekara Mawatha, Colombo 7 on Thursday the 20 September 2012 at 9.00 a.m and at any adjournment thereof.

	For	Against
1. To receive and consider the Report of the Directors and audited Financial Statement of the Company and the Group for the financial year ended 31 March 2012, with the Auditors' Report thereon.	<input type="text"/>	<input type="text"/>
2. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors for the ensuing year and to authorize the Directors to determine their remuneration.	<input type="text"/>	<input type="text"/>
3. To authorize the Directors to determine donations for the financial year 2012 / 13.	<input type="text"/>	<input type="text"/>

\* The Proxy may vote as he / she thinks fit on any other resolution brought before this meeting

.....  
Signature/s

.....  
Date

Note:

1. Please delete the inappropriate words.
2. Instructions as to completion are noted on the next page.

## Form of Proxy (Cond..)

### Instructions as to completion of Form of Proxy

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and by signing in the space provided. Please fill in the date of signature
2. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of him/her.
3. In the case of Corporate Members, the Form of Proxy must be completed under the Common Seal, which should be affixed and attested in the manner prescribed by the Articles of Associations / Statutes.
4. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy.
5. The completed Form of Proxy should be deposited at the company's secretaries, No. 94, York Street, Colombo 01 not less than Forty Eight (48) hours before the time fixed for the meeting.



