

# ANNUAL REPORT 2006 - 2007



**BIO TEC  
SALES CENTRE  
HEALTH CENTRE**

## 15<sup>TH</sup> ANNIVERSARY

17<sup>th</sup> Aug 1993 - 16<sup>th</sup> Aug 2008



**SECOND PRIZE ALL CEYLON  
PRESIDENTIAL EXHIBITION BMICH COLOMBO**

**30<sup>TH</sup> NOVEMBER 2006**

Digitized by Noolaham Foundation.  
noolaham.org | aavanaham.org



# **BIO TEC GLOMERATE**

**ANNUAL REPORT  
FOR  
01.04.2006 TO 31.03.2007**

**13<sup>TH</sup> ANNUAL GENERAL MEETING  
OF  
BIO TEC INTERNATIONAL LTD  
AND  
2<sup>ND</sup> ANNUAL GENERAL MEETING  
OF  
BIO TEC ORIENT (PVT) LTD  
ON  
SUNDAY 22<sup>ND</sup> JULY 2007 AT 10.00 AM  
AT**

**BIO TEC  
131/2, PALALY ROAD,  
THIRUNELVELY  
JAFFNA SRILANKA.**

T.P: Office - 0094 214590907  
Residence - 0094 214590912, 0094 112852269  
E.mail - Kanbalasub @ yahoo.com  
web - www.bioteclanka.com

**SALES CENTRE**

**HEALTH CENTRE**

**18th JUNE 2007**

**118/2 PALALY ROAD  
THIRUNELVELY  
JAFFNA.**

# 15<sup>TH</sup> ANNIVERSARY

## LANDMARKS OF BIO TEC

17<sup>th</sup> Aug 1993 - 17<sup>th</sup> Aug 2008

- 17<sup>TH</sup> AUG 1993 - BIO TEC PARTNERSHIP COMPANY
- 14<sup>TH</sup> MAY 1994 - BIO TEC INTERNATIONAL (PVT) LTD  
A PRIVATE LIMITED LIABILITY COMPANY
- JUNE 2000 - ENTREPRENEUR OF THE YEAR 2000  
MERIT AWARD - NATIONAL  
BRONZE AWARD PROVINCIAL
- 14<sup>TH</sup> JUNE 2002 - PURCHASE OF LAND AND BUILDING  
131/2 PALALY ROAD, THIRUNELVELY, JAFFNA
- 20<sup>TH</sup> JUNE 2003 - BIO TEC INTERNATIONAL LTD  
PUBLIC LIMITED LIABILITY COMPANY
- 29<sup>TH</sup> APRIL 2004 - GRAND OPENING OF BIO TEC INTERNATIONAL LTD  
BY:-  
PROF MARLIN AKERBLOM  
PROF RUNE LIMINGA DIRECTORS  
INTERNATIONAL PROGRAMME IN CHEMICAL  
SCIENCES UPPSALA UNIVERSITY, SWEDEN  
PROF.KANDIAH. BALASUBRAMANIAM  
CHAIRMAN, BIO TEC
- 13<sup>TH</sup> JAN 2005 - BIO TEC ORIENT (PVT) LTD
- 28<sup>TH</sup> APRIL 2005 - BOI COMPANY (BOARD OF INVESTMENT SRI LANKA)
- DEC 2006 - PRESIDENTIAL EXHIBITION- BMICH
- 18<sup>TH</sup> JUNE 2007 - SALES CENTRE OF BIO TEC INTERNATIONAL LTD.

# CONTENTS

	Page
01. Financial Highlights (Glomerate)	
1.1 Ratios	1
1.2 Balance Sheet of Bio Tec Glomerate	2-3
02. Knowledge based development	4
03. Facts about Bio Tec	
3.1 Investor information	5-6
3.2 Assets information	7
3.3 Turnover Analysis	8-11
3.4 Production Analysis	12
3.5 Human Resources	13-14
3.6 Growth indices of Bio Tec Glomerate	15
04. Board of Directors	16-17
05. Chairmans Review	18-19
06. Directors Report	20-24
07. Financial Controller	25
08. Bio Tec Products	26
09. Proxy form	27
10. Lunch	28
11. Notice Convening the meeting of Bio Tec international Ltd.	29
11.1 Directors report	30
11.2 Auditors report	31
11.3 Accounts of Bio Tec International Ltd	32-48
12. Notice Convening the meeting of Bio Tec Orient (Pvt) Ltd	49
12.1 Directors report	50-51
12.2 Auditors report	52
12.3 Accounts of Bio Tec Orient (Pvt) Ltd.	53-64

# 1. Financial High Lights 2006 - 2007

## 1.1 RATIOS

### BIO TEC GLOMERATE

1. Turnover growth ratio for Glomerate

$$\text{Soft drink} \frac{365,687.00}{309,107.00} \times 100 = 118.30\%$$

$$\text{Sirukurincha} \frac{213,074.00}{454,711.00} \times 100 = 46.86\%$$

### BIO TEC ORIENT

2. Share holder investment growth ratio

$$\frac{500,000.00}{12,663,200.00} \times 100 = 3.94\%$$

3. Total assets growth ratio

$$\frac{642,025.85}{18,691,414.76} \times 100 = 3.43\%$$

4. Fixed assets ratio to total assets

$$\frac{15,359,974.22}{18,448,930.61} \times 100 = 83.26\%$$

5. Current assets ratio to total assets

$$\frac{3,088,956.39}{18,448,930.61} \times 100 = 16.74\%$$

6. Gross profit on turnover percent

$$\frac{376,963.00}{674,794.00} \times 100 = 56\%$$

### BIO TEC INTERNATIONAL LTD

7. Fixed assets ratio to total assets

$$\frac{13,193,417.07}{21,849,208.04} \times 100 = 60.38\%$$

6. Current assets ratio to total assets

$$\frac{8,655,790.97}{21,849,208.04} \times 100 = 39.62\%$$

## 1.2 BALANCE SHEET OF BIO TEC GLOMERATE AS AT 31<sup>ST</sup> MARCH 2007.

ASSETS	International	Orient	Total
Land	2,817,916.00	4,500,000.00	7,317,916.00
Buildings	9,207,400.00	1,900,000.00	11,107,400.00
Building improvement	1,119,246.57	1,908,002.50	3,027,249.07
Tools	48,854.50	31,717.00	80,571.50
Machinery & Equipment	-	6,156,801.20	6,156,801.20
Container and bottles	-	820,373.02	820,373.02
Pipe line work	-	38,080.50	38,080.50
Name board	-	5,000.00	5,000.00
<b>CURRENT ASSETS</b>			
Investment on Bio Tec orient	6,500,000.00	-	6,500,000.00
Research & development	9,58,861.59	-	958,861.59
Inventories	593,546.11	336,406.64	929,952.75
Trade & other receivable	-	1,302,424.00	1,302,424.00
Investment	448,029.20	500,000.00	948,029.20
Other current assets	49,800.00	-	49,800.00
Cash & other equivalent	55,554.07	5,976.15	61,530.22
Sales centre advance	50,000.00	-	50,000.00
Formation expenses	-	675,854.33	675,854.33
Bank Balance	-	180,487.27	180,487.27
Debtors	-	87,808.00	87,808.00
	<u>21,849,208.04</u>	<u>18,448,930.61</u>	<u>40,298,138.65</u>



## BALANCE SHEET OF BIO TEC GLOMERATE AS AT 31ST MARCH 2007 (LIABILITIES)

	International	Orient	Total
<b>Equity and liabilities</b>			
<b>Share capital and reserve</b>			
Authorized share capital			
50,000,000 Ordinary share			
Rs 10 each	<u>500,000,000.00</u>	<u>500,000,000.00</u>	
Issued and fully paid up share			
Capital	3,126,890.00	13,163,200.00	16,290,090.00
Bonus	4,706,250.00		4,706,250.00
Mortgage loan and long term			
loan	-	4,302,400.00	4,302,400.00
Grant from Uppsala	1,398,850.00	-	1,398,850.00
Rehabilitation aid from RRAN	850,000.00	-	850,000.00
<b>Reserve</b>			
Capital gain	5,206,318.81	-	5,206,318.81
Revaluation reserve (Land&Bu)	6,770,830.00	-	6,770,830.00
Profit & loss account	(3,817,871.77)	(846,244.89)	(4,664,116.66)
Bio Tec international reserch			
Trust fund	151,836.00	-	151836.00
Non current liabilities	1,624,500.00	-	1,624,500.00
Current liabilities	1,831,605.00	-	1,831,605.00
Mortgage loan interest payable	-	405,272.50	405,272.50
Payables Vat	-	681,890.00	681,890.00
Tax	-	607,643.00	607,643.00
Prof.K.Balasubiramaniam	-	38,921.00	38,921.00
Bottle and case deposit refundable	-	60,232.00	60,232.00
Accrued expenses	-	11,950.00	11,950.00
EPF Payable	-	20,580.00	20,580.00
ETF Payable	-	3087.00	3087.00
	<u>21,849,208.04</u>	<u>18,448,930.61</u>	<u>40,298,138.65</u>

## 2. KNOWLEDGE BASED DEVELOPMENT

### Business Review

1994 - 1995	Technology development	Note I	277150.00
1995 - 1996	Technology development	Note II	195540.00
1995 - 1996	Research and development	Note III	182885.54
2005 - 2006	Research and development	Note Iv	606694.59
2006 - 2007	Research and development	Note v	352167.00
		Note vi	<u>1,614,437.13</u>

1. Ratio of current year (2006 - 2007) to total expenditure on research and Technology development.

$$\frac{352167.00 \text{ (Note v)}}{990194.15} \times 100 = 35.56\%$$

2. Index of total expenditure on research and technology development to total expenditure for the year.

$$\frac{1614437.13 \text{ (Note vi)}}{990194.15} \times 100 = 163\%$$

3. Cumulative expenditure on research and development to total share, assets

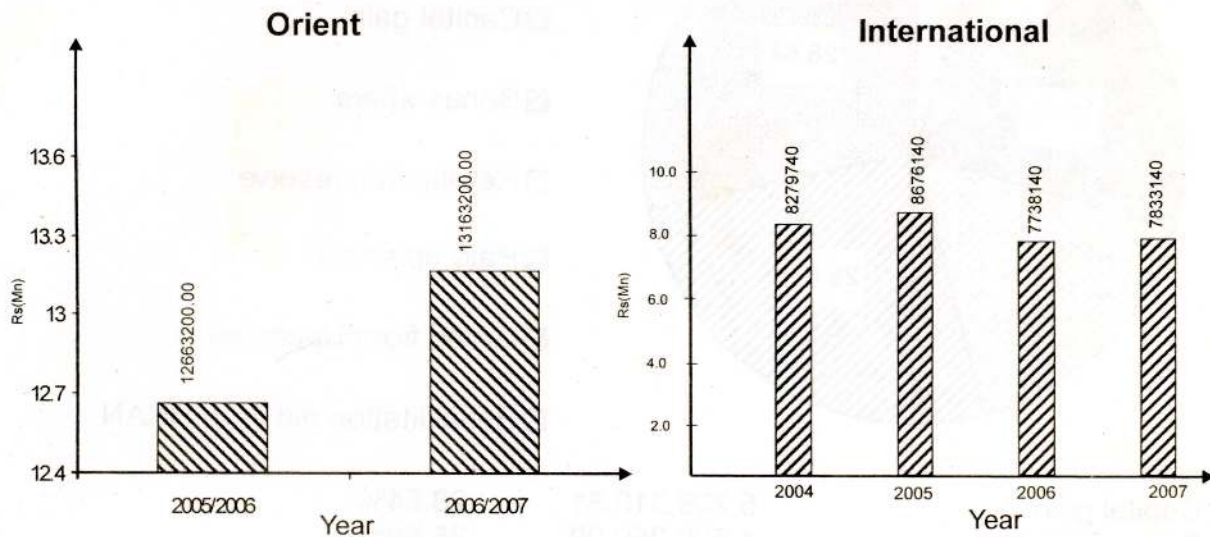
Total share ratio  $\frac{1,614,437.13 \text{ (Note vi)}}{7,833,140.00} \times 100 = 20.61\%$

Total assets ratio  $\frac{1,614,437.13 \text{ (Note vi)}}{21,8492,08.04} \times 100 = 7.39\%$

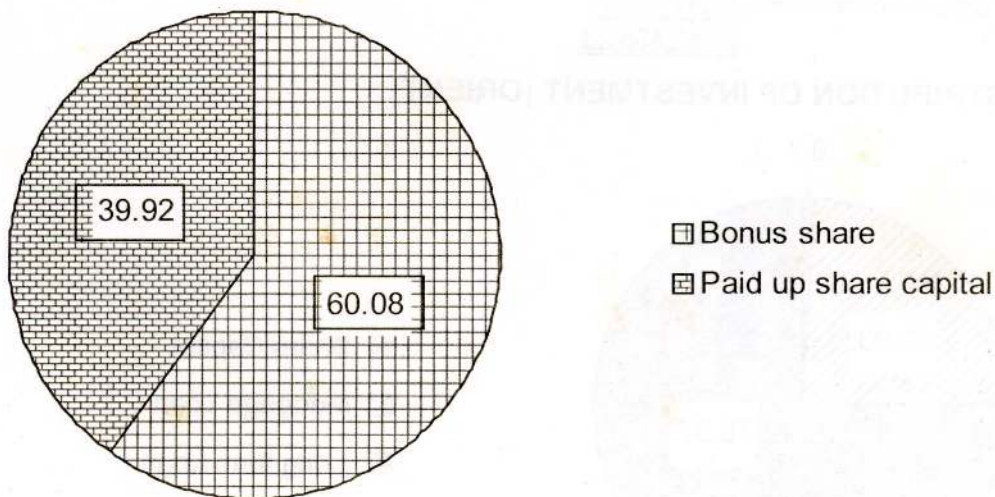
### 3. FACTS ABOUT BIO TEC

#### 3.1 INVESTOR INFORMATION

##### 3.1.1. SHARE HOLDER FUNDS (GROWTH IN SHARE HOLDERS FUNDS)

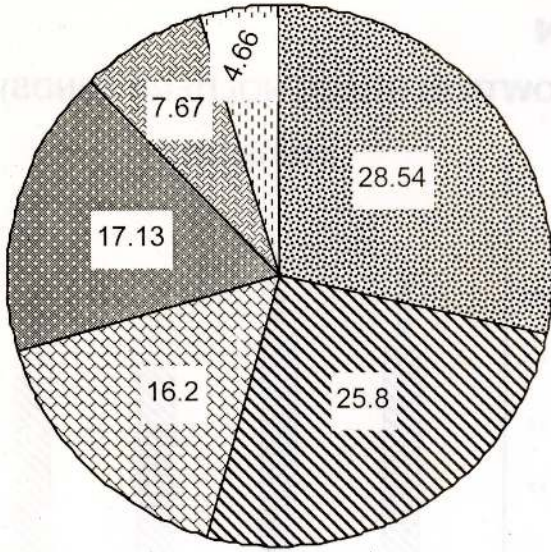


##### 3.1.2. DISTRIBUTION OF SHARE CAPITAL (INTERNATIONAL)



1. Bonus share	4,706,250.00	60.08%
2. Paid up share capital	3,126,890.00	39.92%
	<u>7,833,140.00</u>	<u>100.00</u>

### 3.1.3 TOTAL EQUITY DISTRIBUTION (INTERNATIONAL )

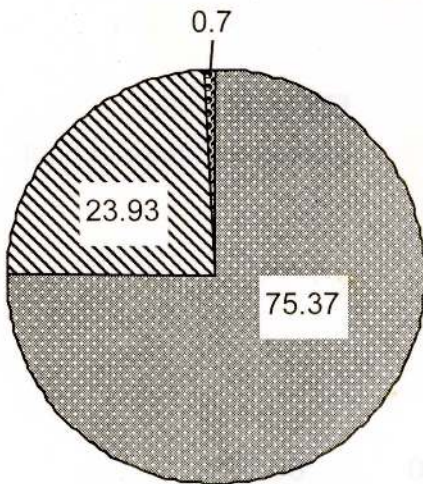


- Capital gain
- ▨ Bonus share
- ▩ Revaluation reserve
- Paid up share
- ▨ Grand from Uppsala
- ▩ Rehalilitation aid from RRAN

1. Capital gain	5,206,318.81	28.54%
2. Bonus Shares	4,706,250.00	25.80%
3. Revaluation Reserve *	2,955,458.23	16.20%
4. Paid up shares	3,126,890.00	17.13%
5. Grant from Uppsala	1,398,850.00	7.67%
6. Rehabilitation aid from RRAN	850,000.00	4.66%
	<u>18,243,767.04</u>	<u>100%</u>

\* Note:- Revaluation reserve Rs 6,770,830.00  
 Profit/Loss Account Rs 3,817,871.77  
2,955,458.23

### 3.1.4. DISTRIBUTION OF INVESTMENT (ORIENT)



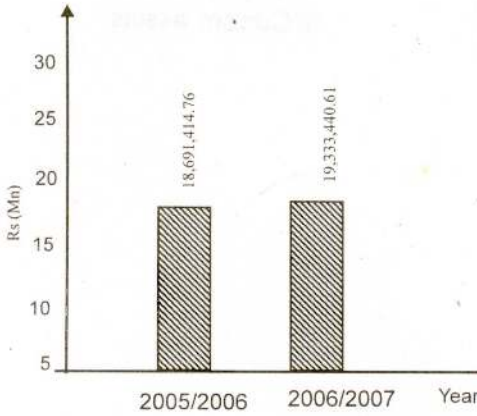
- Share Capital
- ▨ Mortgage Loan
- ▩ Long term Loan

1. Share Capital	13,163,200.00	75.37%
2. Mortgage loan	4,180,000.00	23.93%
3. Long term loan	122,400.00	0.70%
	<u>17,465,600.00</u>	<u>100%</u>

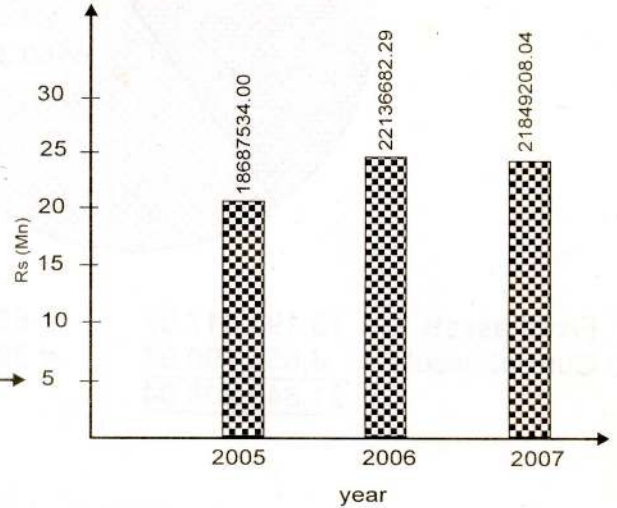
## 3.2 ASSETS INFORMATION

### 3.2.1. GROWTH OF ASSETS

ASSETS GROWTH (ORIENT)



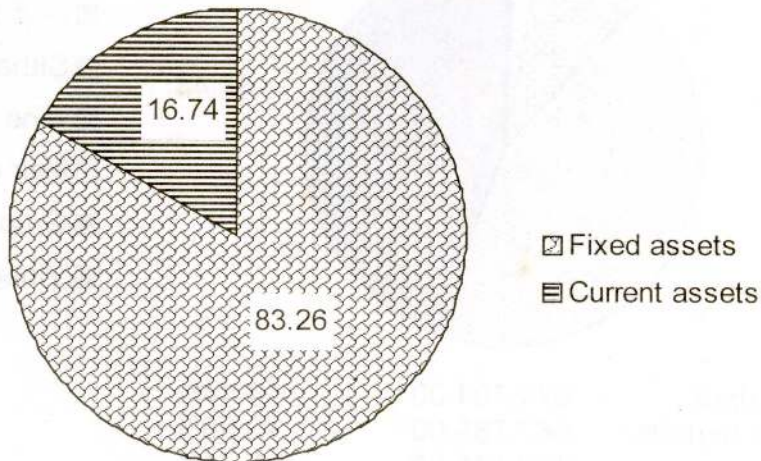
ASSETS GROWTH (INTERNATIONAL)



1. 2005 - 2006 - 18,691,414.76
2. 2006 - 2007 - 19,333,440.61

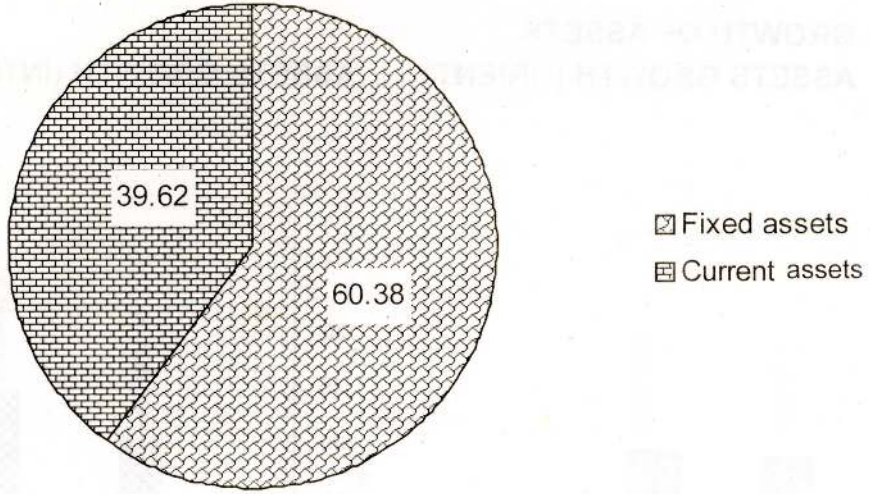
- 2005 - 18,687,534.00
- 2006 - 22,136,682.29
- 2007 - 21,849,208.04

### 3.2.2 DISTRIBUTION OF ASSETS (ORIENT)



1. Fixed assets	15,359,974.22	83.26%
2. Current Assets	3,088,956.39	16.74%
	<u>18448930.61</u>	<u>100.00%</u>

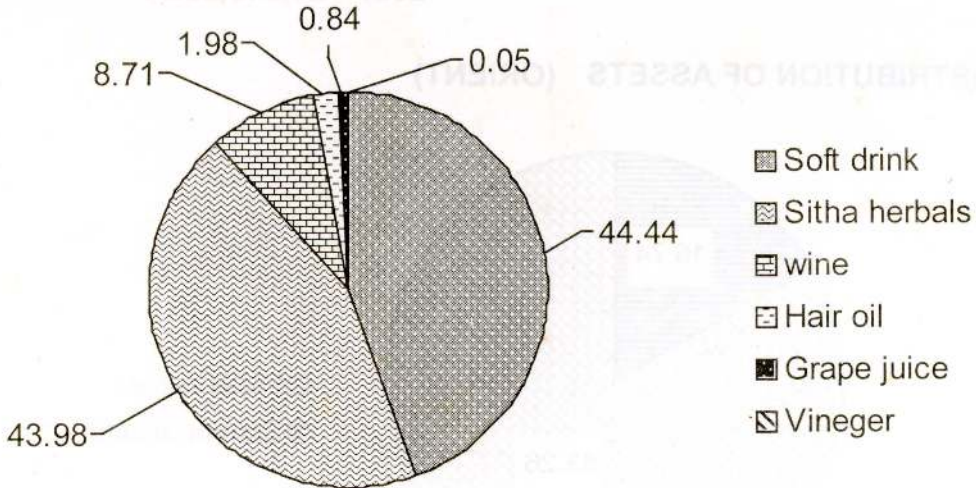
### 3.2.3. DISTRIBUTION OF ASSETS (INTERNATIONAL)



1. Fixed assets	13,193,417.07	= 60.38%
2. Current assets	8,655,790.97	= 39.62%
	<u>21,849,209.04</u>	

### 3.3 TURNOVER ANALYSIS (GLOMERATE)

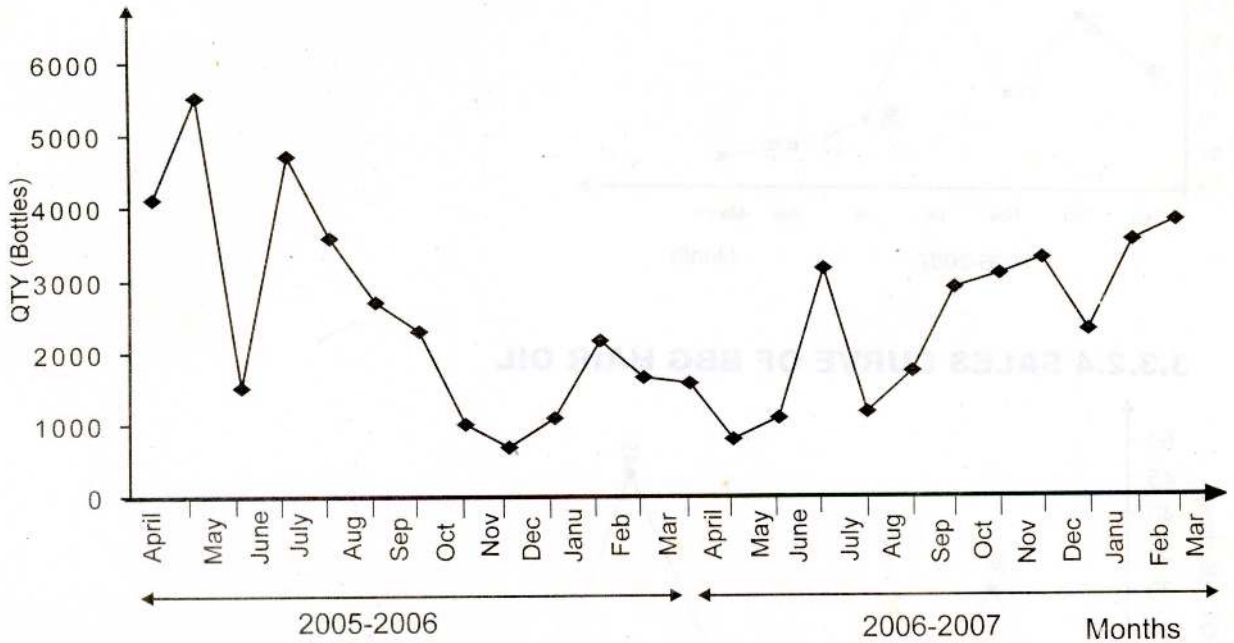
#### 3.3.1 TURNOVER



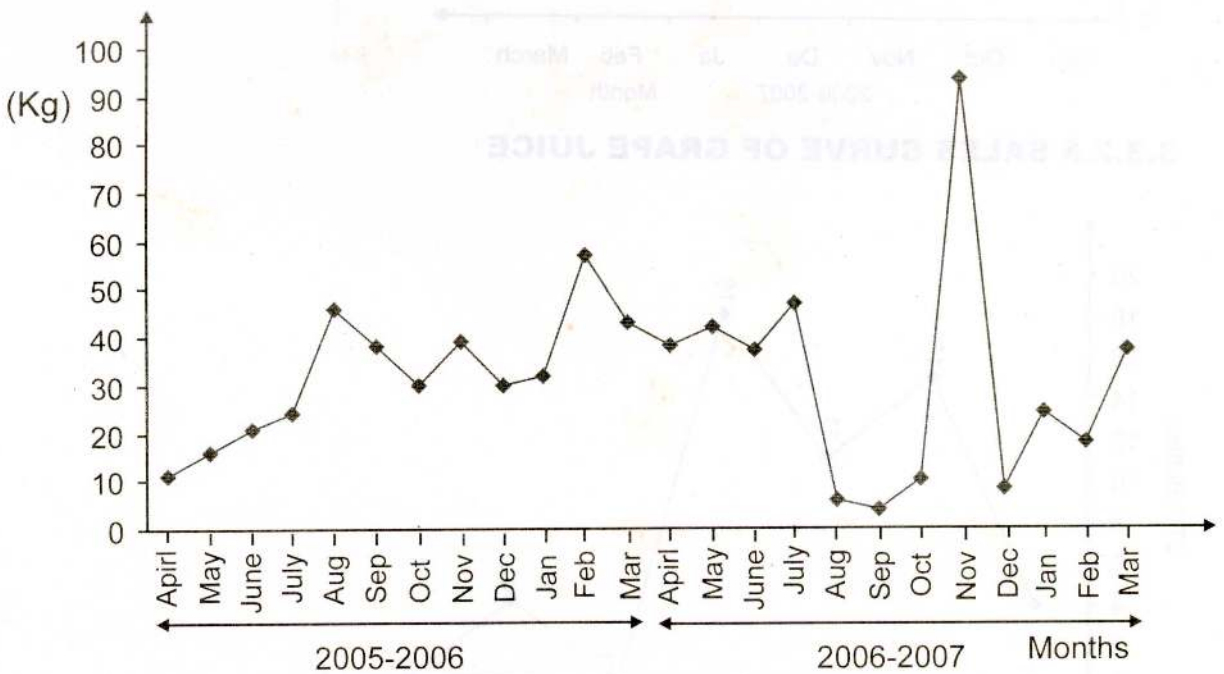
1. Soft drink	674,794.00	44.44%
2. Sitha herbals	667,785.00	43.98%
3. Wine	132,175.00	8.71%
4. Hair Oil	30,000.00	1.98%
5. Grape Juice	12,810.00	0.84%
6. Vineger	800.00	0.05%
	<u>1,518,364.00</u>	<u>100.00%</u>

### 3.3.2 MONTHLY SALES CURVES

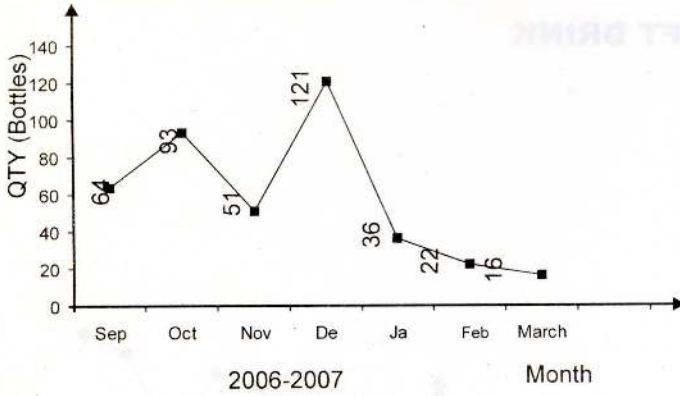
#### 3.3.2.1 SALES CURVE OF SOFT DRINK



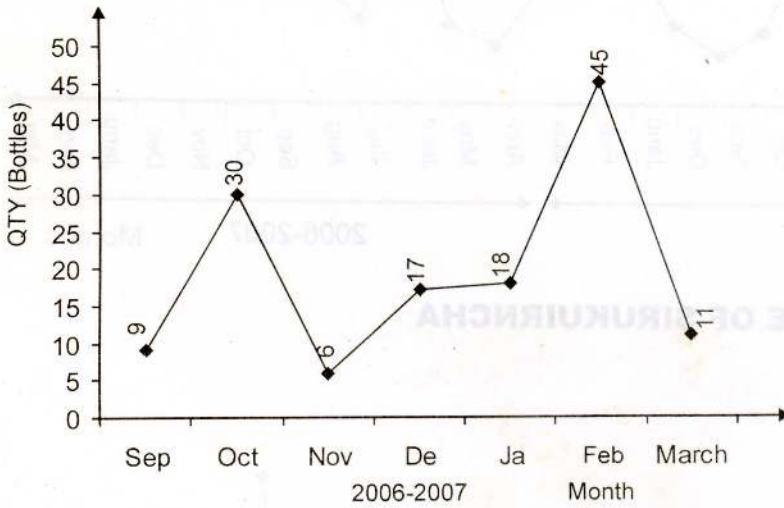
#### 3.3.2.2 SALES CURVE OF SIRUKUIRNCHA



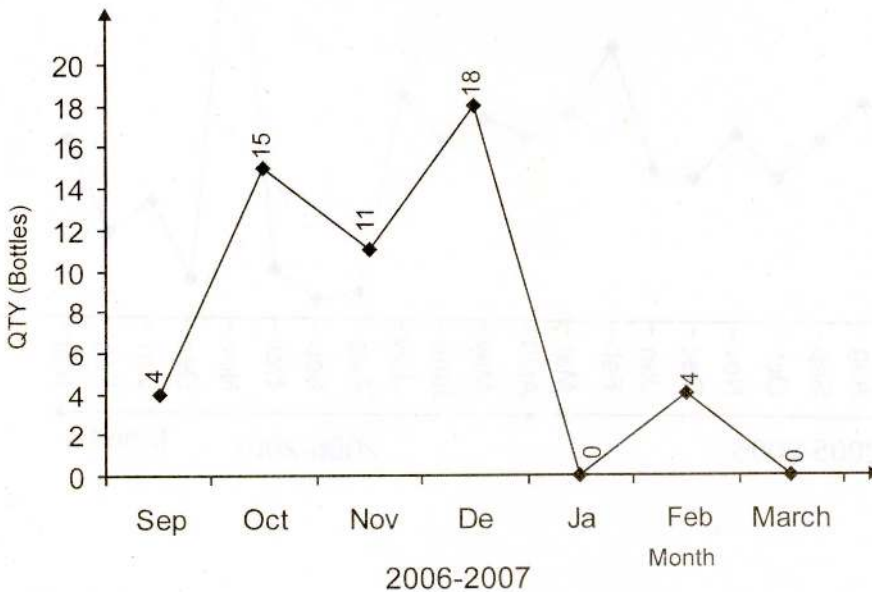
### 3.3.2.3 SALES CURVE OF WINES



### 3.3.2.4 SALES CURVE OF BBG HAIR OIL

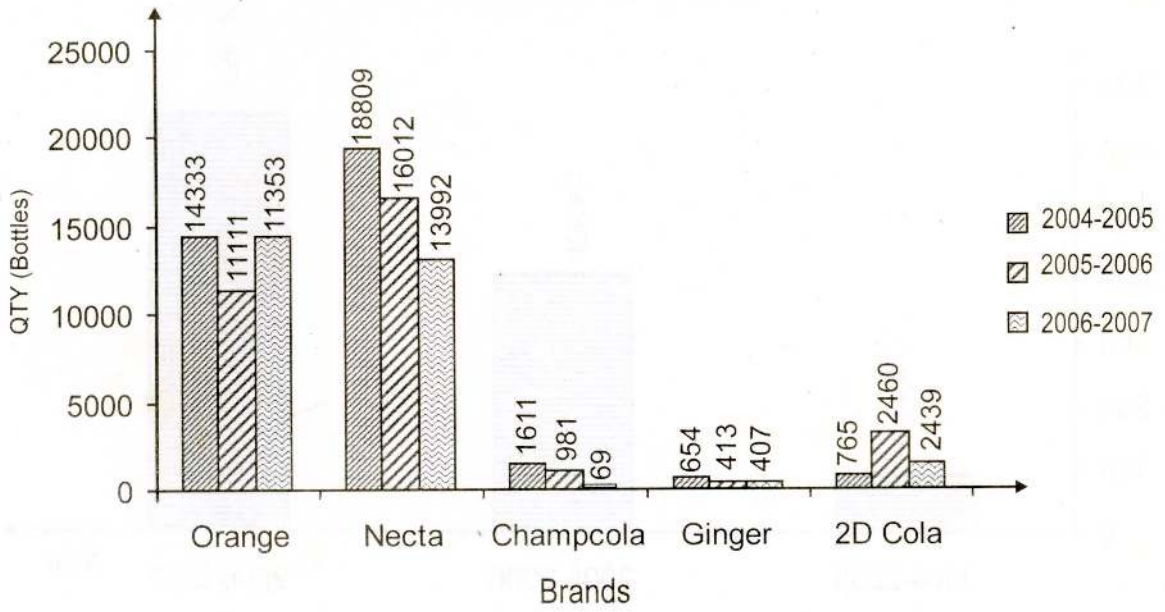


### 3.3.2.5 SALES CURVE OF GRAPE JUICE

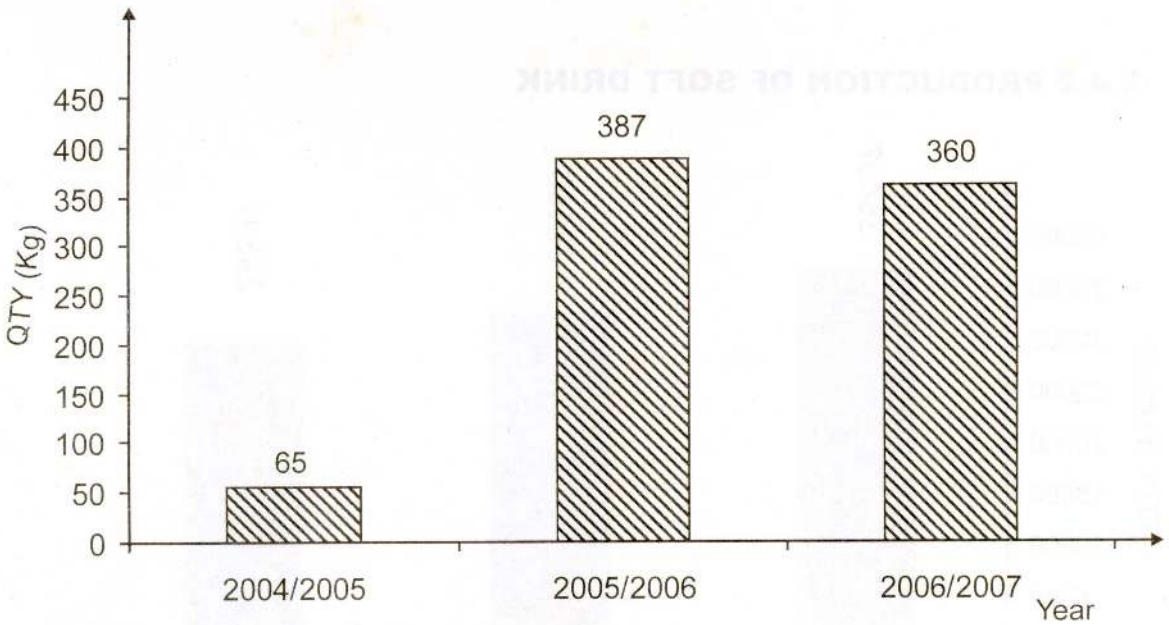




### 3.3.2.6 SALES OF BRANDS OF SOFT DRINK

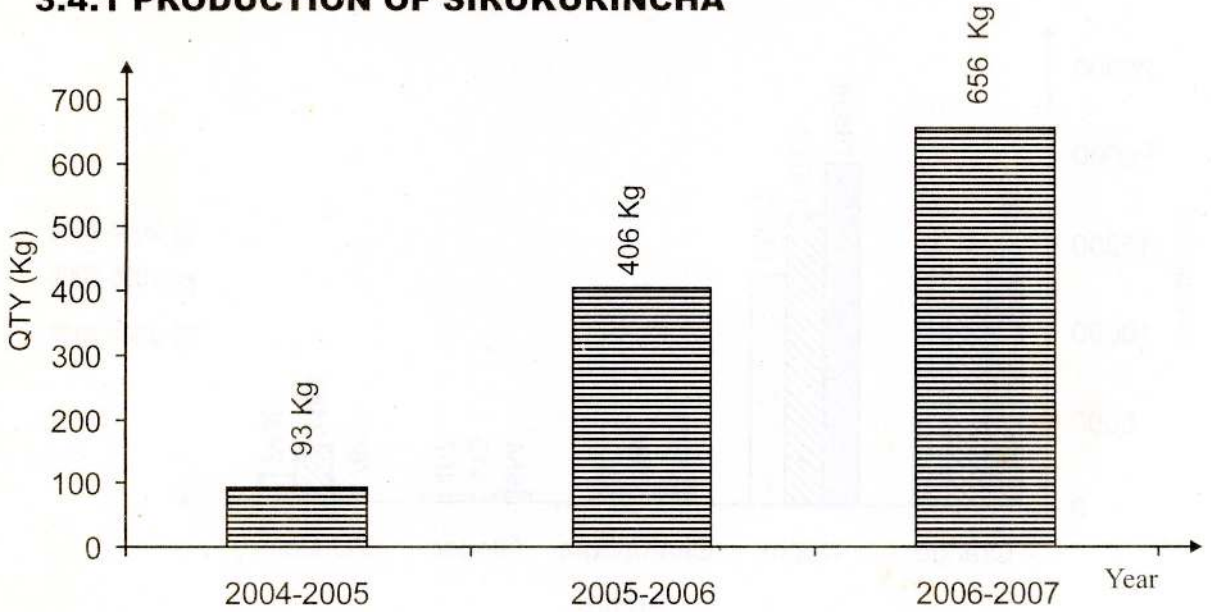


### 3.3.2.7 SALES OF SIRUKURINCHA LEAF POWDER



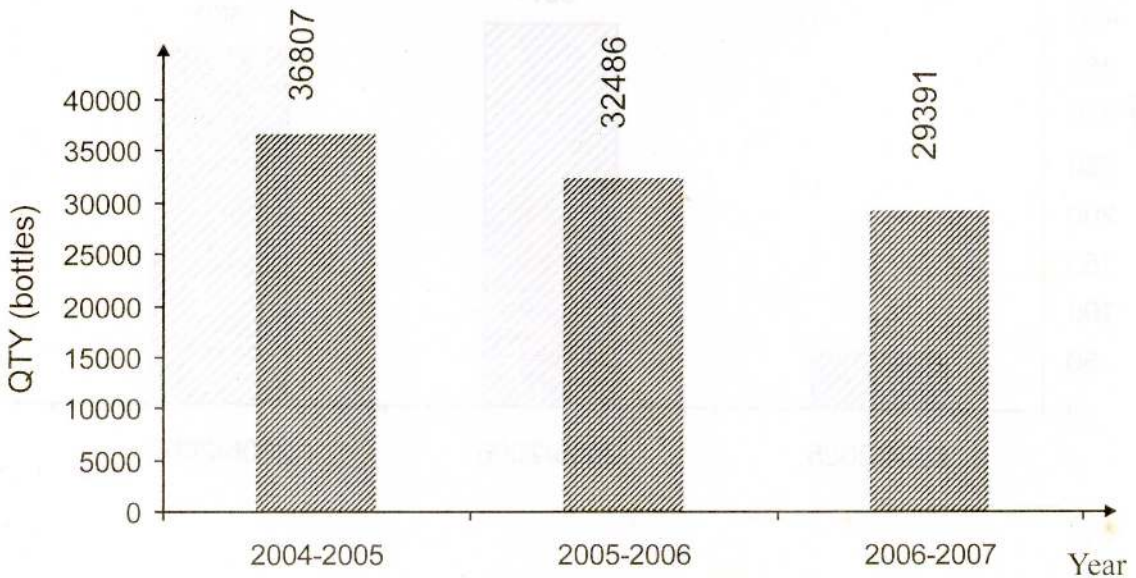
### 3.4 PRODUCTION ANALYSIS

#### 3.4.1 PRODUCTION OF SIRUKURINCHA

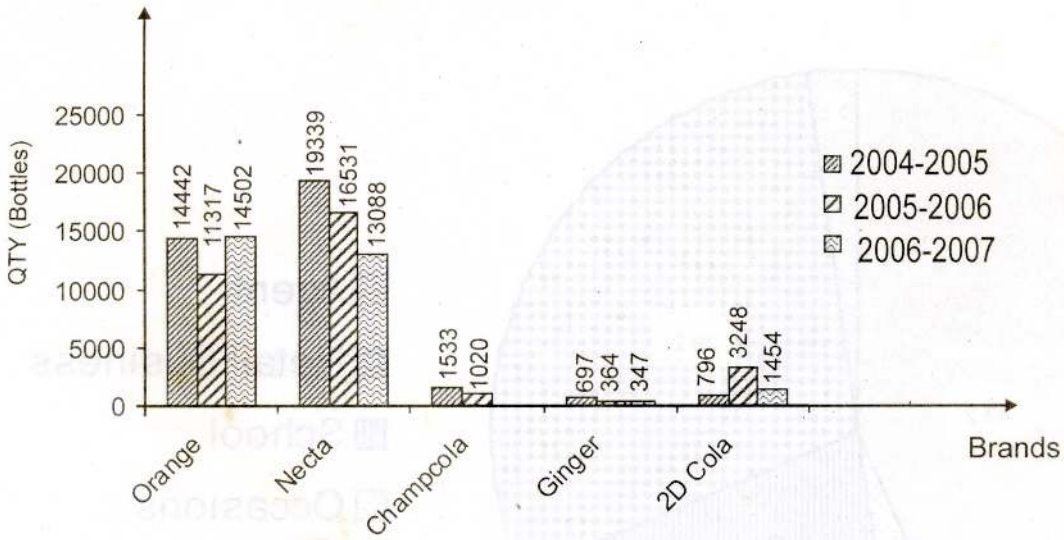


	Kg	Growth %	Growth Index
2004 - 2005	93.00	8.05%	1.00
2005 - 2006	406.00	35.15%	4.36
2006 - 2007	656.00	56.79%	7.05
	<u>1155.00</u>	<u>100%</u>	

#### 3.4.2 PRODUCTION OF SOFT DRINK

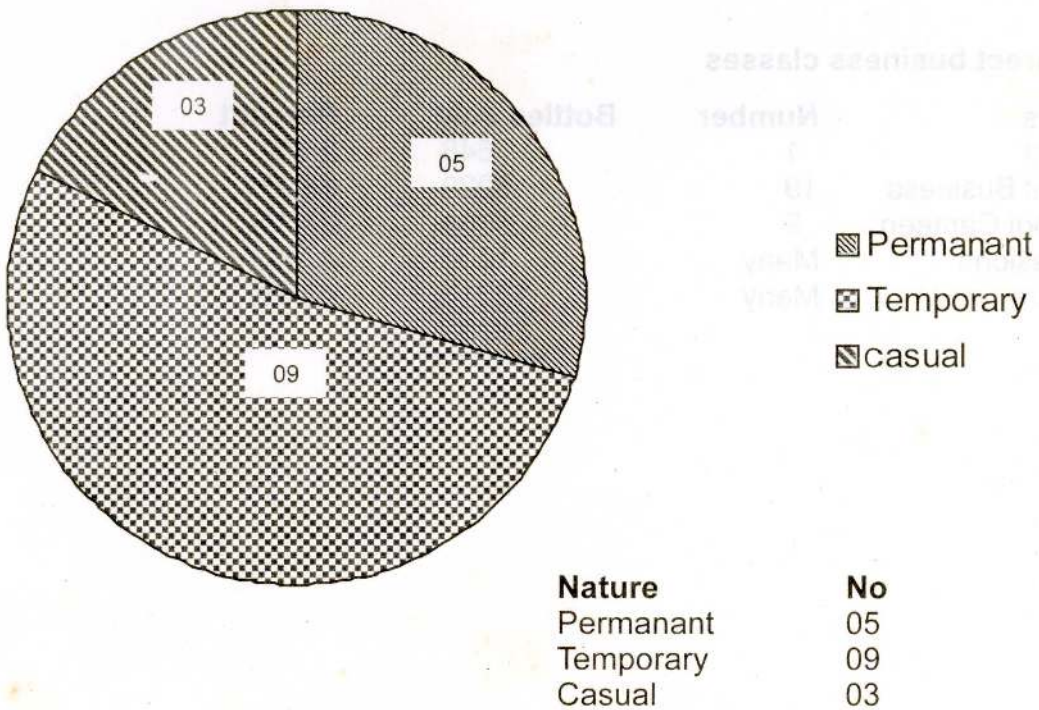


### 3.4.3 PRODUCTION OF BRANDS OF SOFT DRINK

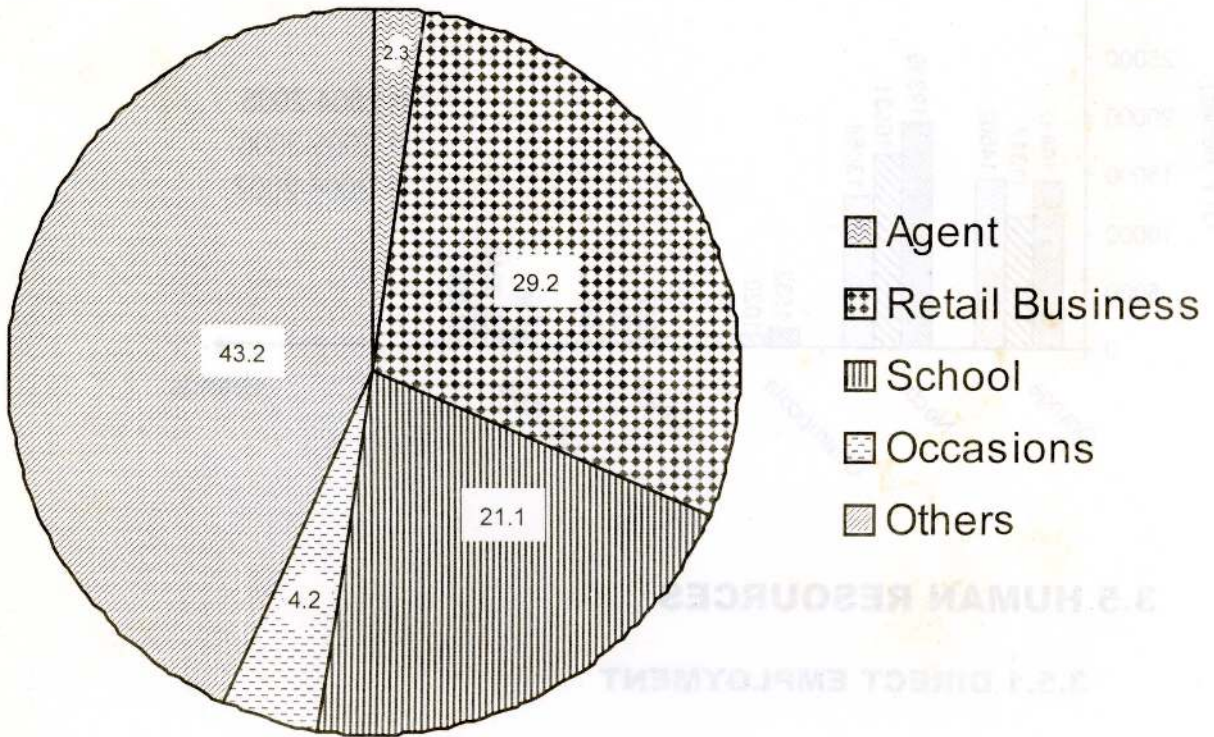


## 3.5 HUMAN RESOURCES

### 3.5.1 DIRECT EMPLOYMENT



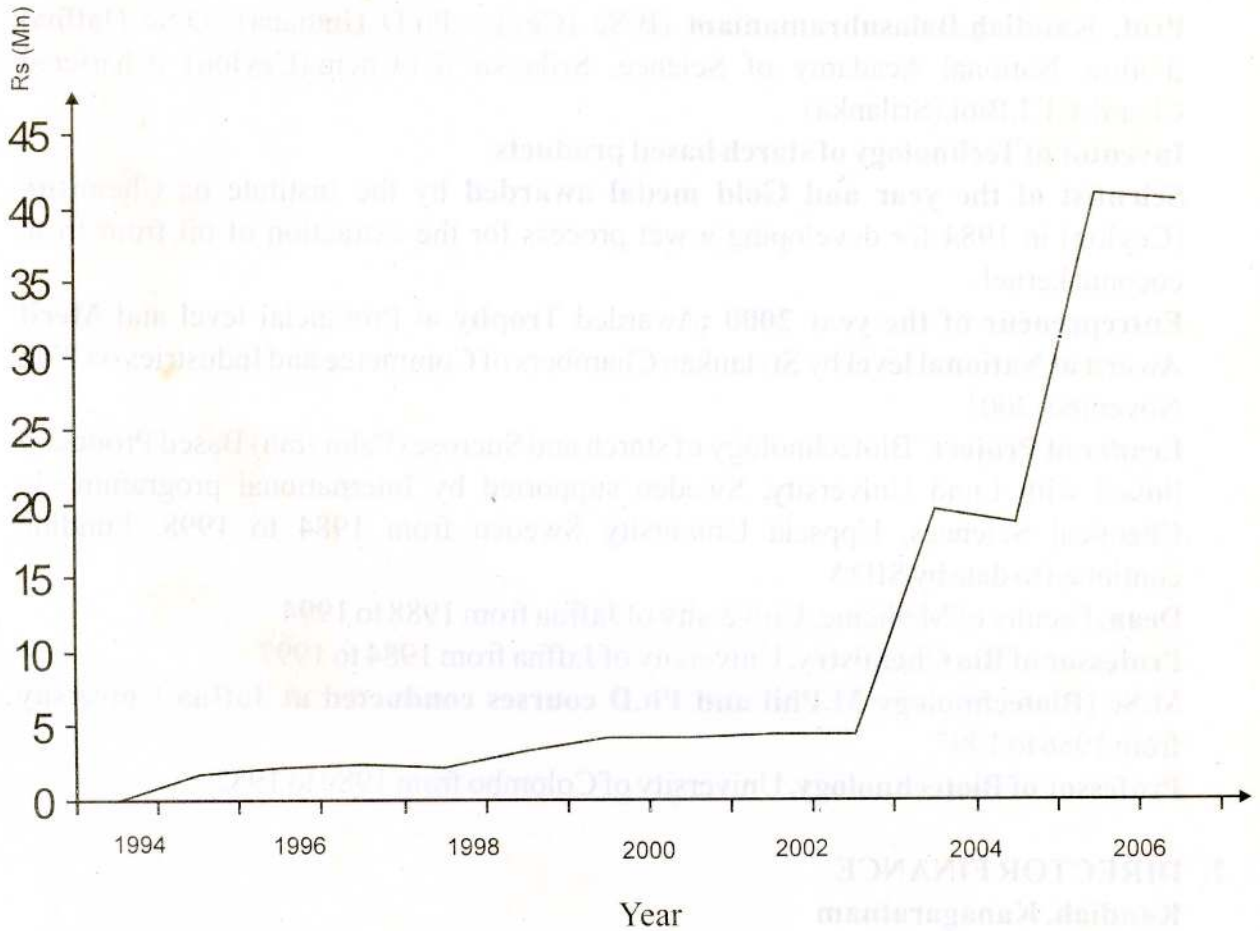
### 3.5.2 INDIRECT EMPLOYMENT



#### Indirect business classes

Class	Number	Bottles sold	Percent
Agent	1	648	2.3%
Retail Business	19	8229	29.2%
School Canteen	9	5964	21.1%
Occasions	Many	1206	4.2%
Others	Many	12213	43.2%
		<u>28260</u>	

### 3.6 GROWTH INDICES OF BIO TEC GLOMERATE



YEAR	Total Assets (Rs)
1994	891,800.00
1995	1,836,840.00
1996	2,283,398.00
1997	2,365,633.00
1998	2,198,077.00
1999	3,331,372.00
2000	4,151,763.00
2001	4,209,472.00
2002	4,376,846.00
2003	4,426,414.00
2004	19,439,876.00
2005	18,687,534.00
2006	40,828,097.00
2007	40,298,139.00

## 4. BOARD OF DIRECTORS

### 1. CHAIRMAN

**Prof. Kandiah.Balasubramaniam** (B.Sc (Cey); Ph.D (Indiana) ;D.Sc (Jaffna) ;Fellow National Academy of Science, Srilanka ;F.I.Chem.(Ceylon) ;Chartered Chemist, F.I.Biol.(Srilanka)

**Inventor of Technology of starch based products**

**Scientist of the year and Gold medal awarded** by the Institute of Chemistry (Ceylon) in 1984 for developing a wet process for the extraction of oil from fresh coconut kernel.

**Entrepreneur of the year 2000** ;Awarded **Trophy** at Provincial level and **Merit Award at National level** by Sri lankan Chambers of Commerce and Industries on 27th November 2001

**Leader of Project** "Biotechnology of starch and Sucrose (Palmyrah) Based Products" linked with Lund University, Sweden supported by International programme in Chemical Sciences, Uppsala University Sweden from 1984 to 1998. Funding continued to date by SIDA

**Dean**, Faculty of Medicine, University of Jaffna from 1988 to 1994

**Professor of Bio Chemistry**, University of Jaffna from 1984 to 1997

**M.Sc (Biotechnology M.Phil and Ph.D courses conducted at Jaffna University** from 1986 to 1997

**Professor of Biotechnology**, University of Colombo from 1980 to 1983

### 2. DIRECTOR FINANCE

**Kandiah. Kanagaratnam**

B.Com (spl), Diploma in Accountancy ,M.Phil (Jaffna), SAT (SL), AMILT (U.K)

**Bursar**, University of Jaffna responsible for programme Budgetary, Funds, Control and Accounting

**Visiting Lecturer** at the Advanced Technical Institute (Govt.Institution) in Public Financial Management for the Higher National Diploma in Commerce, Final year

**Visiting Lecturer** at the University of jaffna for the Business Administration in Public Sector Accountancy.

Having an overall experience of 32 years in public finance management.

### 3. DIRECTOR LEGAL

**Mrs.Linga. Thurairakah**

L.L.B (Cey), Attorney-at-law and Notary Public Commissioner for Oaths

Visiting Lecturer at the University of Jaffna and Open University Of Jaffna

**Visiting Lecturer** at the advanced Technical Institute

**Assistant-law-Officer**, People's Bank, Regional office, Jaffna

Lecturer of Bankers attached to the Institute of Bankers

#### 4. DIRECTOR TECHNICAL

**Mr.Kanagasabai. Pooranachandran**

Diploma in Electrical and Electronic Engineering (London)

Fully trained in process equipment and manufacturing plants in United Kingdom

**Managing Director**, Promoters Engineering Company Ltd, Jaffna (1980 to 2002)

**Chairman**, Star Industries, Jaffna manufacturing plant and machinery for industries and process equipments

**Experience** - Having 30 years experience in design fabrication, commissioning and maintenance of electrical electronic, mechanical, refrigeration plants, machineries and process equipments

**Resent Installation** - Distillation plants, Ice factories , Ice cream plants, poultry feed manufacturing plants centrifuges, fish meal plants, milk processing plants sterilizers and boilers

#### 5. DIRECTOR WELFARE

**Mrs.Rajeswary. Thurairajah B.Sc**

**Welfare** of company staff

**Education**, Health and Recreation

**Promotion** of staff actives to meet their aspirations

**Training** and retaining of staff to meet factory's changing needs and requirement

**Staff Hygiene** and Environmental hygiene

**Development** of awareness of company's vision mission and values

#### 6. DIRECTOR INTERNATIONAL AFFAIRS

**Dr.S.Rajasundaram M.B.B.S (Colombo)**

**Qualified** general practitioner U.K. Dip.in Child Health

Running own medical general Practice in **KENT, U.K.**,

Attended several medical seminars and symposia

Has vast store of experience in administration personal management and International Affairs.

#### 7. ALTERNATE DIRECTOR - COLOMBO AFFAIRS

**Mrs.Airanee. Balasubramaniam**

**Alternate Director** to Prof. K. Balasubramaniam

Experience in managing personal and administration.

Transport Storage. Distribution and marketing in Colombo

#### 8. ALTERNATE DIRECTOR - RESEARCH & PRODUCTION

**Mrs.T.Sumanthira B.Sc (Open university Nawala)**

Alternate Director to Dr.S.Rajasundaram

Director research production, development of new products, planting material and primary and value added products.

Computer experience is an advantage

## **5. BIO TEC GLOMERATE**

### **CHAIRMANS REVIEW 2006-2007**

#### **SEVERAL FIRSTS**

##### **1. GROWTH**

The year ended was a very successful year. The GROWTH recorded was 278% never preceded in the 15 year history of BIO TEC.

##### **2. ALL ISLAND PRESIDENTIAL AWARD**

For the first time, BIO TEC Participated in an EXHIBITION in Colombo, that too at BMICH and was Awarded 2<sup>nd</sup> Prize at National level and 1st Prize at Provincial level. Our thanks to Mr.Selvarajah, and Mrs. Ranji Chinniah, Dr.S.Sellathurai and Mr.Jayatisa Silva for assisting us in several ways to make this exhibition a success in Colombo. Special thanks to Mrs.T.Sumanthira for transporting the exhibits personally to Colombo.

##### **3. SERVICE FUNCTION**

For the 1st time during the 15<sup>th</sup> Anniversary year of BIO TEC, the health centre and the sales centre were opened on **18<sup>th</sup> June 2007**.

##### **3.1 HEALTH CENTRE**

###### **HOME HEALTH SERVICE**

Home Health Service is to solve the health needs of the ageing population in their own homes avoiding hospitalization

**COUNSELING** - Mental Health, Nutritional Health

##### **3.2 SALES CENTRE**

Easy access to BIO TEC products and advertise the products. are the main objectives. The mission of BIO TEC is to create a healthy society.

**SITHA HERBALS** - Sirukurincha leaf powder (Gymnema sylvestre) for diabetes.

#### **4. BIO TEC RESEARCH TRUST**

The research trust has been created to strengthen the research and development of BIO TEC. A sum of Rs 151,836.00, being the 10% royaling on overall sales of BIO TEC, is deposited for the first time in 2007 to create the Trust.

The foundation is laid for a Research Centre and Library.



## 5. SCIENTIFIC PUBLICATION IN INTERNATIONAL JOURNAL

J.Trop.Med.Plants.Vol. 7No.2 (Dec' 2006)

### **Gymnema sylvestre: A functional food for diabetes**

K.Balasubramaniam, S.Sumanthira and \* G.Mikunthan

Bio Tec International Ltd, 131/2 Palaly Road, Thirunelvely, Jaffna.

\* Dept.of Agricultural Biology, Faculty of Agriculture, University of Jaffna, Sri Lanka

**Abstract:** *Gymnema sylvestre* is a popular herb used in the treatment of diabetes in traditional medicine. The long term use of *Gymnema sylvestre* showed no side effects. *Gymnema sylvestre* is consumed as a green leafy vegetable and the recommended daily level is 50g equivalent to 10g dry powder; 80 percent being moisture. As a functional food for diabetes the recommended daily intake is also 10g of dry powder per day. *Gymnema sylvestre* as a functional food or a nutraceutical has both the nutrients and the pharmacologically active agents. Calcium, Iron, chromium, zinc, ascorbic acid, provitamin A and B-vitamins and fibers are some of the nutrients. Pharmacologically active agents are the Gymnemic acids with hypoglycemic effect.

*Gymnema sylvestre* leaf powder at a daily dose of 10g per day to 43 mild diabetic patients and 16 control normal subjects significantly reduced the blood glucose level & the studies indicated that *Gymnema sylvestre* could replace tolbutamid. In this study *Gymnema sylvestre* also lowered the blood cholesterol and triglyceride significantly leading to improved heart function and blood supply to peripheral tissues. The iron and ascorbic acid present in *Gymnema sylvestre* increased the hemoglobin level. In addition, *Gymnema sylvestre* lowered the creatine excretion in the urine of diabetic patients significantly, with an overall improvement in their body weight and general health. Further studies show that the Gymnemic acids can be extracted with aqueous solvents from the *Gymnema sylvestre* leaf powder and can be precipitated at different pH values. The dried aqueous extract was 12 per cent (w/w) of the dried leaf powder. The Gymnemic acids precipitated at pH values 3.9, 3.3, 2.4, 2.2 & 1.7 were 0.57g, 0.7g, 0.67g, 0.55g & 0.4g. The total Gymnemic acid was 2.89g amounting to 24.08 percent (w/w) of the dry leaf extract. In traditional medicine there is a saying in the native language "In curing diseases the role of medicine is only 25 percent while the knowledge plays the major role (75 percent). In case of diabetics this 75 percent can be the diet control, use of functional foods and the daily exercise.

## 6. NEW PRODUCTS - LAUNCHED ON SEPTEMBER, 30<sup>th</sup> 2006.

The two grape wines dry and sweet (10% alcohol) along with the BBG hair oil were launched for the 1st time in the 15 year history of BIO TEC.

### CONCLUSION

BIO TEC has created history with severed first with an unprecedented growth of 278%

"BE A PARTNER WITH THE WINNING TEAM."

CHAIRMAN

Prof. K. Balasubramaniam

## 6. BIO TEC GLOMERATE(BTG)

### DIRECTORS REPORT 2006 - 2007

#### BIO TEC INTERNATIONAL LTD

##### 1. THE 278% GROWTH OF BIOTECH.

The sales for the financial year. 2006/2007 increased to Rs1,518,364 compared to Rs 546,319. for the corresponding previous year. The growth is 277.9%. This is a very remarkable growth and a very good progress and achievement of Bio Tec. Glomerate when considering the on going war, closure of A 9 Colombo - Jaffna road and the curfew imposed from 11th August 2006 for 24 hrs aday which was progressively reduced to 8 hours after 9 months. The company was completely closed for 2 weeks in August and was opened for one hour in September which was progressively increased to 4 hours by November. The electricity supply was cut completely for a month.

The curfew period during September was advantageously used for Product Development using the red grapes that were found in plenty and cheap due closure of A9 road. Grape wines of high quality were developed. BBG Hair oil promotes hair growth, prevents falling and breaking of hair. It also prevents premature graying.

##### 2. THE LAUNCHING OF NEW PRODUCTS

On September 30th 2006, the new products were launched. Dry grape wine 10% has a taste, bouque, body and flavour comparable to the French Wines. This has no sugar and is welcomed by diabetics and dieters.

**Sweet grape wines -10%alcohol.** It has an attractive cherry red colour with sweet taste, body; bouque & flavour, welcomed by ladies. and for parties.

##### BBG Hair Oil

The BBG Hair Oil gives the Hair the BRIGHTNESS, BLACKNESS and induces t h e GROWTH by providing the mach needed nutrients for the growth of hair.

The BBG Hair Oil contains the following nutrients.

Lawsone

Vitamin E

Biotin

Carotenes

Peptides

Omega fatty acids  
Growth promoting substances

BBG Hair Oil is dark green in colour and provides a natural blackness and brightness to the hair with additional benefit of promoting hair growth which no hair dye, or hair oil does.

The nutrients in hair oil are derived from selected medicinal plants and are extracted into the best quality gingilly oil under mild conditions ensuring no loss of the active principles or their properties. BBG Hair Oil brings out the inherent natural Beauty and Scent present in the hair promoting hair growth, healthy hair and preventing graying.

## **WINES**

The wines produced from selected red grapes of Jaffna are of high quality. The processing technology involving the use of modern biotechnological processes under controlled low temperature conditions and special fermentation methods simulates the wine processing to that in France and other cooler countries. The quality of grapes and the controlled processing conditions give the wine its special bouque, flavour, taste, body and aroma.

The grapes wines, both dry and sweet have 10% alcohol. The dry wine has and specially made for wine connoisseurs dieters and diabetics. The sweet wine is a party wine and for ladies.

The wines of low alcoholic strengths (3.6% and 2% ) are being developed.

### **3. INVESTMENTS**

#### **1. BIO TEC ORIENT (PVT)LTD**

The BIO TEC INTERNATIONAL LTD has invested Rs 6.5 million on shares in BIO TEC ORIENT (PVT) LTD, a subsidiary company of BIO TEC INTERNATIONAL LTD.

#### **2. SALES CENTRE AND HEALTH CENTRE**

A sales centre with show room facilities in Jaffna was a long felt need. The sales centre is located at 118/12 Palaly Road, Thirunelvely, Jaffna, midway between Parameswara Junction and Thirunelveli Junction.

The sales centre would help not only to sell the products but also to advertise our products. A great vacuum is filled and is the beginning of the long race of **MARKETING AND SALES PROMOTION.**

The **BIO TEC INTERNATIONAL LTD** is completing 14 years and enters into its 15th year on 17th August 2007. The creation of the **SALES CENTRE IN JAFFNA** is a landmark in the history **BIO TEC** and coincides with its 15 year anniversary

Plans to celebrate the successful 15th anniversary of **BIO TEC** are underway Sales centre and health centre mark the beginning of this great event.

## **4. RESEARCH AND DEVELOPMENT**

### **4.1 BIO TEC RESEARCH TRUST**

The research and Development (R&D) got a big boost in 2006-2007. The Board of Directors decided to set up the **BIO TEC RESEARCH TRUST** to further support and promote the R&D of **BIO TEC**. The Trust has Rs.151,836 as of 31.3.2007. A very strong R&D would lead to **NEW INNOVATIVE PROCESSES RESULTING IN NEW PRODUCTS.**

The **BIO TEC** manufactures products which no other company is producing or has the technology to produce. This makes **BIO TEC THE SOLE MANUFACTURER.**

The capital investment for R&D comes from **REVENUE, SHARE CAPITAL** and from **BIO TEC RESEARCH TRUST**. Ten per cent Royalty is paid on total sales of Bio Tec to the **BIO TEC Research Trust**. The royalty is paid for the **USE** of technology to manufacture the products.

### **4.2 RESEARCH ACHIEVEMENTS 2006-2007**

#### **NEW PRODUCTS - 2006-2007**

GRAPE WINE DRY - 10% alcohol  
GRAPE WINE SWEET - 10% alcohol  
BBG - HAIR OIL

#### **NEW PRODECTS - 2007-2008**

##### **TWO NEW PRODUCTS FOR DIABETES**

GYMNEMA TEA  
GYMNEMA TABLET

## **OTHERS**

GRAPE WINES (3.6% and 2% alcohol)

## **PRODUCTS IN MARKET TO DATE 2006.**

FOR DIABETES

Gymnema leaf Powder

2-D Cola - diet and diabetic cola

## **OTHER**

### **Soft drinks**

Orange special

Necta

Cinger beer

Champ cola

Soda plain

## **5. FUNCTIONS**

BIO TEC INTERNATIONAL LTD is fully committed in developing new products and processes through Research and Development.

BIO TEC ORIENT (Pvt) Ltd is involved with the MANUFACTURE, MARKETING AND SALES. The functions of both companies are very distinct and do not overlap but are complementary.

## **6. FOREIGN DIRECT INVESTMENT (FDI)**

Bio Tec Orient (Pvt) Ltd as a BOI company permits foreigners and expatriates to invest directly for the development of the region. We welcome all of you to invest on shares. The company has paid about 20% dividend per year on the share investment over the past 13 years. There are several first to our companies. Please join the winning team.

## **7. UPPSALA UNIVERSITY, SWEDEN - BAKERS YEAST PROJECT**

The dream of supplying Bakers yeast of Bio Tec to the whole of Jaffna peninsula can be realized if the deal to supply the 3000 liter fermentor and associated machinery and equipment is accepted at a cost of Rs 25 million. This investment is crucial. The share holders are kindly requested to help raise the necessary fund through the sale of shares. According to the BOI project plan Bakers yeast is to be produced during the year 2006.

## 8. RRAN REHABILITATION GRANT-LIQUID GLUCOSE

Liquid glucose production in a limited scale can be effected with the reconditioned. Reactor which has been now fitted with a thermometer A vacuum concentrator has to be purchased to concentrate the liquid glucose.

## 9. NEUTRACEUTICALS

9.1 Nutritional products, pharmaceuticals and functional foods are to be introduced in the coming year. Benedicts solution is a fast moving product.

9.2 Sitha Herbals - The herbal products have been introduced under the trade name "Sitha Herbals", *Gymnema sylvestre* (T.Sirukurincha) is marketed from June 2004. An increase in the growth of production and sales of Sirukurincha leaf powder was recorded during this year.

## 10. DIRECTORS

The following were reelected and appointed as Chairman and Directors.

Prof. K. Balasubramaniam	Chairman
Mr. K. Pooranachandran	Director/Technical
Mr. K. Kanagaratnam	Director/Finance
Mrs. Linga. Thurairajah	Director/Legal
Mrs. R. Thurairajah	Director/Welfare
Dr. S. Rajasundaram	Direct/International Affairs
Mrs. A. Balasubramaniam	Alternate Director/Colombo Affairs
Mrs.T. Sumanthira	Alternate Director/Research and Production

## 11. AUDITORS

The Directors propose the appointment of Tilakaratnam Chartered Accountants as company auditors.

Thank you

DIRECTORS  
BIO TEC

## 7. FINNANCIAL CONTROLLER

All the accounts are double checked. Initially BIO TEC staff write down the accounts which are checked by the financial controller. This is a must to monitor our program as well as to submit the Bi Annual financial statement to the BOI, which is an official requirement. At the end of the financial year, the company auditors check the entire year accounts and submit their report.

The BOI and the auditors are quite satisfied the way accounts are prepared, by the financial controller.

The over all control of company finances are under the control of the Director Finance, Mr.K.Kanagaratnam. The Company is fortunate to have the good services of the Director finance whose financial analysis and forecasts are crucial for the development of the company.

The company is getting into the exponential phase of growth and the good financial management would ensure the success.

Thank you

Miss.S.Kalyani B.Com.  
Financial controller

## **8. BIO TEC PRODUCTS**

### **\* SOFT DRINKS**

**ORANGE SPECIAL**

**NECTA**

**2D- COLA**

**GINGER BEER**

**CHAMP COLA**

### **\* SIRUKURINCHA**

**(GYMNEMA SYLVESTRE)**

### **\* BBG HAIR OIL**

### **\* GRAPE WINES**

### **\* VINEGER**

### **\* BENEDICT SOLUTION**



**9. BIO TEC INTERNATIONAL LTD  
BIO TEC ORIENT (PVT) LTD  
FORM OF PROXY**

I, .....of  
.....being a  
member of the above company appoint .....of  
.....whom failing  
..... of  
..... as my proxy to represent me and to vote for me  
and on my behalf at 13th Annual General Meeting /2nd Annual General Meeting of the company  
to be held on Sunday, 22nd July 2007 and at any adjournment there of and at every poll which may  
be taken in consequence there of.

In favour of .....  
.....the resolution set out in the Notice  
convening the meeting against aforesaid As witness my hand this

Day of July Two Thousand and seven

Signed: .....

**Notes**

1. Please delete the inappropriate words. If no words are struck out or there is in the view of the proxy holder (by reason of the way in which the instructions contained in the proxy have been completed) as to the way in the which the proxy holder should vote the Proxy-holder will vote as he thinks fit.
2. A proxy need not be member of the company.
3. Instructions as to the completion are noted on the reverse hereof.

# 10. LUNCH ACCEPTANCE

To  
BIO TEC  
131/2 Palaly Road,  
Thirunelvely, Jaffna.

Dear Sir/Madam

Please perfect and return this form.

I will attend the AGM and have lunch.

Name -

Tel No -

Lunch - Vegetarian / Non vegetarian

Guest - Yes / No

Confirmation by Telephone :

4590907 (Jaffna)

Thank you

CHAIRMAN

# **11.BIO TEC INTERNATIONAL LTD**

Tel Off : 0094-21-4590907  
Res : 0994-21-4590912  
E-mal : Kanbalasub@yahoo.com  
: biotecjaf@wow.lk

131/2 Palaly Road,  
Thirunelvely, Jaffna  
20<sup>th</sup> June 2007.

## **NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING ON SUNDAY 22<sup>ND</sup> JULY 2007 AT 10.00AM AT 131/2, PALALY ROAD, THIRUNELVELY, JAFFNA**

**NOTICE IS HEREBY GIVEN THAT the 13<sup>th</sup> Annual General Meeting of the Shareholders of the company will be held on the day, date, time & place referred to above for the following purpose**

### **AGENDA**

1. To read the Notice convening the Meeting
2. (1) To confirm the minutes of the previous Annual General Meeting held on 11th August 2006.  
(2) Matters arising from the minutes
3. To lay before the meeting
  - a. The report of the Directors and
  - b. The Audited Statement of Accounts for the year ended 31st March 2007 and
  - c. To receive the Report of the Auditors there of
  - d. Chairman's Review 2006-2007
  - e. Financial Highlights Bio Tec International limited
4. To reappoint Tilakaratham & Co, Chartered Accountants, as Auditors of the company from the conclusion of the 13<sup>th</sup> Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Directors to determine their Remuneration
5. Any other business.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
BIOTECH INTERNATIONAL LIMITED**

**Prof.K.Balasubramaniam,  
Chairman / director, Bio Tec**

# **BIO TEC INTERNATIONAL LTD**

## **DIRECTORS REPORT**

**2006-2007**

### **1. INTRODUCTION**

The directors have great pleasure in presenting the fourth audited report of the Bio TEC INTERNATIONAL LTD. The BIO TEC GLOMERATE presents the combined audited reports of both Bio Tec International Ltd and Bio Tec Orient (Pvt) Ltd to give the shareholders a better perspective of BIO TEC COMPANIES.

### **2. RESEARCH AND DEVELOPMENT (R&D)**

Knowledge based development depends on R&D. The high expenditure on R&D indicates clearly our company goal. R&D leads to innovative processes and new products of high standard and quality. These criteria give a competitive edge for our products in the market.

### **3. A 278% GROWTH. GOOD - INDEX OF DEVELOPMENT**

Inspite of the closure of A-9 Road, a 278% growth has been achieved during 2006-2007 compared to the same period during the previous financial year.

### **4. BIO TEC RESEARCH TRUST**

The Board of directors have decided and created BIO TEC RESEARCH TRUST. A sum of Rs. 151,836, being 10% of the royalty on the overall sales income is paid into this fund.

### **5. NEW PRODUCTS OF GYMNEMA**

The gymnemic acid extract from *G. sylvestre* leaf powder is to be tableted or capsuled depending on the machinery that is to be purchased or fabricated locally.

#### **GYM Tea**

The *G. sylvestre* leaf extract is incorporated into the BOP Ceylon tea in the manufacture of GYM Tea. The Gym Tea is brewed like any other normal tea with hot water.

The Gym Tea gives a good flavour and taste. Three cups of GYM Tea a day control diabetes and keep you in good health.

Thank you

Directors  
Bio Tec

## **REPORT OF THE AUDITORS TO THE MEMBERS OF BIO TEC INTERNATIONAL LTD**

We have audited the balance sheet of Bio Tec International Limited as at 31st March 2007 and the related statements of income and cash flows for the period then ended, together with the accounting policies and notes thereto.

### **Respective responsibilities of Directors and Auditors**

The Directors are responsible for preparing and presenting these financial statements in accordance with the Sri Lanka Accounting Standards. Our responsibility is to express an opinion on these financial statements, based on our audit.

### **Basis of Opinion**

We conducted our audit in accordance with the Sri Lanka Auditing Standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the said financial statements are free of material misstatements. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the said financial statements, assessing the accounting principles used and significant estimates made by the directors, evaluating the overall presentation of the financial statement and determining whether the said financial statements are prepared and presented in accordance with the Sri Lanka Accounting Standards. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

### **Opinion**

In our opinion, so far as appears from our examination, the Company maintained proper books of account for the period ended 31<sup>st</sup> March 2007 and to the best of our information and according to the explanations given to us, the said balance sheet and related statements of incomes and cash flows and the accounting policies and notes thereto, which are in agreement with the said books and have been prepared and presented in accordance with the Sri Lanka Accounting standards, provide the information required by the Companies Act No.17 of 1982 and give a true and fair view of the Company's state of affairs as at 31<sup>st</sup> March 2007 and of its loss and cash flows for the period then ended.

*Thilakarathnam & Co*

Chartered Accountants  
Colombo, 12 June 2007.

### **Chartered Accountants**

Head Office:

1st Floor, No.25A,  
Pamankada Lane,  
Sri Lanka.

Telephone : 2366027

Fax : 2365102

E-mail : [tilaco@sltnet.lk](mailto:tilaco@sltnet.lk)  
[mtratnam@sltnet.lk](mailto:mtratnam@sltnet.lk)

### **Branches :**

New Palace Building  
No.39, Trinco Road,  
Batticaloa.

Telephone :065-2222148

Wedamulla,

Kalaniya.

Telephone : 2915303, 2913112

No.555, Navalar Road Jaffna.

**BIO TEC INTERNATIONAL LTD.  
BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2007.**

Assets	Note	2007	2006
Non current - assets	01	13,193,417.07	13,739,275.27
Property plant and equipment			
Current assets			
Investment on Bio Tec orient		6,500,000.00	6,500,000.00
Research & development	13	958,861.59	606,694.59
Inventories	14	593,546.11	468,938.11
Trade and other receivables	15	-	33,278.35
Investments	16	448,029.20	421,691.61
Other current assets	17	49,800.00	49,800.00
Cash and other equivalents	18	55,554.07	317,004.36
Sales centre advance	23	50,000.00	-
		<u>8,655,790.97</u>	<u>-</u>
		<u>21,849,208.04</u>	<u>22,136,682.29</u>
 <b>Equity And Liabilities</b>			
Share capital and reserve			
Authorized share capital			
50,000 000 ordinary share Rs 10 each		<u>5,000,000,000.00</u>	<u>5,000,000,000.00</u>
Issued and fully paid up share capital	} Note 19	3,126,890.00	2,831,890.00
Share application account		-	200,000.00
Bonus		<u>4,706,250.00</u>	<u>4,706,250.00</u>
		<u>7,833,140.00</u>	<u>7,738,140.00</u>
Grant from Uppsala		1,398,850.00	1,398,850.00
Rehabilitation aid from RRAN		850,000.00	850,000.00
<b>Reserve</b>			
Capital gain	20	5,206,318.81	5,206,318.81
Revaluation Reserve (Land' buil)		6,770,830.00	6,770,830.00
Profit & loss account		(3,817,871.77)	(3,255,927.52)
Bio Tec International Research Trust Fund		151,836.00	-
Non current liabilities	21	1,624,500.00	1,384,500.00
Current liabilities	22	<u>1,831,605.00</u>	<u>2,043,971.00</u>
Total equity and liabilities		<u>21,849,208.04</u>	<u>22,136,682.29</u>

Director (1) .....

Director (2) .....

**NOTE 01 - FIXED ASSETS**

	Land	Buildings	Building Improvement	Machinery and Equipment	furniture and fittings	Tools	Total
1. Balance as at 01.04.06	2,817,916.00	11,349,100.00	1,241,968.97	-	17,385.00	40,414.50	15,466,784.47
Add Addition	-	-	80,000.00	39074.00	-	9,005.00	128,079.00
	2,817,916.00	11,349,100.00	1,321,968.97	39,074.00	17,385.00	49,419.50	15,594,863.47
Less-Damages	-	-	-	-	-	565.00	565.00
	2,817,916.00	11,349,100.00	1,321,968.97	39,074.00	17,385.00	48,854.50	15,594,298.47
2. Accumulated deprici							
Balance as at 01.04.06	-	1,574,245.00	136,624.40	-	16,639.80	-	1,727,509.20
Add - Depreciation for the year	-	567455.00	66098.00	3,907.00	745.20	-	638,205.20
Less:- Transferred to Research and development	-	-	-	35,167.00	-	35,167.00	
				(sub Note 1.1)			
Balance on 31.03.07		2,141,700.00	202,722.40	-	17,385.00	-	2,400,881.40
written down value	2,817,916.00	9,207,400.00	1,119,246.57	-	-	48,854.50	13,193,417.07

Sub Note. 1.1 This equipment (Rs 35,167) was purchased for research and development.

**PROFIT & LOSS ACCOUNT FOR THE YEAR  
ENDED 31.03.2007.**

	Note	2007	2006
<b>Revenue</b>			
Soft drink	3	33,740.00	(25,635.30)
Sitha Herbals	4	277,565.00	370,125.30
Hair oil	5	4,736.00	-
Vinegar	6	2,310.00	-
wine	7	36,978.00	-
Grape juice	8	5,765.00	-
Other income		35,033.00	-
Interest received	S/A	3,655.31	8,458.04
	F.D	26,337.59	107,321.61
Telephone		5,120.00	9,565.47
By income transfered from Orient		-	67,890.27
Pharmaceuticals	9	343.00	407.25
		<u>431,582.90</u>	<u>546,319.64</u>
<b>Less. Expenses</b>			
Administration expenses	10	812,477.78	1,060,661.80
Selling & distribution	11	5,907.00	92489.70
		<u>(386,801.88)</u>	<u>(606,831.86)</u>
Less financial charge	12	(174,309.37)	(214,373.54)
Net profit/ loss for the year before taxation		(561,111.25)	821,205.40
Less. Provision for taxation		<u>-</u>	<u>-</u>
Net profit / loss for the year after taxation		(561,111.25)	(821,205.40)
Add. Profit Loss B/F		(3,255,927.52)	
Adjustment current year	(833.00)	(3,256,760.52)	(2,434,722.12)
<b>Profit / loss C/F</b>		<u><u>3,817,871.77</u></u>	<u><u>3,255,927.52</u></u>



**NOTE - 2 INCOME TO INTERNATIONAL**

	Bio Tec orient (Pvt) Ltd. total Income (Rs)	Raw materials Royalty Infrastructure percent to B.T. International	Income to International (Rs)
Soft drink	674,794.00	25%	168,699.00
Sitha herbals	667,785.00	65%	434,060.00
Vinegar	800.00	65%	520.00
Wine sweet	22,050.00	65%	14,333.00
Dry	110,125.00	65%	71,581.00
Grape Juice	12,810.00	65%	8,327.00
Hair oil	30,000.00	65%	19,500.00
	<u>1,518,364.00</u>		<u>717,020.00</u>

**BIO TEC INTERNATIONAL RESEARCH  
TRUST FUND AND ROYALTY FOR INVENTOR**

	Total Sales (Rs)	B.T. Inter Research Trust fund 10% (Rs)	Royalty for Inventor prof. K.Bala 10% (Rs)	Total (Rs)
Soft drink	674,794.00	67,479.00	67,480.00	134,959.00
Sitha herbals	667,785.00	66,778.00	66,779.00	133,557.00
Vinegar	800.00	80.00	80.00	160.00
Wine sweet	22,050.00	2,205.00	2,205.00	4,410.00
Dry	110,125.00	11,013.00	11,013.00	22,026.00
Grape juice	12,810.00	1,281.00	1,281.00	2,562.00
Hair oil	30,000.00	3,000.00	3,000.00	6,000.00
	<u>1,518,364.00</u>	<u>151,836.00</u>	<u>151,838.00</u>	<u>303,674.00</u>

**NOTE - 3 INCOME FROM SOFT DRINK**

		2007
Sales.		168,699.00
Less. B.T.I. Research trust fund	} Note - 2	67,479.00
Royalty for inventor		67,480.00
<b>Profit</b>		<u>134,959.00</u> <u>33,740.00</u>

**NOTE - 4 INCOME FROM SITHA HERBALS (SIRUKURINCHA POWDER)**

	2007	2006
Sales	434,060.00	454,711.00
Less - Expenses		
B.T.I Research trust fund	Note - 2 66,778.00	-
Royalty for inventor	Note - 2 66,779.00	-
Advertisement	-	30,074.70
Raw materials	2,947.00	27,729.00
Kurincha plucking	12,035.00	5,784.00
Kurincha plantation	660.00	-
Kurincha grinding	-	1,590.00
Diabetees awareness	-	17,455.00
Transport charge	-	173.00
Leaf. purchase	7,015.00	2,975.00
Salary	94,507.00	-
Introduction in Colombo programme	-	4,200.00
Garden maintainance	18,424.00	-
	<u>269,145.00</u>	<u>89,990.70</u>
Add-opening stock	7,350.00	1,955.00
	<u>276,495.00</u>	<u>91,935.00</u>
Less - 31.3.07 stock	120,000.00	7,350.00
	<u>156,495.00</u>	<u>84,585.70</u>
<b>Profit</b>	<u>277,565.00</u>	<u>370,125.30</u>

**Sub - Note 4.1 Salary Details**

Mayooka	52,930.00
Rasathy	3,120.00
Naguleswary	25,290.00
Kovinthan	1,305.00
Nishanthy	3,376.00
Nagaledchumy	2,044.00
Vaani	2,115.00
Piremini	250.00
Kayani	3,077.00
Shoruba	1,000.00
	<u>94,507.00</u>

**NOTE - 5 INCOME FROM HAIR OIL**

		2007
Sales		19,500.00
Less. Raw materials	11,614.00	
Stock - Hair oil	<u>(2,850.00)</u>	<u>8,764.00</u>
		10,736.00
B.T.I. Research Trust fund	Note - 2 3,000.00	
Royalty for inventor	Note - 2 <u>3,000.00</u>	<u>(6,000.00)</u>
<b>Profit.</b>		<u><u>4,736.00</u></u>

**NOTE - 6 INCOME FROM VINEGAR**

		2007
Sales.		520.00
Add. Stock vinegar on 31.3.07		<u>1,950.00</u>
		2,470.00
Less: Expense		
B.T. International Res. Fund.	Note - 2 80.00	
Royalty for inventor	Note - 2 <u>80.00</u>	<u>160.00</u>
<b>Profit.</b>		<u><u>2,310.00</u></u>

**NOTE 07 INCOME FROM WINE**

		2007
Sales - Sweet wine	14,333.00	
Dry wine	<u>71,581.00</u>	85,914.00
01.04.2006 stock		
General Chemicals	25,232.86	
Add - Purchase		
General Chemicals	1,325.00	
Raw materials	<u>29,890.00</u>	
	56,447.86	
Less:- Stock 31.3.07		
Wine (Dry)	11,400.00	
General che	<u>22,547.86</u>	<u>33,947.86</u>
		22,500.00
		63,414.00
Less - Expenses		
B.T.I Research fund	Note - 2 13,218.00	
Royalty for inventor	Note - 2 <u>13,218.00</u>	<u>(26,436.00)</u>
<b>Profit</b>		<u><u>36,978.00</u></u>

**NOTE - 08 INCOME FROM GRAPE JUICE**

		<b>2007</b>
Sales	Note - 2	8,327.00
Less:- Expenses		
B.T.I Research Trust fund	Note - 2	1,281.00
Royalty for inventor	Note - 2	<u>1,281.00</u>
<b>Profit</b>		<u><u>2,562.00</u></u>
		<u><u>5,765.00</u></u>

**NOTE - 9 INCOME FROM PHARMACEUTICALS**

		<b>2007</b>	<b>2006</b>
Sales (Benedict Solution)		1,900.00	3,180.00
Stock On 01.04.06	7,747.00		10,519.75
Add - Purchase	-	-	-
	<u>7,747.00</u>		<u>7,339.75</u>
Less. Stock on 31.3.07	<u>6,190.00</u>	<u>(1,557.00)</u>	<u>7,747.00</u>
<b>Profit / Loss</b>		<u><u>343.00</u></u>	<u><u>407.25</u></u>

**NOTE - 10 ADMINISTRATION EXPENSES**

		<b>2007</b>	<b>2006</b>
Printing and stationery		2,595.00	8,369.00
Postage & communication		70.00	11,354.00
Meeting expenses		-	525.00
EPF 12%	Sub Note 10.1	12,960.00	24,409.00
ETF 3%	Sub Note 10.1	3,240.00	6,103.00
Transport charge		-	36,200.00
General repair		11,246.00	3,332.00
Depreciation Building	Sub Note 10.2	567,455.00	
B. Improve	Sub Note 10.3	66,098.00	
Furniture & fitting	Sub Note 10.4	745.20	678,811.95
Trade mark		-	5,225.00
Audit fees		10,000.00	7,500.00
Accounting charge		-	4,000.00
Sundry expenses		26,796.58	13,685.50
Sundry assets damage		565.00	3,060.00

Balance C/B	2007	2006
E-Mail charge	3740.00	750.00
Electrical fitting charge	-	8177.00
Pongal expenses	695.00	-
Staff welfare	960.00	2878.00
New year expenses	5875.00	1828.00
Electricity charge	8690.00	40094.00
Traveling expenses	13600.00	10788.00
Administration expenses	-	2470.00
Telephone charge	34,000.00	62,345.00
Mansec secretariats services	-	18,957.50
Rewinding charge	1,500.00	-
Allowance	-	90,238.00
Advertisement land purchase	-	753.60
Vat project application	-	253.75
Business Licence	-	2311.50
AGM. Expenses	28026.00	12642.00
Cleaning charge	-	3600.00
Crate maintainance	4300.00	-
Gas charging	3500.00	-
Pipe line repair	1,875.00	-
flash memory	2,250.00	-
Electrical items repair	1096.00	-
Advertisement worker	600.00	-
	<u>812,477.78</u>	<u>1,060,661.80</u>

**Sub Note - 10.1 EPF, ETF Details**

	12%	3%
Miss A. Mayooha	4320.00	1080.00
Mrs. T. Sumanthira	8640.00	2160.00
	<u>12960.00</u>	<u>3240.00</u>

**Sub not 10.2 Depreciation Buildings**

31.3.2007 Balance	11,349,100.00
Depreciation 11,349,100.00 X 5%	567,455.00

**Sub Note 10.3 Depreciation Building Improvement**

31.03.2007 Balance	1,321,968.97
Depreciation 1,321,968.97 X 5%	66,098.00

**Sub Note 10.4 Depreciation Furniture & Fittings**

01.04.2006 Balance	17,385.00
Accu. Deprecation upto 01.04.2006	16,639.80
Deprecation during the year	<u>745.20</u>

**NOTE 11 SELLING AND DISTRIBUTION**

	2007	2006
Depreciation machinery equip. Sub Note 11.1	3,907.00	87,759.70
Machinery Repair	2,000.00	4,730.00
	<u>5,907.00</u>	<u>92,489.00</u>

**Sub Note 11.1 Deprecation Machinery & Equipment**

31.03.2007 Balance	=	39,074.00
Deprecation 39074 X 10%	=	3,907.00

**NOTE 12 FINANCIAL CHARGES**

	2007	2006
Bank charges	375.00	575.75
Debit tax P/Bank	154.85	821.37
O/D Interest P/Bank	7,184.52	17,732.38
Bank charges Bank of Ceylon	-	50.04
Debenture interest <b>Sub note 12.1</b>	166,595.00	195,194.00
	<u>174,309.37</u>	<u>214,373.54</u>

**Sub 12.1 Debenture Interest**

Prof.K.Ganeshalingam	22,000.00
Prof.K.Balasubramaniam	80,300.00
Mrs.A.Balasubramaniam	60,500.00
Mr.N.Nithiyantharajah	3,795.00
	<u>166,595.00</u>

**NOTE 13 RESEARCH AND DEVELOPMENT**

**1996 / 1997**

Research and development		
Raw materials consumed	126,513.04	
Wages	<u>56,372.50</u>	182,885.54

**2001 / 2002**

Written off Research & development		(182,885.54)
------------------------------------	--	--------------

**2005 / 2006**

Intellectual property rights a/c		6,900.00
Allowance Senthuran		8,700.00
Salary chief executive officer Prof.K.Balasubramaniam		240,000.00
Salary Research and development manager		49,080.00
Machinery & Equipment	805,302.00	
Less Depreciation	<u>(503,287.41)</u>	302,014.59

**2006 / 2007**

Salary chief executive officer Prof.K.Balasubramaniam		240,000.00
Salary Research and development manager	72,000.00	
Allowance Mrs. T. Sumanthira	<u>5,000.00</u>	77,000.00
Machinery & Equipment	39,074.00	
Less Depreciation	<u>(3,907.00)</u>	<u>35,167.00</u>
		<u>958,861.59</u>

**NOTE 14 STOCK / INVENTORIES**

	<b>2007</b>	<b>2006</b>
Hair oil	2,850.00	-
Wine - Dry Wine	11,400.00	-
Sweet Wine	-	-
Viniger	1,950.00	-
Container & Bottles (Old)	5,553.52	5,553.52
General chemicals	22,547.86	25,232.86
Kurincha <b>Sub note 14.1</b>	120,000.00	7,350.00
Damage capital Item 93/94 War	423,054.73	423,054.73
Pharmaceuticals	6,190.00	7,747.00
	<u>593,546.11</u>	<u>468,938.11</u>

**Sub Note 14.1**

A Stock of 170Kg dry leaf in intermediate stages of processing to final products is in reserve. Research in progress to process these leaves into Gym tea, capsules and other value added products.

**NOTE 15 TRADE AND OTHER RECEIVABLES**

	2007	2006
Debtors	-	15,726.00
S.V.M	-	17,552.35
	-	<u>33,278.35</u>

**NOTE 16 INVESTMENTS**

		2007	2006
		Amount	Amount
<b>Fixed Deposits</b>			
<b>F.D.No</b>	<b>Branch</b>		
354745 (146910)	P/B. U/Branch	107,879.46	107,879.46
354450 (147617)	P/B. U/Branch	134,355.96	123,262.35
354884 (147047)	P/B. U/Branch	205,793.78	190,549.80
		<u>448,029.20</u>	<u>421,691.61</u>

**NOTE 17 OTHER CURRENT ASSETS**

	2007	2006
Deposit Telephone	49,800.00	49,800.00

**NOTE -18 CASH AND OTHER EQUIVALENTS.**

	2007	2006
<b>Bank Balance</b>		
<b>Saving account</b>		
People's Bank Ac.No.20255 (New No 207-006843-7)	16,761.53	13,106.22
<b>Current Account</b>		
Bank of ceylon Ac.No.23838	24,160.00	24,160.00
Commercial Bank Ac. No 10 600 7295	2,363.61	50,436.61
Cash in hand	10,044.10	1,344.38
Cheque in hand	-	227,930.15
People's Bank Ac No 1-07-051604-6	2,224.83	-
	<u>55,554.07</u>	<u>317,004.36</u>

**NOTE 19**

**ISSUED AND FULLY PAID UP CAPITAL DETAILS OF SHARE HOLDERS**

Name	No. of Shares	Value (Rs)
01 Prof,K.Balasubramaniam	94568	945,680.00
02 Prof.A.Thuraiajah	24885	248,850.00
03 Mr.K.K.Pooranachandiran	45960	459,600.00
04 Mr.K.Kanagaratnam	10944	109,440.00



05 Prof.S.V.Parameswaran	11817	118,170.00
06 Dr.Miss.V.Arasaratnam	10578	105,780.00
07 Mrs.K.Sritharan	10578	105,780.00
08 Mr.V.Balasingam	10215	102,150.00
09 Mr.N.Nithiyanantharajah	11670	116,700.00
10 Mr.W.S.Thambirajah	8754	87,540.00
11 Dr.V.S.Pathmanathan	20832	208,320.00
12 Mr.K.Sivaganeshan	10944	109,440.00
13 Mr.A.Senthuran	10944	109,440.00
14 Mr.T.Saravanabavan	10578	105,780.00
15 Mrs.P.Muthukumar	10578	105,780.00
16 Miss.M.Ramadas	10578	105,780.00
17 Prof.V.K.Ganeshalingham	19302	193,020.00
18 Mr.S.Thirunavukkarasu	10944	109,440.00
19 Mr.R.Bhaheerathan	10944	109,440.00
20 Mr.P.Navaratnam	9849	98,490.00
21 Mr.K.Jeyaratnam	9120	91,200.00
22 Mr.K.Kaneshamoorthy	9120	91,200.00
23 Mr.A.M.Thananayagham	12120	121,200.00
24 Mr.K.Jegathesan	9120	91,200.00
25 Mr.C.K.Sivalingham	9120	91,200.00
26 Dr.Mrs.C.Maheswaran	10944	109,440.00
27 Mr.R.V.Ramachandiran	10944	109,440.00
28 Mr.S.Sarvananda	10944	109,440.00
29 Dr.T.Sivagnanam	10944	109,440.00
30 Dr.J.Ganeshamoorthy	9120	91,200.00
31 Mr.T.Sivasubramaniam	9120	91,200.00
32 Mr.S.A.Esmond Christopher	9120	91,200.00
33 Mr.N.Balavinayagar	9120	91,200.00
34 Mr.K.Sivagnanam	9120	91,200.00
35 Mr.S.Selvarajah	9120	91,200.00
36 Dr.S.P.R.Seeramaran	9120	91,200.00
37 Mrs.Linga Thurairajah	18240	182,400.00
38 Mr.Thayananthan	5835	58,350.00
39 Mrs.K.Nithiyanantharajah	9501	95,010.00
40 Mrs.S.Nadarajah	9120	91,200.00
41 Mr.A.Bernard Alphonsus	11196	111,960.00
42 Mr.K.Maheswaran	13296	132,960.00
43 Mr.N.Shanmuganathan	10638	106,380.00
44 Mr.S.Velmurugan	26716	267,160.00
45 Mr.E.Saravanabavan	16716	167,160.00

46 Mr.T.Murugapoopathy	8358	83,580.00
47 Mr.R.Kulendran	13740	137,400.00
48 Mr.Emil Mahenkumar	16780	167,800.00
49 Mr.T.Kirubaharan	1000	10,000.00
50 Mr.M.Kanagasingham	10000	100,000.00
51 Dr.Mrs.S.Pirathapan	2500	25,000.00
52 Mrs.G.Falk Sehal	1000	10,000.00
53 Mr.V.Sathasivam	2500	25,000.00
54 Dr.J.V.Gnanapragasam	5000	50,000.00
55 Mr.T.Rajeswaran	1000	10,000.00
56 Dr.V.Satkunanayagam	2500	25,000.00
57 Mr.M.Kunaratnam	2500	25,000.00
58 Mrs.Arunthathy Anthony pillai	10000	100,000.00
59 Mr.S.Neville Anthony pillai	10000	100,000.00
60 Mr. Neil Anthony pillai	10000	100,000.00
61 Mr.G.Kandiah	10000	100,000.00
62 Mrs.J.Linganathan	2500	25,000.00
63 Mr.T.Sivanantharajah	3000	30,000.00
64 Mr.K.Satkunanayagam	20000	200,000.00
65 Mrs.T. PiraSumanthira	5000	50,000.00
66 Dr.R.Pirathapan	3000	30,000.00
	<u>783,314</u>	<u>7,833,140.00</u>

**NOTE 20 CAPITAL GAIN**

	<b>2007</b>	<b>2006</b>
Land & Buildings	5,101,371.60	5,101,371.60
Container & Bottles	13,458.50	13,458.50
S.V.M. Sales	25,093.66	25,093.66
Container & Bottles	48,300.11	48,300.11
Machinery & Equipment	18,094.94	18,094.94
	<u>5,206,318.81</u>	<u>5,206,318.81</u>

**NOTE 21 NON CURRENT LIABILITIES**

	<b>2007</b>	<b>2006</b>
Redeemable debenture 11% <b>sub - note 21.1</b>	1,624,500.00	1,384,500.00
	<u>1,624,500.00</u>	<u>1,384,500.00</u>

**Sub Note 21.1 Details of debenture holders**

Prof. K. Ganeshalingam	200,000.00
Prof. K. Balasubramaniam	840,000.00
Mrs. A. Balasubramaniam	550,000.00
Mr. N. Nithyanantharajah	34,500.00
	<u>1,624,500.00</u>

**NOTE 22 CURRENT LIABILITIES**

		<b>2007</b>	<b>2006</b>
Accrued expenses	<b>Su.No 22.1</b>	11,385.00	-
Refundable deposit		29,854.00	29,854.00
Redeemable debenture interest	<b>Sub No 22.2</b>	211,914.00	171,819.00
Accrued expenses EPF	<b>Sub.No. 22.3</b>	84,120.00	86,885.00
ETF		12,620.00	13,035.00
Audit fees		10,000.00	7500.00
Allowance Dr.V. Senthuran		8700.00	8700.00
P / bank O/D		-	250,359.00
Creditors Bio Tec orient	<b>Sub No 22.4</b>	1,302,424.00	1,475,819.00
Prof. advance		8750.00	-
Royalty for inventor (Prof. K. Balasubramaniam)		151,838.00	-
		<u>1,831,605.00</u>	<u>2,043,971.00</u>

**Sub Not 22.1 Accrued expenses**

salary Mrs.T. Sumanthira	6,020.00
Miss. A. Mayooka	<u>5,365.00</u>
	<u>11385.00</u>

**Sub Not 22.2 Redeemable debenture interest payable**

Prof.K. Ganeshalingham	66,000.00
Prof.K.Balasubramaniam	80,300.00
Mrs.A.Balasubramaniam	60,500.00
Mr.N. Nithiyanantharajah	5,114.00
	<u>211,914.00</u>

**Sub Not 22.3 Details of EPF**

	<b>EPF</b>
Mrs.J. Linganathan	16,200.00
Miss.S. Sutharsana	2,755.00
Mr. T.Sriskandarajah	11,120.00
Miss.Pamila	55.00
Miss.P Nithimala	3,871.00
Miss.A Mayooka	17,041.00
Miss.S Nishanthi	972.00
Miss.S.Kirubajini	397.00
Miss.S.Nirojini	4,725.00
Miss.S.Thanusa	3,051.00
Miss.S Sulaxsana	113.00
Mrs.T. Sumanthira	22,200.00
Mr.K.Gunasingham	1620.00
	<u>84,120.00</u>

**Sub Not. 22.4 Creditors**

Payable to Bio Tec Orient	<b>Sub Note 22.4.1</b>	2,487,494.60
Less: Receivable from B.T. Orient	<b>Sub Note 22.4.2</b>	1,185,070.60
Balance payable to Bio Tec Orient		<u>1,302,424.00</u>

**Sub Note 22.4.1 Payable to Bio Tec Orient**

2005/2006 Payables	<b>Sub Not 22.4.1.1</b>	1,939,129.60
2006/2007 Payable	<b>Sub Not 22.4.1.2</b>	548,365.00
		<u>2,487,494.60</u>

**Sub Not. 22.4.1.1 2005/2006 Payables to Orient**

Share Capital (U.K. Share) *		1,223,100.00
Debenture		550,000.00
Share Prof. K. Balasubramaniam		<u>40,000.00</u>
		1,813,100.00
Sirukurincha raw materials		16,100.60
Soft drink raw materials		95,998.50
Diabetes programme		4,400.00
General chemicals		210.00
Advertisement kurincha		6520.50
Transport sirukurincha		1600.00
Transport soft drink		1200.00
		<u>1,939,129.60</u>

\* Share capital received from U.K. share holders deposited into international account in 2004

**Sub. Note 22.4.1.2. 2006/2007 Payable to Orient (Expenditure of Bio Tec. International Ltd)**

Hair oil raw materials	11,614.00
Wine raw materials	29,890.00
Sales centre advance	50,000.00
Travelling charge	13,600.00
Salary	127,457.00
Kurincha purchase	4,700.00
Printing & stationery	2,595.00
Plucking charge	15,270.00
Sundry assets	1,855.00
Telephone charge	30,000.00
Garden maintainance	15,454.00
Meeting expenses	26,260.00
E-Mail charge	1500.00

Flash memory	2,250.00
Renovation of buildings	20,000.00
Kurincha raw materials	2,768.00
General Repair	6,271.00
Sundry expenses	7,235.00
Staff benifit	960.00
Repair electrical items	1,096.00
General chemicals	775.00
Gas charging	3,500.00
Compressor (Machinery & Equipment)	8,750.00
Postage charge	70.00
Rewinding charge	1,500.00
Pipe line repair	30.00
For deposit P/Bank	61,170.00
C/Bank	25,000.00
Pongal expenses	695.00
Advertisement worker	600.00
Debenture loan interest	66,000.00
Audit fees	7,500.00
Machinery repair	2,000.00
	<u>548,365.00</u>

The above expenditure were made from advance received from Bio Tec Orient.

#### Sub Not 22.4.2 Receivable from B.T Orient

2005/2006 Receivable	<b>Sub. Note 22.4.2.1</b>	463,310.60
2006/2007 Receivable	<b>Sub Note 22.4.2.2</b>	721,760.00
		<u>1,185,070.60</u>

#### Sub Note 22.4.2.1 Receivable 2005-2006

For expenses	17,568.00
Soft drink	34,560.00
Raw materials	71,721.10
S. drink chemicals	125,034.00
Sundry assets	1,580.00
Machinery & equipment	36,147.50
Container & Bottles	176,700.00
	<u>463,310.60</u>

**Sub Note. 22.4.2.2. Receivables 2006-2007**

Kurincha sales	(65%)	434,060.00
Vineger sales	(65%)	520.00
Wine - Sweet	(65%)	14,333.00
Dry	(65%)	71,581.00
Grape Juice	(65%)	8,327.00
Hair Oil	(65%)	19,500.00
Soft drink	(25%)	1,686,99.00
		<u>717,020.00</u>
Pharmaceuticals	1900.00	
Adver. Soft drink	2640.00	
Transport charge	<u>200.00</u>	4740.00
		<u>721,760.00</u>

**NOTE 23 SALES CENTRE**

Bio Tec International shall promote its advertisement, marketing and sales through the sales centre.

# **12.BIO TEC ORIENT (PVT) LTD**

Tel Off : 0094-21-4590907  
Res : 0994-21-4590912  
E-mal : Kanbalasub@yahoo.com  
: biotecjaf@wow.lk

131/2 Palaly Road,  
Thirunelvely, Jaffna  
20<sup>th</sup> June 2007..

## **NOTICE OF SECOND ANNUAL GENERAL MEETING ON SUNDAY 22<sup>ND</sup> JULY 2007 AT 11.15AM AT 131/2, PALALY ROAD, THIRUNELVELY, JAFFNA**

**NOTICE IS HEREBY GIVEN THAT the 2<sup>nd</sup> Annual General Meeting of the Shareholders of the company will be held on the day, date, time & place referred to above for the following purpose**

### **AGENDA**

1. To read the Notice convening the Meeting
2. To lay before the meeting
  - a. The report of the Directors and
  - b. The Audited Statement of Accounts for the year ended 31st March 2007 and
  - c. To receive the Report of the Auditors there of
  - d. Chairman's Review 2006-2007
  - e. Financial Highlights Bio Tec Orient (Pvt) Ltd.
4. To reappoint Tilakaratnam & Co, Chartered Accountants, as Auditors of the company from the conclusion of the 2<sup>nd</sup> Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Directors to determine their Remuneration
5. Any other business.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
BIO TEC Orient (Pvt) Ltd**

**Prof.K.Balasubramaniam,  
Chairman / Director, Bio Tec**

**BIO TEC ORIENT (Pvt) LTD.**  
**DIRECTORS REPORT**  
**2006-2007**

**1. INTRODUCTION**

The Directors have great pleasure in presenting the Audited 1<sup>st</sup> Annual Report of BIO TEC ORIENT (Pvt) Ltd. The BIO TEC GLOMERATE presents the combined audited report of both companies.

**2. SOFT DRINKS**

The new soft Drink machinery installed in 2005-2006 was commissioned in April 2006 and is fully operational. Its full capacity is not utilized due to the closure of A-9 road and the inability to bring in some ingredients and raw materials.

However the quality of the soft drinks produced is equal to or even better in taste than Colombo drinks. There is a big market for soft drinks in Jaffna and every endeavour is being made to achieve this objective.

**3. SALES AND MARKETING**

The Bio Tec Orient envisaged in early 2006 to purchase a vehicle and undertake the sales. The country situation and closure of A-9 road had delayed its implementation. At present sales are being effected through agents, retail businesses, schools, occasional buyers and others. The biggest Buyer during the year was the 'Others' followed by retail business group.

**4. COMMERCIAL ACTIVITIES**

As a BOI Company, Orient was to assume commercial activity on 28th April 2007. However the war situation in the country has limited or stopped inflow of capital for investment. The closure of A-9 Colombo - Jaffna road has worsened the situation and forecasts a bleak future with uncertainty.

The 24 hours curfew imposed on 11th August 2006 remained for almost a week and was relaxed very slowly at snail pace. Today even after 10 months, 8 hours curfew still continues with sudden one or more Road Blocks lasting from to several hours.

**5. NEW PRODUCTS**

Wines from grapes and BBG Hair oil were launched on 30<sup>th</sup> September 2006. These are regularly manufactured marketed along with others.



## 6. DIRECTORS

The following were reelected and appointed as Chairman and Directors.

Prof. K. Balasubramaniam	Chairman
Mr. K. Pooranachandran	Director/Technical
Mr. K. Kanagaratnam	Director/Finance
Mrs. Linga. Thurairajah	Director/Legal
Dr. S. Rajasundaram	Direct/International Affairs
Mrs. A. Balasubramaniam	Alternate Director/Colombo Affairs
Mrs. T. Sumanthira	Alternate Director/Research and Production

## 7. AUDITORS

The Directors propose the appointment of Tilakaratnam Chartered Accountants as company auditors.

Thank you

DIRECTORS  
BIO TEC

## **REPORT OF THE AUDITORS TO THE MEMBERS OF BIO TEC ORIENT (PVT) LIMITED.**

We have audited the balance sheet of Bio Tec Orient (Pvt) Limited as at 31<sup>st</sup> March 2007 together with the accounting policies and notes thereto.

### **Respective responsibilities of Directors and Auditors**

The Directors are responsible for preparing and presenting these financial statements in accordance with the Sri Lanka Accounting Standards. Our responsibility is to express an opinion on these financial statements, based on our audit.

### **Basis of Opinion**

We conducted our audit in accordance with the Sri Lanka Auditing Standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the said financial statements are free of material misstatements. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the said financial statement, assessing the accounting principles used and significant estimates made by the directors, evaluating the overall presentation of the financial statements, and determining whether the said financial statements are prepared and presented in accordance with the Sri Lanka Accounting Standards. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

### **Opinion**

In our opinion, so far as appears from our examination, the Company maintained proper books of account for the period ended 31<sup>st</sup> march 2007 and to the best of our information and according to the explanations given to us, the said balance sheet and the accounting policies and notes thereto, which are in agreement with the said books and have been prepared and presented in accordance with the Sri Lanka Accounting Standards, provide the information required by the Companies Act No. 17 of 1982 and give a true and fair view of the Company's state of affairs as at 31<sup>st</sup> March 2007.

*Tilakaratnam & Co*  
**Chartered Accountants**  
Colombo, 12 June 2007.

### **Chartered Accountants**

Head Office:  
1st Floor, No.25A,  
Pamankada Lane,  
Sri Lanka.  
Telephone : 2366027  
Fax : 2365102  
E-mail : tilaco@sltnet.lk  
mtratnam@sltnet

### **Branches :**

New Palace Building  
No.39, Trinco Road,  
Batticaloa.  
Telephone :065-2222148  
Wedamulla,  
Kalaniya.  
Telephone : 2915303, 2913112  
No.555, Navalar Road Jaffna.

**BIO TEC ORIENT (PVT) LTD.  
PALALY ROAD, THIRUNELVELY**

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2007**

Assets	Note	2007	2006
<b>Non current assets</b>			
Fixed assets	01	14,496,520.70	14,896,976.66
Container and Bottles	02	820,373.02	816,992.02
Pipe line work		38,080.50	38,080.50
Name board		5,000.00	5,000.00
		<u>15,359,974.22</u>	<u>15,757,049.18</u>
<b>Currents Assets</b>			
Investment (S.T)	03	500,000.00	500,000.00
Formation expenses	04	675,854.33	957,169.43
Trade and other receivables	05	1,302,424.07	1,475,818.40
Commercial Bank Balance <small>A/c No 1060026877</small>		180,487.27	-
Debtors	06	87,808.00	-
Stock	07	336,406.64	-
Cash in hand		5,976.15	1,377.75
Total assets		<u>18,448,930.61</u>	<u>18,691,414.76</u>
<b>Equity &amp; Liabilities</b>			
Share capital and reserve			
Authorised share capital			
Share capital	08	13,163,200.00	6,073,200.00
Share application account		-	6,590,000.00
<b>Non current Liabilities</b>			
Mortgage loan and long term loan	09	4,302,400.00	4,302,400.00
<b>Current Liabilities</b>			
Profit and loss account		(846,244.89)	-
<b>Payables</b>			
Mortgage loan interest	10	405,272.50	190,152.50
Payable Vat		681,890.00	681,890.00
Tax		607,643.00	607,643.00
Prof. K.Balasubramaniam		38,921.00	-
Creditor - N.Amirthalingam		-	40,000.00
Fixed deposit interest		-	170,202.04
Bottles and case deposit		60,232.00	-
Accrued expenses	11	11,950.00	-
EPF payable		20,580.00	-
ETF payable		3,087.00	-
Commercial bank overdraft		-	35,927.22
		<u>18,448,930.61</u>	<u>18,691,414.76</u>

**MANUFACTURING TRADING PROFIT & LOSS  
ACCOUNT FOR THE YEAR ENDED 31.03.2007**

**Revenue**

Soft drink Income		674,794.00
Juice		<u>170.50</u>
		674,964.50

**stock soft drinks on**

<b>01.04.2006</b>	Sub note 12.1	34,560.00
Cost of sales		<u>345,316.96</u>
		379,876.96

**Less Stock Soft drink on**

<b>31.03.2006</b>		(98,375.00)	
Damage		<u>16,500.00</u>	<u>298,001.96</u>
Gross profit			376,962.54
Add other operating income	Note 14		<u>464,098.10</u>
			841,060.64

**Less Expenses**

Administration expenses	Note 15	723,190.50	
Selling & distribution	Note 16	720,649.00	
Other expenses	Note 17	<u>17,251.00</u>	<u>(1,461,090.50)</u>
			(620,029.86)
Less financial charge	Note 18		<u>(226,215.03)</u>
<b>Net profit / loss for the year before taxation</b>			<u>(846,244.89)</u>

Less provision for taxation

<b>Net profit / Loss for the year after taxation</b>			<u>(846,244.89)</u>
--	--	--	---------------------

Add profit / Loss B/F

<b>Profit / loss c/f</b>			<u><u>(846,244.89)</u></u>
--------------------------	--	--	----------------------------

No commercial activity in 2005/2006

**NOTE 01 FIXED ASSETS**

	Opening Balance	Addition During the Year	Depriciation During the Year	Balance
Land	4,500,000.00	-	-	4,500,000.00
Buildings	2,000,000.00	-	100,000.00	1,900,000.00
Renovation of Building	2,001,423.50	7,000.00	100,421.00	1,908,002.50
Machinery Equipment	6,383,556.16	457,334.04	684,089.00	6,156,801.20
Sundry assets	11,997.00	19,720.00	-	31,717.00
	<u>14,896,976.66</u>	<u>484,054.04</u>	<u>884,510.00</u>	<u>14,496,520.70</u>

**NOTE 02 CONTAINER AND BOTTLES**

Opening balance on 01.04.2006	816,992.02
Add. Purchase	<u>10,750.00</u>
	827,742.02
Less Damage	<u>7,369.00</u>
	<u><u>820,373.02</u></u>

**NOTE 03 INVESTMENT (S.T)**

Fixed deposit No.	Bank	Value
3060027249	Commercial Bank	500,000.00

**NOTE 04 FORMATION EXPENSES**

	2006	2007
Mortgage loan interest	190,152.00	190,152.00
Mr.M.Sivagnanasundaram - traveling consulting allowance <b>Note 4.1</b>	122,400.00	122,400.00
	-	50,000.00
Photo copy charge	1819.00	1819.00
Postage	1,606.00	1,606.00
Printing charge	7,875.50	7,875.50
Travelling	132,690.00	132,690.00
Secretarial services Mansec	40,554.50	40,554.50
Application fees of investment	17,600.00	17,600.00
BOI Application processing fees	86,461.75	86,461.75
Entertainment	4,793.00	4,793.00
Library books	785.00	785.00
Web side connection - Colombo	2,000.00	2,000.00
Design & Creation	3,000.00	3,000.00
Transport charge	1,250.00	1,250.00
Sundry expenses	800.00	800.00
Machinery Repair	13,495.00	13,495.00

**Bank Charges**

Cheque book charge	800.00		
L.C. Commission	24,070.30		
Debit tax	15,911.55		
O/D Interest	5,590.73		
Bank charges	2,000.00		
P/O Commission	<u>200.00</u>	48,572.58	48,572.58

**Purchase from Bio Tec International**

Soft drink	34,560.00		
Soft drink chemicals	125,034.00		
Raw Material	<u>71,721.10</u>	231,315.10	-
		<u><u>957,169.43</u></u>	<u><u>675,854.33</u></u>

**Sub Note 4.1**

Consulting allowance of Mr.M.Sivagnanasundaram Rs. 50,000.00 has been made.

**NOTE 05 TRADE AND OTHER RECEIVABLES**

Total receivable from B.T International	<b>Sub Note 5.1</b>	2,487,494.60
Total payable to B.T International	<b>Sub Note 5.2</b>	1,185,070.60
Balance receivable from B.T International		<u>1,302,424.00</u>

**Sub Note 5.1 Receivable From B.t International**

2005 - 2006 Receivable	<b>Sub Note 5.1.1</b>	1,939,129.60
2006-2007 Receivable	<b>Sub Note 5.1.2</b>	548,365.00
		<u>2,487,494.60</u>

**Sub Note 5.1.1 2005 - 2006 Receivables**

Share capital	<b>Sub Note 5.1.1.1</b>	1,263,100.00
Loan to B. T. Inter (Debenture)		550,000.00
Sirukurincha raw materials		16,100.60
Soft drink raw materials		95,998.50
Diabetees programme		4,400.00
General chemical		210.00
Advertisement Sirukurincha		6,520.50
Transport Sirukurincha		1,600.00
Transport Soft drink		1,200.00
		<u>1,939,129.60</u>

**Sub Note 5.1.1.1 Share Capital**

Share capital of Orient (U.K) deposited into International rest expenditure of Bio Tec International from advance of Bio Tec Orient

**Sub Note 5.1.2 2006 - 2007 Receivables**

Traveling charge	13,600.00
Salary	127,457.00
Kurincha leaf purchase	4,700.00
Printing & stationery	2,595.00
Plugging charge	13,940.00
Sundry assets	1,855.00
Telephone charge	30,000.00
Garden maintainance	15,454.00
Meeting expenses	26,260.00
E-mail charge	1,500.00
Hair oil raw materials	11,614.00
Flash memory	2,250.00
Renovation of buildings	20,000.00
Kurincha raw materials	2,768.00
General repair	6,271.00
Sundry expenses	7,235.00
Staff benefit	960.00
Wine raw material	29,890.00
Repair electrical items	1,096.00
General chemicals	775.00

Kurincha plucking charge	1,330.00
Gas charging	3,500.00
Compressor (Machinery & Equipment)	8,750.00
Postage	70.00
Rewinding charge	1,500.00
Pipe line repair	30.00
For deposit P/Bank	61,170.00
C/Bank	25,000.00
Pongal expenses	695.00
Advertisement worker	600.00
Debenture loan interest (2005/2006)	66,000.00
Audit fees	7,500.00
Machinery repair	2,000.00
Sales centre advance	50,000.00
	<u>548,365.00</u>

**Sub Note 5.2 Payable to Bio Tec International Ltd.**

2005-2006 Payables	<b>Sub Note.5.2.1</b>	463,310.60
2006-2007 Payables	<b>Sub Note.5.2.2</b>	721,760.00
Total payables		<u>1,185,070.60</u>

**Sub No.5.2.1 2005-2006 Payables**

Expenses	17,568.00
Sundry assets	1,580.00
Soft drink	34,560.00
Machinery & Equipment	36,147.50
Soft Drink chemicals	125,034.00
Raw materials	71,721.10
Container & Bottles	176,700.00
	<u>463,310.60</u>

**Sub Note .5.2.2 2006-2007 Payables**

Royalty to B.T International	<b>Note 13</b>	134,959.00	
Infrastructural payment	<b>Note 13</b>	33,740.00	
Kurincha raw materials		434,060.00	
Vinigar raw materials		520.00	
Sweet wine raw materials		14,333.00	
Dry wine raw materials		71,581.00	
Grape juice raw materials		8,327.00	
Hair oil raw materials		<u>19,500.00</u>	717,020.00
Transport charge		200.00	
Advertisement		2,640.00	
Pharmaceuticals income		<u>1,900.00</u>	4,740.00
			<u>721,760.00</u>

**NOTE 06 DEBTORS**

**Soft Drink**

Jaffna Central College canteen	6,240.00	
University canteen	2,760.00	
Chandiran	100.00	
J.H.L.New canteen	4,320.00	
Kaddaively Co-op	7,200.00	
Sri murugan	240.00	
Kopay Christian College	10,080.00	
Akkakadai	240.00	
Vaakipharmacy	528.00	
Nithiyanantharajah	<u>50.00</u>	31,758.00

**Sirukurincha**

Vaaki pharmacy	850.00	
Credit from Colombo agency	55,000.00	
Nithiyanantharajah	<u>200.00</u>	56,050.00
		<u>87,808.00</u>

**NOTE 07 STOCK**

Stock	Soft drink	81,875.00
	Soft drink chemicals	128,778.64
	Soft drink Raw materials	<u>125,753.00</u>
		<u>336,406.64</u>

**NOTE 08 SHARE CAPITAL**

	No of Shares	2007	2006
01. Bio Tec International	65,006	6,500,060.00	60.00
02. Dr.S.Rajasundaram	350,000	3,500,000.00	3,000,000.00
03. Limje pension fund	185,000	1,850,000.00	1,850,000.00
04. Mr.S.Maheswaran	34,970	349,700.00	349,700.00
05. Dr.V.Rajayogeswaran	17,470	174,700.00	174,700.00
06. Dr.S.J.I.Philips	9,460	94,600.00	94,600.00
07. Dr.S.Rajayogeswaran	8,720	87,200.00	87,200.00
08. Mr.P.Thuraiatnam	8,720	87,200.00	87,200.00
09. Mr.M.Pirasanth	5,230	52,300.00	52,300.00
10. Mr.M.Vinoth	5,230	52,300.00	52,300.00
11. Dr.G.A.T.Selvanathan	4,690	46,900.00	46,900.00
12. Mr.B.Sukumaran	4,350	43,500.00	43,500.00
13. Mr.B.Namolingam	4,350	43,500.00	43,500.00
14. Mrs.B.Vithiya Namolingam	4,350	43,500.00	43,500.00
15. Mrs.D.G.I.Chandiran	4,340	43,400.00	43,400.00
16. Mr.M.Sivagnanasundaram	5,000	50,000.00	-
17. Prof.K.Balasubramaniam	4,001	40,010.00	10.00
18. Mr.V.Umapathy	3,480	34,800.00	34,800.00



19. Mr.K.Kuhachadiran	3,480	34,800.00	34,800.00
20. Dr.S.Sabanayagam	3,470	34,700.00	34,700.00
21. Mr.K.Pooranachadiran	1	10.00	10.00
22. Mrs.Linga Thurairajah	1	10.00	10.00
23. Mr.K.Kanagaratnam	1	10.00	10.00
	<u>1,316,320</u>	<u>13,163,200.00</u>	<u>6,073,200.00</u>

**NOTE 09 MORTGAGE LOAN & LONG TERM LOAN**

Mortgage loan			
04.04.2005		2,930,000.00	
16.08.2005		<u>1,250,000.00</u>	4,180,000.00
Long term loan			
01.07.2005			<u>122,400.00</u>
			<u>4,302,400.00</u>

**NOTE 10 MORTGAGE LOAN INTEREST PAYABLE**

**2005 - 2006**

04.04.2005	2,930,000 X5%	146,500.00
01.07.2005	122,400X5% X9/12	4,590.00
16.08.2005	1,250,000X5%X 7.5/12	<u>39,060.50</u>
		190,152.50

**2006 - 2007**

4,302,400X5/100X12/12	<u>215,120.00</u>
	<u>405,272.50</u>

**NOTE 11 ACCRUED EXPENSES**

Salary	Mrs.T.Sumanthira	6020.00
	Mrs.R.Naguleswary	4930.00
	Miss.S.Sharuba	<u>1000.00</u>
		<u>11,950.00</u>

**NOTE 12 MANUFACTURING ACCOUNT**

**Stock on 01.04.2006**

Raw Materials		
Materials	<b>Sub. Note 12.1</b>	71,721.10
Chemicals		
Chemicals soft drink	<b>Sub. Note 12.1</b>	<u>125,030.00</u>
		196,755.10

**Purchase**

Raw materials	71,720.00	
Chemicals		
Chemicals soft drink	26,460.00	
Chemicals general	<u>230.00</u>	<u>98,410.00</u>
		295,165.10

**Less Stock On 01.04.2007**

Raw materials		
materials	125,753.00	
Chemicals		
Chemicals soft drink	128,778.64	
Chemicals general	<u>                    -</u>	<u>254,531.64</u>
<b>Cost of Raw materials</b>		<b>40,633.46</b>
Fuel and energy (petrol)	878.50	
Wages fire wood	5,550.00	
Royalty payment	<b>Note 13</b> 134,959.00	
Infra structural payment	<b>Note 13</b> 33,740.00	
Fuel & energy	3,500.00	
Transport soft drink	25,858.00	
Salary	83,128.00	
Advertisement soft drink	1,550.00	
Soft drink agent fees	10,184.00	
Kerosine	<u>5,336.00</u>	<u>304,683.50</u>
<b>Total Cost Transferred to Trading A/C</b>		<b><u>345,316.96</u></b>

**Sub Note 12.1**

The stock of Raw materials, Soft drink, Soft drink chemicals as of 01.04.2006 was brought forward from formation expenses of 2005 / 2006.

**NOTE 13 PURCHASES AND ROYALTY PAYMENT FOR INTERNATIONAL**

	Income to Bio Tec Orient (pvt) ltd Value		Raw materials Royalty, Infrastructure payment to B.T.International %	Value	Net Income to orient Value
Soft drink	674,794.00		25%	168,699.00	506,095.00
Sitha herbals	667,785.00		65%	434,060.00	233,725.00
Vinegar	800.00		65%	520.00	280.00
Wine - Sweet	22,050.00		65%	14,333.00	7,717.00
Dry	110,125.00		65%	71,581.00	38,544.00
Grape Juice	12,810.00		65%	8,327.00	4,483.00
Hair oil	30,000.00		65%	19,500.00	10,500.00
	<u>1,518,364.00</u>			<u>717,020.00</u>	<u>801,344.00</u>
Royalty payment		674,794.00 X 20 %		134,959.00	
Infrastructure payment		674,794.00 X 5 %		33,740.00	
Total				<u>168,699.00</u>	

**NOTE 14 OTHER OPERATING INCOME**

Siru Kurincha	<b>Sub.Note - 14.1</b>	181,031.00
Wine	<b>Sub Note - 14.2</b>	44,391.00
Hair oil	<b>Sub Note - 14.3</b>	10,500.00
Vinegar	<b>Sub Note - 14.4</b>	280.00
Grape Juice	<b>Sub Note - 14.5</b>	4,483.00
F.D. interest	<b>Sub Note - 14.6</b>	222,317.10
Telephone		1,096.00
		<u>464,098.10</u>

**Sub Note 14.1 Siru Kurincha Income**

Income	<b>Note 13</b>	667,785.00
Less - Raw materials		<u>434,060.00</u>
		233,725.00
Less - Expenses		
Advertisement	38,844.00	
Transport	<u>13,850.00</u>	52,694.00
Profit		<u>181,031.00</u>

**Sub Note 14.2 Wine Income**

Income Dry wine	<b>Note 13</b>	110,125.00
Sweet wine	<b>Note 13</b>	<u>22,050.00</u>
		132,175.00
Less Raw materials		<u>85,914.00</u>
		46,261.00
<b>Less Expenses</b>		
Wine Launching programme		<u>1,870.00</u>
Profit		<u>44,391.00</u>

**Sub Note 14.3 Hair Oil Income**

Income	<b>Note 13</b>	30,000.00
Less hair oil Raw materials		<u>19,500.00</u>
<b>Profit</b>		<u>10,500.00</u>

**Sub Note 14.4 Vinegar Income**

Income	<b>Note 13</b>	800.00
Less Raw materials		<u>520.00</u>
<b>Profit</b>		<u>280.00</u>

**Sub Note 14.5 Grape Juice Income**

Income	Note 13	12,810.00
Less Raw materials		<u>8,327.00</u>
<b>Profit</b>		<u><u>4,483.00</u></u>

**Sub Note 14.6 Fixed Deposit Interest**

2005/2006/ Interest (Commercial Bank)		170,202.04
2006-2007 commercial Bank interest		<u>52,115.06</u>
		<u><u>222,317.10</u></u>

**Sub Note 14.6.1**

Fixed deposit interest accrued during the year 2005 / 2006 profit & loss account was not presented for the year 2005 / 2006.

**NOTE 15 ADMINISTRATION EXPENSES**

Photocopy charge		2,544.00
Telephone charge		17,500.00
Repair electrical equipment		4,932.00
Meeting expenses		320.00
General repair		2,504.00
Consulting allowance		
Mr.M.Sivagnasundaram		50,000.00
Printing & stationary (Bill book & ect)		54,687.00
Traveling charge		38,261.00
Staff benefit		260.00
Pipe line repair		3,679.00
Electricity charge		8,300.00
AGM Expenses (Annual Report ect.)		36,751.00
Man sec secretariat service		20,563.25
Tax for share issues		57,438.25
Books & periodicals		2,250.00
Piradeshiya saba tax		1,162.00
Pongal expenses		350.00
Audit fees (2005 / 2006)		8,000.00
EPF.	<b>Sub note 15.1</b>	12,348.00
ETF.	<b>Sub note 15.1</b>	3087.00
Depreciation		
Buildings	<b>Sub note 15.2</b>	100,000.00
Building improvement	<b>Sub note 15.3</b>	100,421.00
Salary	<b>Sub note 15.4</b>	<u>197,833.00</u>
		<u><u>723,190.50</u></u>

**Sub Note 15.1**

	<b>EPF 12%</b>	<b>ETF 3%</b>
Mrs. T. Sumanthira	8,640.00	2,160.00
Miss. S. Ushananthani	1,008.00	252.00
Mrs. J. Linganathan	2,700.00	675.00
	<u>12,348.00</u>	<u>3,087.00</u>

**Sub Note 15.2 Depreciation Building**

31.03.2007 Balance	=	2,000,000.00
Depreciation 5%	=	100,000.00

**Sub Note 15.3 Depreciation Building Improvement**

31.03.2007 Balance	=	2,008,423.50
Depreciation 5%	=	100,421.50

**Sub Note 15.4 Salary**

Mr. K. Sangarasivam	81,300.00
Mrs. T. Sumanthira	83,900.00
Mrs. K. Gowthamy	16,300.00
Mr. A. Annarajah	4,270.00
Miss. S. Kalyani	12,063.00
	<u>197,833.00</u>

**NOTE 16 SELLING & DISTRIBUTION**

Exhibition expenses	9,504.00
Machinery Repair	690.00
Advertisement ( vehicle)	630.00
Advertisement (labour)	2,680.00
Machinery Repairs	23,056.00
Machinery Depreciation <b>Sub note 16.01</b>	684,089.00
	<u>720,649.00</u>

**Sub Note 16.01 Depreciation Machinery & Equipment**

31.03.2007 Balance	6,840,890.20
Depreciation 10%	684,089.00

**NOTE 17 OTHER EXPENSES**

Sundry expenses	9,882.00
Container & Bottles damage	7,369.00
	<u>17,251.00</u>

**NOTE 18 FINANCIAL EXPENSES**

Commercial Bank Debit tax	1,044.45
Commercial Bank O/D Interest	6,829.53
Commercial Bank charges	3,221.05
Mortgage loan interest	215,120.00
	<u>226,215.03</u>













# BBG HAIR OIL



# GYMNEMA LEAF POWDER



# GRAPE WINE DRY

ALCOHOL 10%



# GRAPE WINE SWEET

ALCOHOL 2%



# BIO TEC GLOMERATE

131/2 Palaly Road, Thirunelvely, Jaffna, Sri Lanka.

Office Tel: 0094 21 4590907, Res Tel: 0094 21 4590912, 0094 11 2852269

email: [kanbalasub@yahoo.com](mailto:kanbalasub@yahoo.com), [www.bioteclanka.com](http://www.bioteclanka.com)