

# Indo-Malay PLC

Annual Report | 2015/16



**Goodhope**

A CARSON CUMBERBATCH COMPANY

# Financial Calendar

Financial Year End 31st March 2016

## Announcement of Results

First Quarter ended 30th June 2015 14th August 2015

Second Quarter ended 30th September 2015 13th November 2015

Third Quarter ended 31st December 2015 12th February 2016

## Dividend Declaration

First Interim Dividend 8th March 2016

**110th Annual General Meeting** 26th May 2016

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# Chairman's Statement

## Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Indo Malay PLC for the year ended 31st March 2016, and welcome you to the One Hundred and Tenth Annual General Meeting of the Company.

The year under review turned out to be a challenging one for companies operating in the Palm Oil industry. The slowdown in the global economic outlook witnessed over the past three years also impacted our operating business environment.

The Global Commodities market witnessed a downturn along with a sharp decline in Crude Oil prices. The Crude Palm Oil ("CPO") prices too have seen a similar trend with prices reaching a five year low over the last 1-2 year period, mostly trading at lower than average prices recorded in the previous price cycles. The factors leading to low CPO price regime and the current prices are further explained in the Review of the operational performance presented together with this Annual Report.

We also witnessed extreme weather conditions during the year with the widespread agreement that an El-Nino phenomenon impacted the crop production both in Indonesia as well as certain parts of Malaysia during the year under review. The El-Nino and adverse weather conditions resulted in approximately 20% crop drop in Indonesia during the year and this will have a resultant drop in crop over the next 1-2 years. Similarly, the crop production in Malaysia during the second half of the financial year under review dropped significantly.

Your Company recorded a profit before tax of Rs. 66.99 mn for the year ended 31st March 2016, after taking into consideration other income and gains, as compared to Rs. 71.15 mn recorded in the year to 31st March 2015. The dividend income recorded during the period under review was low as no dividend income was received from the Company's

long term unquoted investment. The net profit after tax for the period under review was Rs. 50.14 mn as compared to Rs. 49.79 mn recorded in the previous financial year. A more detailed analysis of the financial performance is presented in the attached Review of Operational Performance.

An announcement was made on the Colombo Stock Exchange ("CSE") on 1st December 2015 on the inability of the Company to ensure that its public holding is maintained at the minimum level required as noted in section 13.1 of the Annual Report of the Board of Directors on the affairs of the Company in page 14 to this Annual Report and as elaborated for my review in the previous year as well. The Company gave notice of an action plan that included, if feasible, the sale of the plantation in Malaysia and to distribute the proceeds thereof to the shareholders.

The rapid infrastructure and commercial developments taking place near the location of the plantation has increased the commercial value of the plantation as opposed to its value based on agricultural usage. The relatively smaller size of the plantation also has an impact on the operational viability of the plantation over time whereby economies of scale could be derived only by maintaining a threshold volume of acreage. The Company is also dependent on outside mills for processing of its FFB (Fresh Fruit Bunches) production, whereby a minimum of 2,500-3,000 hectares of plantation is required to economically operate a small palm oil mill.

For the Company to sustain its profitability in the future and achieve economies of scale it would be important to expand the existing land bank. However, apart from the high cost of land in the region, the Company is unable to enhance its economic returns by expanding the size of the plantation in the vicinity of its location due to the regulatory restrictions currently in force prohibiting acquisition of agricultural land in the Selangor region of Malaysia by foreign entities.

## Chairman's Statement

Having deliberated and considered the multitude of factors which are briefly enumerated above, the Board of Directors of the Company is of the opinion that the sale of the plantation estate owned by the Company in Malaysia at this opportune time would optimise the returns to the shareholders.

The Board of Directors has also evaluated other alternative options inclusive of amalgamating with the other three Malaysian Plantation Companies of the Group and is of the view that such amalgamation would not derive additional benefits considering the additional administrative burden and inability to derive operational synergies and economies of scale as the combined acreage would still be less than 1,500 hectares.

Accordingly, the Board of Directors of your Company has taken a decision to convene an Extraordinary General Meeting ('EGM') of the Company to consider the proposed sale of its plantation and is explained in the Notice of the EGM which will be sent out to the shareholders.

In view of the above, the Company has obtained valuations from three independent professional firms as noted in section 20 of the Annual Report of the Board of Directors, to justify the potential value and relying on such valuations, and initiated discussions with potential 3rd party buyers for the plantation owned in Malaysia pending the approval of such a sale by the shareholders of the Company at the EGM. A brief profile of the independent professional valuers is provided in section 10 in page 82 of the Information to Shareholders and Investors.

As noted in the Annual Report of the Board of Directors on Affairs of the Company in page 18 and in Note 10.1(i) to the financial statements, and as required by applicable Accounting Standards, the Company has obtained independent professional valuations on the potential realizable value of the property as highlighted above.

It needs to be noted that the market capitalization of the Company, based on the market share price as at 25th April 2016, is greater than the net asset value of the Company after incorporating the realizable value of the property as at 31st March 2016 as disclosed in page 80 under the section "Information to Shareholders". Further, the Company's investment in Shalimar Development Sdn. Bhd. is carried at fair value in the financial statements as more fully explained in Note 12 therein.

I would like to take this opportunity to extend my gratitude to all business associates, financiers, and the regulatory authorities in Sri Lanka and Malaysia for their continued support. I would be failing in my duties if I don't extend the appreciation of the Board of Directors of the Company to the shareholders for their continued support and confidence placed in the Directors.

I would like to extend my sincere gratitude to our former Director Mr. K.C.N.Fernando who served on the Board for 11 years with great distinction. On behalf of the Company, I welcome Mr. S. Mahendrarajah who was appointed to the Board on 01st June 2015.

I also wish to thank our management and staff in Malaysia and Sri Lanka for all their hard work and dedication during an extremely volatile period. Last but not least, I would like to extend my appreciation to my fellow Board Members for their support and guidance throughout the year, and to the members of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee for their invaluable efforts.

(Sgd.)

**H. Selvanathan**  
Chairman

25th April 2016

# Review of Industry and Operational Performance

## Review of Industry

We have seen a slowdown in the global economic outlook over the past three years, presenting multiple challenges to the Palm Oil industry. The Crude Palm Oil ("CPO") prices too have seen a similar trend with prices reaching a five year low over the last 1-2 year period, mostly trading at lower than average prices recorded in the previous price cycles. CPO prices traded between RM 1,900-2,300 during most part of the financial year 2015/16.

One of the main reasons for the prices to be lower than the expectations at the beginning of the financial year was the materialization of bumper Soybean crop driving Soybean Oil prices down. Sunflower Oil production too continued to be strong, supported by favorable weather conditions in producing countries. The decline in global crude oil prices too had an impact on the CPO prices, as the demand for Palm Oil based bio-diesel is affected by lower crude oil price regime.

Lower market prices for CPO had a significant impact on the "revenue from the sale of FFB" for the period under review. The Company recorded a net sale average of MYR 454 per MT of FFB for financial year 2016, compared to MYR 477 per MT of FFB recorded during the previous year, being a drop of 5%.

However, CPO prices have currently moved up trading at a range of RM 2,600-2,700 reflecting the anticipated drop in CPO production both in Malaysia and in Indonesia, and given the expectation that supply will be lower than the demand for the coming year. Prices for most part of the year under review traded at a low range as CPO inventory in Malaysia increased, the effect of which was further

compounded by bumper Soybean Oil and other competing oil crops. The declining CPO inventory levels and the low CPO production estimates have supported prices at current levels.

In the medium term CPO prices are expected to be volatile with uncertainty in Global Crude Oil price movements along with other competing oil prices.

## Overview of Financial and Operational Performance

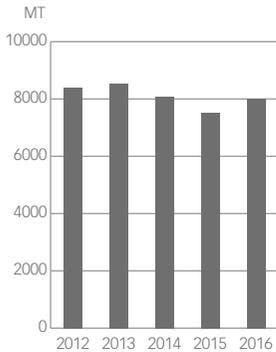
The year under review also witnessed fluctuating weather patterns and resultant impact on crops due to biological factors in most parts of Malaysia; except for East Malaysia. Accordingly, the crop performance of the plantation of your Company too was subject to these factors, the cropping pattern dropping substantially from the 2nd half of the current financial year. This was largely due to the El-Nino phenomenon which was prevalent in South East Asia and the resulting dry weather conditions experienced.

However, due to the results from the corrective actions undertaken in the previous years, the overall crop production of the Company recorded an increase of 6.7% against the FFB production of the previous financial year partly offsetting the impact on revenue from the drop in sale prices for FFB. The crop production was significantly high during the 1st half of the financial year due to favorable conditions that prevailed during the period; however, crop production has since dropped from the 2nd half onwards reflecting biological patterns.

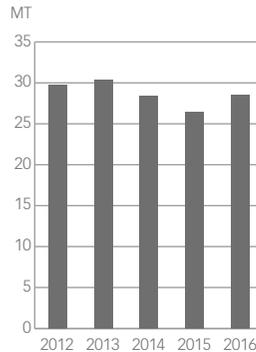
As per accounting standards, the Company is required to translate income and expenditure items using the average rate

## Review of Industry and Operational Performance

**Crop Production**



**Yield per Hectare**



of exchange. In the period under review the MYR remained volatile resulting in a significant drop in average currency rate used for translation of the MYR revenue to LKR terms compared to the previous financial year, though the closing exchange rate drop from previous year to the current year was marginal. The FFB revenue in LKR terms for the period decreased by 11% consequent to the drop in the average exchange rate.

We have also been able to enhance the effectiveness of the field programs and fertilizer application activities through close supervision and adoption of best agronomy management practices, thereby continuously ensuring proper maintenance of general field condition and drainage management within the plantation.

As has been highlighted in previous years' annual reports, the Company continues its focus on improving the productivity levels of the workforce and harvesting efficiency. With the above initiatives in place the Company has managed the cost of production at RM 158.24 per MT of FFB which is similar to the cost recorded in previous years.

Resultantly, your Company recorded a profit after tax of Rs. 50.14 mn during the year under review, as compared to Rs. 49.79 mn recorded in the previous year. Profit before tax was Rs. 66.99 mn as compared to Rs. 71.15 mn recorded in the previous year. A dividend income of Rs. 1.49 mn was received during the year, which is included in the profit before tax generated, on long term investments made by the Company, as against Rs. 1.57 mn, recorded during the previous year.

As at 31st March 2016, total planted hectarage was 280.78 ha, and was classified as mature.

As explained in Note 16 to the Financial Statements, as per the provisions of part III of the Finance Act, No. 10 of 2015 which was certified on 30th October 2015, the Company was liable to pay Super Gain Tax (SGT). Accordingly a total of Rs. 22.07 mn was paid as SGT during the period under review.

**Agro Harapan Lestari Sdn. Bhd.**  
Managers

25th April 2016

# Risk Management

The Company's overall risk management objective is to ensure that it creates value to its shareholders, whilst minimizing any potential adverse impact. The established risk management framework is aligned to that of its parent company and Board approved policies and guidelines.

The integrated risk framework ensures prevention and early detection of risks as well as exploitation of opportunities contributing to a sustainable business model.

The risks are continuously reviewed and managed through the deployment of effective corrective actions. The following key risks are identified on a going concern basis for the Company.

However, as mentioned in the Chairman's Statement and also in the Circular released to the shareholders, the Company based on shareholder approval, intends to sell its plantation property taking into account the commercial value of the said land. This sale process will be subject to the Company obtaining required regulatory and shareholder approvals.

## Commodity Price Risk

The price of Crude Palm Oil (CPO) is determined based on international market forces. The sale of oil palm Fresh Fruit Bunches (FFB) is the prime source of cash inflow for the Company.

Our end product is FFB. FFB prices are derived from CPO prices. We supply our produce to palm oil mills within the region, based on pre-agreed terms.

## Environmental Risk

Unfavourable global and local weather patterns, resulting in adverse weather

conditions, natural and man-made disasters including fires and haze from fires, droughts, floods and crop disease could affect the quantity or quality of FFB we are able to harvest.

The Company adopts sound fertilizer applications to safeguard the operational yields that may be impacted due to adverse weather patterns. Furthermore, we have taken measures to ensure proper water management in flood prone areas so that long term benefits can be realized.

Potential crop production is affected by diseases such as Ganoderma, leaf eating insects, and Bagworms ultimately impacting yields. The Company constantly invests in agronomy and plantation management practices to mitigate the impact that would be caused by any sudden up-rise of these diseases.

## Labour Risk

A critical success factor for a labour intensive industry such as the oil palm plantation is the attraction and retention of skilled labour. It is quite challenging to attract locals for plantation work and the fact that the Malaysian government has imposed some restrictions in attracting labour from foreign regions has aggravated such vulnerabilities.

Another significant development is the noticeable shift in employment from plantations to the manufacturing sector; creating a void in the labour market. We have managed to address any short fall that was encountered during the year.

Mandatory wage increases continue to burden the cost of production as it is not linked to commensurate productivity increases. This creates the need to manage costs through efficient processes and improved field conditions.

## Risk Management

### Operational Risk

The Malaysian plantations do not own CPO processing mills and thereby have a significant dependence on third party millers – which gives us minimal influence as a price taker. Where possible; the Company continues to negotiate better rates and terms whilst seeking alternative millers to reduce the bargaining power of existing mill owners.

### Biological Asset Risk

The biological assets are stated at fair value and are assessed by an independent professional valuer using the discounted cash flows methodology. Some of the key assumptions which affect the valuation include the forecasted selling price of FFB, which is largely dependent on the projected international selling prices of CPO, and the applicable market discount rate which are beyond the control of the Company. While we take adequate measures to manage the controllable input of the valuation assumptions, volatility in the environmental and industry dynamics such as weather patterns, biological cycles, as well as changes in macro-economic and political factors including inflation rates and changes in the above mentioned factors also can result in fluctuations in the appraised fair value of our biological assets and may impact our financial results.

### Financial Risks

#### Foreign Exchange Risk

The Company's exposure to foreign exchange risk is minimal as the Malaysian and Sri Lankan operations are primarily domestic and transactions are recorded in the respective functional currency, i.e., Malaysian Ringgit and Sri Lankan Rupee. However, a significant element of the risk is generated through the translation of results to Sri Lankan Rupee for the purpose

of financial reporting as the principal operations are in Malaysia.

### Credit Risk

The credit risk is primarily encountered through trade receivables, which arise from its operating activities and deposits with banking institutions. The Company trades only with recognized and credit worthy third parties and all customers are subject to a credit verification process. In addition, receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is minimal.

### Liquidity Risk

The Company manages such liquidity risk exposures through effective working capital management. The Company also has planning guidelines in place to ensure that the short term and medium term liquidity is managed at acceptable levels.

### Investment Risk

Long term investments held by the Company are also in the Oil Palm Plantation industry and hence, the performance of the investee companies are subject to a similar risk profile noted herein which the Company is exposed to.

### Agro Harapan Lestari Sdn. Bhd. Managers

25th April 2016

## Profile of the Directors

### Hariharan Selvanathan

Hariharan Selvanathan is the Chairman of Bukit Darah PLC, Deputy Chairman of Carson Cumberbatch PLC and Goodhope Asia Holdings Ltd. He is the President Commissioner of the palm oil related companies in Indonesia. He holds Directorships in several subsidiary companies within the Carsons Group and is also a Director of Sri Krishna Corporation (Private) Limited and the Chairman of Express Newspapers (Ceylon) Ltd. He is also the Chairman of Carsons Management Services (Private) Limited and Agro Harapan Lestari (Private) Limited, the Group's Management Companies. He is a Past President of the National Chamber of Commerce and Past Vice Chairman of the International Chamber of Commerce (Sri Lanka).

He counts over 20 years of experience in commodity trading in International Markets.

He holds a Bachelor of Commerce Degree.

### Manoharan Selvanathan

Manoharan Selvanathan holds a Bachelor's Degree in Commerce, and is the Chairman of Sri Krishna Corporation (Private) Limited, Ceylon Finance & Securities (Private) Limited and Selinsing PLC, and is a Group Director of most Companies in the Carson Cumberbatch Group in Sri Lanka, Indonesia, Malaysia and Singapore and is an active Member of its Executive Management Forums. He is also the Deputy Chairman of Ceybank Asset Management Ltd.

He has served as the Chairman of the Ceylon Chamber of Commerce and the Indo Lanka Chamber of Commerce & Industry, and also as the President of the Rotary Club of Colombo North. At present he is the Honorary Consul of the Republic of Chile in Sri Lanka.

He was conferred the highest National Honours in Sri Lanka the 'DESAMANYA' title by H.E. the President of Sri Lanka, in recognition of the services rendered to the Nation in November 2005.

In January 2011 he was awarded with the prestigious 'PRAVASI BHARATIYA SAMMAN AWARD' by the President of India.

He also received the Presidential Honour of 'ORDER OF KNIGHT COMMANDER' in October 2013, awarded by the Government of Chile.

### Israel Paulraj

Israel Paulraj is the Chairman of Ceylon Guardian Investment Trust PLC, Ceylon Investment PLC, Guardian Capital Partners PLC and Rubber Investment Trust Limited. He serves as a Director of Carson Cumberbatch PLC and of several of the subsidiary companies within the Carsons Group.

He served as Past Chairman of the Federation of Exporters Associations of Sri Lanka and the Coconut Products Traders Association. He was a Member of the Executive Committee of the Ceylon Chamber of Commerce and National Chamber of Commerce of Sri Lanka

## Profile of the Directors

Shippers Council. He served on the Board of Arbitrators of the Ceylon Chamber of Commerce. He has served as Hony. General Secretary of the Central Council of Social Services, Hony. Treasurer of the Christian Conference in Asia, President of the Church of Ceylon Youth Movement and Hony. Treasurer of the National Christian Council of Sri Lanka. He has also served as Chairman of the Incorporated Trustees of the Church of Ceylon.

He also served on the Presidential Task Force on Non-Traditional Export and Import Competitive Agriculture set up by H.E. The President R.Premadasa. He served as Chairman of the Ecumenical Loan Fund of Sri Lanka and on its International Board in Geneva. He was a Member of the Commercial Law Reform Commission and has served on the Parliamentary Consultative Committee on Internal and International Trade.

He holds a Bachelor of Law Degree and an Executive Diploma in Business Administration.

### **Chandima Gunawardena**

Chandima Gunawardena serves as a Non-Independent, Non-Executive Director of Carson Cumberbatch PLC and in most of the Carsons Group Companies in Sri Lanka and overseas. He is also a Director of Bukit Darah PLC. Since assuming Non-Executive status in the Group, he serves as an advisor to the Group's Strategic Planning and Management Forums in Sri Lanka and serves on Board Committees including the

Audit Committees of the Group in Sri Lanka and overseas covering all operating sectors of the Group.

He has over four decades of experience in varied fields of business and commercial activities and has held senior positions in Corporate, Mercantile and State Institutions. He was appointed to the Carsons Group Directorate in 1990.

He has served in the Management Committee of the Ceylon Chamber of Commerce for over 10 years and was a Founder Council Member of the Sri Lanka Institute of Directors (SLID) and continued to serve in the council for over 10 years.

He is a Fellow of the Chartered Institute of Management Accountants, UK.

### **Chandana Tissera**

Chandana Tissera is a Director of Carson Cumberbatch PLC and presently serves as the Chief Executive Officer for the Plantations, Oils and Fats Sector of the Carsons Group. He is also a Director of several other subsidiary companies of the Group. He has served as the Chief Executive Officer of the Investment Sector and as Director Finance of the Carsons Group.

He has previously served on the Board of Union Assurance PLC and counts over 31 years of experience in the fields of manufacturing, financial services, capital market operations, overseas plantations, project development and management services. He is a Fellow of the Institute of Management, UK.

### **Tennyson Rodrigo**

Tennyson Rodrigo is a Director of Good Hope PLC. He is the former Managing Director and Chief Executive of Capital Development and Investment Company PLC, Chairman of CDIC Sassoon Cumberbatch Stockbrokers (Pvt) Ltd, and the Past Chairman of the Audit Committee of Eagle Insurance PLC. He was the Expert Advisor to the Carson Cumberbatch PLC - Audit Committee, in respect of the Real Estate, Hotels and Airlines, Investment Holding and Financial Services and Management Services Sector Companies of the Group.

He holds a Bachelor of Science in Chemistry and Mathematics from the University of Ceylon and a Bachelor of Science (Hons) Degree in Chemical Engineering from the University of New South Wales, Australia.

He is a Chartered Engineer and a Member of the Institute of Chemical Engineers, UK.

### **Nalake Fernando**

(Resigned w.e.f. 01st June 2015)

Nalake Fernando is a Director of the Property Management Companies of the Carson Cumberbatch Group – Equity One PLC and Equity Two PLC.

He is also a Director of Carsons Management Services (Private) Limited and in some of the Boards of the Malaysian Plantation Companies of the Carsons Group. He was the Country representative

for Sri Lanka with Dalekeller & Associates Ltd., Designers and Skidmore Owings & Merrill Architects. He was also a Director of SKC Management Services Ltd.

He counts over 40 years of work experience and holds a Technician's Certificate of the Institute of Work Study Practitioners of UK.

### **Subramaniam Mahendrarajah**

Subramaniam Mahendrarajah is a Director of Selinsing PLC, Shalimar (Malay) PLC, Guardian Capital Partners PLC, Equity One PLC and Leechman & Company (Private) Ltd. He is also the Group Finance Director of Sri Krishna Group of Companies. He has over 40 years experience in the fields of manufacturing, trading, financial services and management. He is also the Past President of the Rotary Club of Colombo Down Town and is the recipient of the prestigious 'Service above Self' award from Rotary International.

## Statement of Directors' Responsibilities

The responsibilities of the Directors in relation to the Financial Statements are detailed in the following paragraphs, while the responsibilities of the Auditors are set out in the Report of the Auditors.

According to the Companies Act No. 7 of 2007 and the Sri Lanka Accounting & Auditing Standards Act No. 15 of 1995, Directors are required to prepare Financial Statements for each financial year, giving a true and fair view of the financial position of the Company as at the end of the financial year and of the financial performance for the said period.

In preparing these Financial Statements the Directors are required to ensure that:

- appropriate accounting policies have been selected and applied consistently while material departures, if any, have been disclosed and explained,
- all applicable Accounting Standards have been complied with,
- reasonable and prudent judgments and estimates have been made,
- listing rules of the Colombo Stock Exchange (CSE) have been met and
- code of best practice on corporate governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Securities and Exchange Commission of Sri Lanka (SEC) has been adopted.

The Directors are responsible for ensuring that the Company maintains sufficient accounting records to disclose with

reasonable accuracy, the financial position of the Company in order to ensure that the Financial Statements of the Company meet with the requirements of the Sri Lanka Accounting & Auditing Standards Act No. 15 of 1995 and the Companies Act No. 7 of 2007. They are also responsible for taking reasonable measures to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of an appropriate system of internal controls with a view to prevent, detect and rectify frauds and other irregularities.

These Financial Statements have been prepared on a going concern basis after reviewing the financial position and the cash flows and the Directors are of the view that the Company has adequate resources to continue in operation for the foreseeable future.

The Directors are also of the view that they have discharged their responsibilities as set out in this statement.

By Order of the Board,

*(Sgd.)*

**K.D. De Silva (Mrs.)**

Director

**Carsons Management Services (Pvt) Ltd.**  
*Secretaries*

25th April 2016

# Annual Report of the Board of Directors on the Affairs of the Company

The details set out herein provide the pertinent information required by the Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange and recommended best accounting practices. The Annual Report was approved by the Directors at a meeting held on 25th April 2016.

## 1. General

The Directors have pleasure in presenting to the shareholders their Report together with the audited Financial Statements for the year ended 31st March 2016 of Indo-Malay PLC, a public limited liability company incorporated in Sri Lanka in 1906.

## 2. The Principal Activities of the Company

There were no significant changes in the nature of the principal activities of the Company during the financial year under review, where the principal activity of the Company continues to be cultivation of oil palm and managing and holding of an investment portfolio.

## 3. Review of Operations

The review of the Company's operations during the year, with comments on financial results is stated in the Chairman's Statement on pages 1 to 2 and Review of Industry and Operational Performance on pages 3 to 4.

These reports form an integral part of the Annual Report of the Board of Directors on the Affairs of the Company

## 4. Financial Results

The Company recorded a net profit after tax of Rs. 50.14 mn for the year. An abridgement of the Company's performance is presented in the table below.

## 5. Auditors' Report

The Auditors' Report on the Financial Statements is given on page 27 of this Annual Report.

## 6. Significant Accounting Policies

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 33 to 49, in the Notes to the Financial Statements.

<i>For the year ended 31st March</i>	<b>2016</b> Rs. '000	2015 Rs. '000
Profit after taxation	<b>50,141</b>	49,789
Profit brought forward from previous year	<b>228,709</b>	278,766
Adjustment for super gain tax	<b>(22,073)</b>	-
Profit available for appropriation	<b>256,777</b>	328,555
Other Comprehensive income	<b>356</b>	231
<b>Appropriation</b>		
Dividend paid	<b>(53,398)</b>	(100,077)
Unappropriated profit carried forward	<b>203,735</b>	228,709

## Annual Report of the Board of Directors on the Affairs of the Company

### 7. Financial Statements

The Company has prepared its Financial Statements in compliance with Sri Lankan Accounting Standards (SLFRS/LKAS).

Financial Statements of the Company comprising the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Cash Flow Statement together with the accompanying Notes to the Financial Statements for the year ended 31st March 2016 are set out on pages 28 to 68.

### 8. Statement of Directors' Responsibilities

The Statement of Directors' Responsibilities for the Financial Statements is given on page 10 of this Annual Report.

### 9. Interests Register

#### 9.1 Directors' Interests

The Company maintains an Interests Register in conformity with the provisions of the Companies Act, No. 7 of 2007.

All Directors have made declarations as provided for in Section 192 (2) of the companies Act aforesaid.

The relevant details as required by the Companies Act, No. 7 of 2007 have been entered in the Interests Register during the year under review.

The Interests Register is available for inspection as required under the Companies Act.

#### 9.2 Remuneration of Directors

The Directors' remuneration of the Company for the financial year ended 31st March 2016 is given in Note 5 and Note 25.2 to the Financial Statements, on pages 50 and 66 respectively.

Aggregated remuneration paid to the Non-Executive Directors are disclosed under Note 5 on page 50 and Note 25.2 on page 66.

Executive Directors are not compensated for their role on the Board.

#### 9.3 Directors' Interests in Contracts and Shares

Directors' interest in contracts of the Company are disclosed in Note 25.3 on page 66 to the Financial Statements and have been declared at meetings of the Directors. The Directors have no direct or indirect interest in any other contracts or proposed contracts in relation to the business of the Company, while they had the following interests in ordinary shares of the Company.

	No. of shares	
	31st March 2016	1st April 2015
Mr. H. Selvanathan	-	-
Mr. M. Selvanathan	<b>1</b>	1
Mr. I. Paulraj	-	-
Mr. D.C.R. Gunawardena	-	-
Mr. P.C.P. Tissera	-	-
Mr. K.C.N. Fernando (Resigned w.e.f. 1st June 2015)	-	-
Mr. T. Rodrigo	-	-
Mr. S. Mahendrarajah (Appointed Director w.e.f. 1st June 2015 & Alternate to Mr. I. Paulraj)	<b>75</b>	80

**10. Corporate Donations**

There were no donations granted during the year.

**11. Directors**

The names of the Directors who served during the financial year are given under Corporate Information provided in the Inner Back Cover of the Annual Report.

**11.1 Directors to Retire by Rotation**

In terms of Articles 85 & 86 of the Articles of Association of the Company, Mr. D.C.R. Gunawardena retires by rotation and being eligible, offers himself for re-election.

**11.2 Appointment of Directors who are over Seventy Years of Age**

Mr. I. Paulraj and Mr. T. Rodrigo who are over seventy years of age are to be re-appointed as Directors of the Company for a further period of one year from the conclusion of the Annual General Meeting and that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not be applicable to the said Directors.

**11.3 Retirement at the first Annual General Meeting following the appointment as a Director**

In terms of Article 92 of the Articles of Association of the Company, Mr. S. Mahendrarajah retires from the Board and being eligible offers himself for re-election.

**12. Auditors**

The Company's Auditors during the year under review were

Messrs. Ernst & Young, Chartered Accountants.

A sum of Rs. 692,000 was paid to them by the Company as audit fees for the year ended 31st March 2016 (2015: Rs. 668,000).

The retiring Auditors have expressed their willingness to continue in office. A resolution to re-appoint them as Auditors of the Company and authorizing the directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

The Audit Committee reviewed the appointment of the Auditors, its effectiveness and its relationship with the Group, including the level of audit and non-audit fees paid to the Auditors.

**12.1 Auditors' Relationship or any Interest with the Company**

The Directors are satisfied that, based on written representations made by the Independent Auditors to the Board, the Auditors did not have any interest with the Company that would impair their independence.

**13. Compliance with Rules of the Colombo Stock Exchange**

The Board has ensured that the Company has complied with the Rules pertaining to Corporate Governance and Related Party Transactions as per the Listing Rules of the Colombo Stock Exchange (CSE).

## Annual Report of the Board of Directors on the Affairs of the Company

### 13.1 Minimum Public Holding

As per the Colombo Stock Exchange (CSE) Listing Rule No. 7.13, a Listed Entity on the Main Board having a Public Holding below the specified requirement in terms of the CSE Rules, has to ensure that the Public Holding of such Entity is maintained at a minimum level of 15% of its total ordinary voting shares in the hands of a minimum number of 500 public shareholders on or before 31st December 2015. The Company does not at present satisfy the requirement relating to minimum public holding.

Accordingly, the Company has made an application to the Securities and Exchange Commission of Sri Lanka on 1st December 2015 requesting an extension to maintain the Minimum Public Holding of the Company below the required Levels till 31st December 2017 and informing the Action Plan of the Company. The Company has already made an announcement on 1st December 2015 to the shareholders detailing the Action Plan of the Company.

### 13.2 Board of Directors

The following Directors held office during the period under review and their brief profiles are given on pages 7 to 9 of this Annual Report.

Directors	Executive/ Non-Executive/ Independent
Mr. H. Selvanathan	Executive
Mr. M. Selvanathan	Executive
Mr. I. Paulraj	Non-Executive
Mr. T Rodrigo	Non-Executive/ Independent*
Mr. D.C.R. Gunawardena	Non-Executive
Mr. P.C.P. Tissera	Executive
Mr. K.C.N. Fernando (Resigned w.e.f. 1st June 2015)	Executive
Mr. S. Mahendrarajah (Appointed Director w.e.f. 1st June 2015 & Alternate Director to Mr. I. Paulraj)	Non - Executive/ Independent**

Each of the Non-Executive Directors of the Company has submitted a signed declaration on Independence/Non-Independence as per Rule 7.10.2.b. of the Listing Rules of the Colombo Stock Exchange. The said declarations were tabled at a Board Meeting held on 25th April 2016, in order to enable the Board of Directors to determine the Independence/Non-Independence of the Non-Executive Directors.

\*The Board has determined that Mr. T. Rodrigo is an Independent Director in spite of being a Director of Good Hope PLC in which majority of the other Directors of the Board are also Directors, since he is not directly involved in the management of the Company.

\*\*The Board has determined that Mr. S. Mahendrarajah is an Independent Director in spite of being a Director of Selinsing PLC & Shalimar (Malay) PLC in which majority of the other Directors of the Board are also Directors, since he is not directly involved in the management of the Company.

The Managers of the Company are Agro Harapan Lestari Sdn. Bhd

### 13.3 Directors' Meetings

Three Board Meetings were convened during the financial year and the attendance of the Directors was as follows:

Directors	Meetings Attended (out of 3)
Mr. H. Selvanathan	3
Mr. M. Selvanathan	3
Mr. I. Paulraj	3
Mr. D.C.R. Gunawardena	3
Mr. P.C.P. Tissera	3
Mr. K.C.N. Fernando*	1
Resigned w.e.f. 1st June 2015	
Mr. T. Rodrigo	2
Mr. S. Mahendrarajah**	2
Appointed Director w.e.f. 1st June 2015 and Alternate to Mr. I Paulraj	

### 13.4 Remuneration Committee

In terms of Rule 7.10.5 a of the Listing Rules of the Colombo Stock Exchange, the Remuneration Committee of Carson Cumberbatch PLC (CCPLC), the parent company of Goodhope Asia Holdings Ltd (GAHL), functions as the Remuneration Committee of the Company and comprises of the following members.

Remuneration Committee Members	Executive/ Non-Executive/ Independent
Mr. I. Paulraj (Chairman)	Non-Executive/ Director of CCPLC
Mr. D.C.R. Gunawardena	Non-Executive/ Director of CCPLC
Mr. R. Theagarajah	Non-Executive/ Independent Director of CCPLC
Mr. W. M. R. S. Dias*	Non-Executive/ Independent Director of CCPLC
Mr. T. De Zoysa**	Non- Executive/ Independent Director of CCPLC

\* Appointed w.e.f. 18th May 2015

\*\* Appointed w.e.f. 28th July 2015

### Scope and objectives

The primary objective of the Remuneration Committee is to lead and establish a formal and transparent procedure for the development of a remuneration policy and the establishment of a remuneration structure.

A remuneration policy has been formulated based on market and industry factors and individual performance for all Group Companies.

### Functions and Proceedings

The Remuneration Committee recommends to the Board, the remuneration to be paid to the Chief Executive Officer, Executive Directors and Non-Executive Directors. Based on the recommendation of the Remuneration Committee, the Board approves remuneration to the respective Directors.

## Annual Report of the Board of Directors on the Affairs of the Company

The Chief Executive Officer, Director-in-charge and other members of senior management may be invited to attend meetings to discuss the performance of the Executive Directors and make proposals as necessary. Neither Executive nor Non-Executive Directors are involved in Remuneration Committee meetings when determinations are made in relation to the remuneration of the respective Directors.

The Committee is authorized by the Board to seek appropriate professional advice internally and externally as and when it considers this necessary.

The Remuneration Committee meets at least twice a year.

Aggregated remuneration paid to the Non-Executive Directors are disclosed under Note 5 on page 50 and Note 25.2 on page 66.

Executive Directors are not compensated for their role on the Board.

### 13.5 Audit Committee

As per Rule 7.10.6 of the Listing Rules of the Colombo Stock Exchange the Audit Committee of CCPLC, the parent company of Goodhope Asia Holdings Ltd (GAHL), functions as the Audit Committee of the Company and comprises of the following members:

<b>Audit Committee Members</b>	<b>Executive/ Non-Executive/ Independent</b>
Mr. V.P. Malalasekera (Chairman)	Non-Executive/ Independent Director of CCPLC
Mr. D.C.R. Gunawardena	Non-Executive Director of CCPLC
Mr. F. Mohideen	Non-Executive/ Independent Director of CCPLC

The Audit Committee Report is given on pages 22 to 23 of this Annual Report.

### 13.6 Related Party Transactions Review Committee

As per Rule 9.2.3 of the Listing Rules of the Colombo Stock Exchange the Related Party Transactions Review Committee of CCPLC, the parent company of Goodhope Asia Holdings Ltd (GAHL), functions as the Related Party Transactions Review Committee (RPTRC) of the Company w.e.f. 1st January 2016 and comprises of the following members:

<b>RPTRC Members</b>	<b>Executive/ Non-Executive/ Independent</b>
Mr. V.P. Malalasekera (Chairman)	Non-Executive/ Independent Director of CCPLC
Mr. F. Mohideen	Non-Executive/ Independent Director of CCPLC
Mr. D.C.R. Gunawardena	Non-Executive Director of CCPLC
Mr. H. Selvanathan	Executive/ Director of CCPLC
Mr. M. Selvanathan	Executive/ Director of CCPLC
Mr. S.K. Shah	Executive/ Director of CCPLC

The Related Party Transactions Review Committee report is given on pages 24 to 25 of this Annual Report.

### 13.6.1 Non-Recurrent Related Party Transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per audited Financial Statements of 31st March 2015 which required additional disclosures in the Annual Report 2015/16 under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Non-recurrent Related Party Transactions are disclosed under Note 25.1 on page 65 to the financial statements.

### 13.6.2 Recurrent Related Party Transactions

All the Recurrent Related Party Transactions which in aggregate value exceeds 10% of the revenue of the Company as per audited Financial Statements of 31st March 2015 are disclosed under Note 25.1 on page 65 to the Financial Statements, as required by Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under

the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

### 14. Dividend

The Company has paid an interim dividend of Rs. 5.03 per share resulting in a total outflow of Rs. 35,201,952 during the year.

### 15. Solvency Test

Taking into account the said distribution, the Directors were satisfied that the Company met the Solvency Test requirement under Section 56 (2) of the Companies Act No. 7 of 2007 immediately after the distribution.

The Company's Auditors, Messrs. Ernst & Young have issued a Certificate of Solvency confirming the same.

### 16. Stated Capital

The Stated Capital of the Company as at 31st March 2016 was Rs.70,032,750 comprising of 6,998,400 ordinary shares given in note 14 on page 60. There was no change in the Stated Capital of the Company during the year.

### 17. Shareholders' Funds

Total reserves of the Company as at 31st March 2016 was Rs. 6,690.72 mn (2015: Rs. 5,582.06 mn) comprising of retained earnings of Rs. 203.74 mn (2015: Rs. 228.71 mn) and other reserve of Rs. 6,486.99 mn (2015: Rs. 5,353.36 mn). Total reserves combined with Stated Capital as at 31st March 2016 was Rs. 6,760.76 mn (2015: Rs. 5,652.10 mn)

## Annual Report of the Board of Directors on the Affairs of the Company

The movements are shown in the Statement of Changes in Equity given on page 31.

### 18. Capital Expenditure and Investments

The total expenditure on purchases of property, plant & equipment and development cost of biological assets during the year amounted to Rs. 0.37 mn (2015: Rs. 3.83 mn).

The movements in property, plant & equipment and biological assets during the year are set out in Notes 10 and 11 on pages 54 and 56 respectively.

### 19. Sale of Property

As mentioned in the Chairman's Statement, an announcement was made to the Colombo Stock Exchange ("CSE") on 1st December 2015 whereby the Company gave notice of an action plan that included, if feasible, the sale of the plantation in Malaysia.

The Board of Directors of your Company has taken a decision to convene an Extraordinary General Meeting ('EGM') of the Company to consider the proposed sale of its plantation and is explained in the Notice of the EGM which will be sent out to the shareholders.

However, thus far no potential buyers or bids have been received in respect of this property from 3rd parties. Accordingly, the assets continue to be carried in the Company's books using the valuation basis/method consistent with that used in the previous years.

### 20. Value of the Properties

The Company consequent to the market disclosure dated 1st December 2015 as explained in note 10.1(i), obtained the following valuations of the property by engaging independent professional valuers to ascertain the realizable value from the sale of the property which can be recognized only on the actual realization.

- (a) Savills (Malaysia) Sdn. Bhd. of RM 93 mn (Rs. 3,416.82 mn).
- (b) Jones Lang Wootton (Proprietor: Singham Sulaiman Sdn Bhd) of RM 68 mn (Rs. 2,498.32 mn).
- (c) W. M. Malik & Kamaruzaman of RM 71.50 mn (Rs. 2,626.91 mn)

As disclosed in the Accounting Policy 2.3. 1.4 (b) and as required by applicable accounting standards, the Company continues to recognize the fair value based on existing use basis (oil palm plantation) for the Financial Statements consistent with that of the previous year Accordingly, the free hold land was revalued in March 2016 based on existing use (oil palm plantation) basis, by an independent professional valuer W. M. Malik, a member of the Institution of Surveyors, Malaysia, a partner with W. M. Malik & Kamaruzaman.

The value of freehold land reflected in the Financial Statements as at 31st March 2016 is Rs. 1,322.54 mn compared to Rs. 1,288.90 mn in year 2015. The details of freehold land valuation is given in Note 10.1(i) on page 55 to the Financial Statements.

## 21. Value of Biological Assets

Biological assets of the Company are stated at fair value less cost to sell. The Company obtains the services of an independent professional valuer at each reporting date to establish the fair value of Biological assets which are performed in accordance with international valuation standards and considering industry specific and relevant methodologies. The valuation basis/techniques and the assumptions used therein have been deliberated and agreed by the Management and are disclosed under Note 11.

Accordingly, the fair value of biological assets as at 31st March 2016 was Rs. 188.43 mn (2015: Rs. 169.71 mn) as disclosed under Note 11 on page 56 to the Financial Statements.

## 22. Value of the Investment Portfolio

**Quoted Investments** - The Company's quoted investments are valued with references to published market prices of Colombo Stock Exchange.

**Unquoted Investments** - The Company obtained the services of PricewaterhouseCoopers Capital Sdn. Bhd, Malaysia (PWC) to value the indicative fair value of the Company's equity interest in the unquoted investment in SDSB. The methodology followed, key assumptions used and sensitivity analysis are disclosed under note 12 to the Financial Statements. The valuation techniques, inputs and assumptions used in the valuation have been deliberated and agreed by the management and are consistent with the previous years.

The fair value of the Company's investment portfolio as at 31st March 2016 was Rs. 5,350.96 mn (2015: Rs. 4,252.54 mn). The fair value and the basis of valuation are disclosed under Note 12 on pages 57 and 58 to the Financial Statements.

## 23. Statutory Payments

The Directors to the best of their knowledge and belief are satisfied that all statutory payments have been paid up to date or have been provided for in the Financial Statements.

The Company Paid Rs. 22.07 mn Super Gain Tax (SGT) during the year under review and the details are disclosed under Note 16 on page 60 to the Financial Statements.

## 24. Going Concern

Having taken into account the financial position and future prospects, the Directors have a reasonable expectation that the Company has adequate resources to continue to be in operational existence for the foreseeable future. For this reason the Company continues to adopt the going concern basis in preparing the Financial Statements.

## 25. Events after the Reporting Date

Subsequent to the reporting date, no material circumstances have arisen, which would require adjustments to or disclosure in the Financial Statements other than those disclosed in Note 23 on page 64 to the Financial Statements.

## Annual Report of the Board of Directors on the Affairs of the Company

### 26. Share Information

The details relating to earnings, net assets, market value per share and information on share trading is given on pages 79 to 82 of this Annual Report.

Exchange, Sri Lanka Accounting and Auditing Standards Monitoring Board and the Registrar General of Companies within the given time frames.

### 27. Annual Report

The Board of Directors on 25th April 2016, approved the Company's Financial Statements together with the Reviews which form part of the Annual Report. The appropriate number of copies of the Report would be submitted to the Colombo Stock

### 28. Annual General Meeting

The One Hundred and Tenth Annual General Meeting of the Company will be held on the 26th day of May 2016 at 8.30 a.m at the 8th Floor, No. 65 C, Dharmapala Mawatha, Colombo 07.

The Notice of the Annual General Meeting is on page 85 of this Annual Report.

### 29. Twenty Major Shareholders

As at 31st March	2016		2015	
	No. of shares	%	No. of shares	%
Goodhope Asia Holdings Ltd	6,352,996	90.78	6,351,978	90.76
Mr. R. Chandra (Decd)	148,052	2.12	148,052	2.12
Mr. S.R. Dean	64,540	0.92	64,540	0.92
Mr. R.T. Stoneham	36,546	0.52	36,546	0.52
Mrs. I. Raymond	33,746	0.48	33,746	0.48
Ms. M.E. Turner	33,590	0.48	33,590	0.48
Mr. F.W. Obeyesekere (Decd)	24,882	0.36	24,882	0.36
Mrs. B.F. Guzdar	23,328	0.33	23,328	0.33
Mr. C.S.A. Perera	22,904	0.33	22,904	0.33
Mrs. A. Ohman (Decd)	19,440	0.28	19,440	0.28
Mr. D. Thomson (Decd)	15,552	0.22	15,552	0.22
Mr. R.G. Bartholomew (Decd)	15,552	0.22	15,552	0.22
Mr. D.D. Dubash	15,552	0.22	15,552	0.22
Mr. R. Prasada Singh (Decd)	15,552	0.22	15,552	0.22
Mr D.S. Cameron	15,552	0.22	15,552	0.22
Mr. N.J.P. Hewett	13,372	0.19	13,372	0.19
Mrs M.D. Abeyesuriya	12,960	0.19	12,960	0.19
Mrs. S. Vignarajah	9,807	0.14	9,804	0.14
Mr. J.M. Urquhart (Decd)	9,330	0.13	9,330	0.13
Admn.of E. Ramiah (Decd)	8,396	0.12	8,396	0.12

### 30. **Internal Control and risk Management**

The Board is responsible for the establishment of the Company's internal controls and its effectiveness. Internal control is established so as to safeguard the assets, prevent and detect frauds and irregularities and to make available, accurate and timely information. However, any system can provide only reasonable and not absolute assurance that errors and irregularities are prevented or detected within a reasonable time frame. The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance. The Group's internal audit division plays an important role in assessing the effectiveness and the implementation of the internal control system. Further, the Audit Committee receives reports on the adequacy and effectiveness of the Company's internal control. The Board is also conscious of the risks and have identified and listed out the risks profile as given on pages 5 and 6 of this Annual Report. Action plans to monitor and manage these risks are incorporated into the business plans and reviewed on a continuous basis.

### 31. **Pending Litigation**

There are no litigations currently pending against the Company.

### 32. **Human Resources**

The Company has no employees other than the plantation workers in its Malaysian operations, since the business and operation of the Company are managed by Agro Harapan Lestari Sdn. Bhd. The Company has had no material issues pertaining to employees and industrial relations during the year ended 31st March 2016.

Signed for and on behalf of the Board,

*(Sgd.)*

**H. Selvanathan**  
*Chairman*

*(Sgd.)*

**P.C.P. Tissera**  
*Director*

*(Sgd.)*

**K.D. De Silva (Mrs.)**  
*Director*

**Carsons Management Services (Pvt) Ltd.**  
*Secretaries*

25th April 2016

# Audit Committee Report

## Audit Committee

In accordance with the Colombo Stock Exchange Listing Rules, the Audit Committee of Carson Cumberbatch PLC (CCPLC), the Parent Company of Goodhope Asia Holdings Limited (GAHL), functions as the Audit Committee of the Company.

The Audit Committee consists of the following Members:

Audit Committee Members	Executive/ Non-Executive/ Independent
Mr. V.P. Malalasekera	Non-Executive/ Independent (CCPLC)
Mr. D.C.R. Gunawardena	Non-Executive (CCPLC)
Mr. F. Mohideen	Non-Executive/ Independent (CCPLC)

Mr.V.P. Malalasekera is a Non-Executive, Independent Director of CCPLC and a former Director of Ceylon Tobacco Company PLC.

Mr.D.C.R. Gunawardena is a Non-Executive Director of CCPLC and in most of its Group Companies. He is a Fellow of the Chartered Institute of Management Accountants, U.K.

Mr.F. Mohideen, a Non-Executive, Independent Director of CCPLC, was the former Deputy Secretary to the Treasury and a former Director of Bank of Ceylon and Securities and Exchange Commission of Sri Lanka.

The audit aspects of Indo-Malay PLC are conducted within the Agenda of CCPLC - Audit Committee.

## Meetings of the Audit Committee

CCPLC-Audit Committee held Four (04) Meetings during the financial year to discuss matters relating to the Company.

The attendance of the Members of the Committee was as follows:

	Meetings Attended (out of 4)
Mr. V.P. Malalasekera	4
Mr. D.C.R. Gunawardena	4
Mr. F. Mohideen	4

The Audit Committee Meetings were attended by the Chief Financial Officer- Plantations and Oils & Fats Sector, Internal Auditors, as well as the Senior Management staff members.

The Committee met the External Auditors, Messrs.Ernst & Young twice during the year to discuss the audit scope and to deliberate the draft Financial Report and Accounts. The Audit Committee also discussed the draft Financial Report and Accounts with the External Auditors, without the management being present.

## Purpose of the Audit Committee

To assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the Company's process for monitoring compliance with laws and regulations, Company policies and procedures and the code of conduct.

To ensure that the internal audit activity is well managed, so that it adds value to the

organization by being objective in providing relevant assurance, contributing to the effectiveness and efficiency of governance, risk management and control processes.

### Financial Statements

The interim financial statements of Indo-Malay PLC have been reviewed by the Audit Committee Members at Audit Committee Meetings. The draft Financial Statements of Indo-Malay PLC for the year ended 31st March 2016 were also reviewed at a meeting of the Audit Committee Members, together with the External Auditors, Messrs. Ernst & Young, prior to release of same to the Regulatory Authorities and to the shareholders. The Audit Committee Members were provided with confirmations and declarations as required, by the Managers, Agro Harapan Lestari Sdn. Bhd. that the said Financial Statements were prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) and the information required by the Companies Act No. 7 of 2007 therein and presented a true and fair view of the Company's state of affairs as at that date and the Company's activities during the year under review.

### Internal Audit

In accordance with the recommendation of the Audit Committee, the financial audits are carried out annually, whilst the field audits at estate level are planned and implemented every alternate year, which are carried out by the Plantation Sector Internal Audit Team. As directed by the Audit Committee, the Plantation Sector Internal Audit carried out a sales pricing related review during the current year.

### External Audit

The Members of the Audit Committee have determined that Messrs. Ernst & Young, Chartered Accountants were independent on the basis that they did not carry out any special assignment on the operations of the Company. The Committee has reviewed the external audit plan, as well as the management letter and followed up on issues raised.

The members of the Audit Committee have concurred to recommend to the Board of Directors the re-appointment of Messrs. Ernst & Young, Chartered Accountants, as Auditors for the financial year ending 31st March 2017, subject to the approval of the shareholders of Indo-Malay PLC at the Annual General Meeting.

*(Sgd.)*

**V.P. Malalasekera**

*Chairman – Audit Committee*

**Carson Cumberbatch PLC**

25th April 2016.

# Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee (RPTRC) of Carson Cumberbatch PLC was constituted on 1st January 2016.

In accordance with the Colombo Stock Exchange Listing Rules, the RPTRC of Carson Cumberbatch PLC (CCPLC), the Parent Company of Goodhope Asia Holdings Limited (GAHL), functions as the RPTRC of the Company.

## Composition of the Committee

The Members of the RPTRC are as follows;

1. Mr. V. P. Malalasekera (Chairman) - Non-Executive/Independent Director of CCPLC
2. Mr. F. Mohideen - Non-Executive/Independent Director of CCPLC
3. Mr. D. C. R. Gunawardena - Non-Executive Director of CCPLC
4. Mr. H. Selvanathan - Executive Director of CCPLC
5. Mr. M. Selvanathan - Executive Director of CCPLC
6. Mr. S. K. Shah - Executive Director of CCPLC

## Purpose of the Committee

The objective of the RPTRC is to review all Related Party Transactions (RPTs) of the Listed Companies of the Carsons Group, other than those exempted by the 'Related Party Transactions Compliance Code',

prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

## Policies and Procedures

- The RPTRC reviews all the Related Party Transactions of the Listed Companies of the Carsons Group and where the Committee decides that the approval of the Board of Directors of the respective Companies is necessary to approve a Related Party Transaction, such Board approval is obtained prior to entering into the relevant Related Party Transaction.
- When reviewing a transaction, the RPTRC would decide whether the proposed transaction is carried out on an arm's length basis irrespective of whether recurrent or non-recurrent in nature.
- Reviewing and approval would be either by meeting of members (subject to quorum being present) or by circulation.
- In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the RPTRC will take into account, among other factors it deems appropriate, whether the proposed RPTs pose a conflict of interest to the Directors.

The self-declarations from the Directors and Key Management Personnel (KMP)

are obtained for the purpose of identifying parties related to them. Further, the guidelines which senior management must follow in routing Related Party Transactions to the relevant forum, including transaction threshold values and pricing where applicable, have been documented even in the case of once approved recurrent transactions which are of operational nature, which as per the RPT Code need not be repeatedly approved if within the broad thresholds.

The RPTRC in discharging its function has introduced processes and periodic reporting by the relevant entities with a view to ensuring that:

- there is compliance with the Code;
- shareholder interests are protected; and
- fairness and transparency are maintained.

The Committee has a criteria for designating Carsons Group Key Management Personnel. Further, processes

have been introduced to obtain annual disclosures from all KMPs so designated.

The Committee held its First Meeting on 9th March 2016 with all Members in attendance. The Related Party Transactions of the Company as at that date were reviewed by the Members of the RPTRC and the comments and observations of the Committee have been communicated to the Board of Directors of the Company.

*(Sgd.)*

**V.P. Malalasekera**

*Chairman – Related Party Transactions Review Committee*

**Carson Cumberbatch PLC**

25th April 2016.

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# Independent Auditors' Report



**Building a better  
working world**

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## TO THE SHAREHOLDERS OF INDO-MALAY PLC Report on the Financial Statements

We have audited the financial statements of Indo-Malay PLC ("the Company"), which comprise the statement of financial position as at 31 March 2016, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. (set out on pages 28 to 68)

### Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order

to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- a) The basis of opinion, scope and limitations of the audit are as stated above.
- b) In our opinion:
  - we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company and,
  - the financial statements of the Company, comply with the requirements of section 151 of the Companies Act.

**Ernst & Young**  
Chartered Accountants

25 April 2016  
Colombo

## Statement of Profit or Loss

<i>For the year ended 31 March</i>		2016	2015
	Note	Rs. '000	Rs. '000
<b>Revenue</b>	3	<b>126,952</b>	143,131
Direct operating costs		<b>(43,567)</b>	(47,150)
<b>Gross Profit</b>		<b>83,385</b>	95,981
Gain arising from changes in fair value of biological assets	11	<b>12,938</b>	3,096
Other income and gains	4	<b>199</b>	1,005
Administrative expenses		<b>(29,109)</b>	(28,178)
Finance costs	25.1	<b>(421)</b>	(753)
<b>Profit Before Tax</b>	5	<b>66,992</b>	71,151
Income tax expense	6	<b>(16,851)</b>	(21,362)
<b>Profit for the Year</b>		<b>50,141</b>	49,789
<b>Earnings Per Share (Rs.)</b>	7	<b>7.16</b>	7.11
<b>Dividend Per Share * (Rs.)</b>	7.1	<b>5.03</b>	2.60

The Accounting Policies and Notes from pages 33 to 68 form an integral part of these Financial Statements.

*Figures in brackets indicate deductions.*

\*Includes only interim dividend paid for the current year whereas, in the comparative period includes only final dividend proposed (as no interim dividend paid in the previous financial year).

# Statement of Comprehensive Income

<i>For the year ended 31 March</i>		2016	2015
	Note	Rs. '000	Rs. '000
<b>Profit for the Year</b>		<b>50,141</b>	49,789
<b>Other Comprehensive Income/(Loss)</b>			
<b>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</b>			
Exchange differences on translation of financial of foreign operations	15	<b>35,208</b>	(166,984)
Gain/(Loss) on change in fair value of available - for - sale financial assets	12.1	<b>1,098,423</b>	602,232
<b>Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</b>		<b>1,133,631</b>	435,248
<b>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods</b>			
Actuarial gain on defined benefit plans	18	<b>468</b>	303
Income tax effect	17	<b>(112)</b>	(73)
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>356</b>	231
<b>Other Comprehensive Income/(Loss) for the Year, Net of Tax</b>		<b>1,133,987</b>	435,479
<b>Total Comprehensive Income/(Loss) for the Year, Net of Tax</b>		<b>1,184,128</b>	485,268

The Accounting Policies and Notes from pages 33 to 68 form an integral part of these Financial Statements.

*Figures in brackets indicate deductions.*

# Statement Of Financial Position

As at	Note	31st March 2016 Rs. '000	31st March 2015 Rs. '000
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	10	1,340,143	1,307,627
Biological assets	11	188,426	169,705
Non-current financial assets	12	5,350,963	4,252,540
<b>Total Non-Current Assets</b>		<b>6,879,532</b>	<b>5,729,872</b>
<b>Current Assets</b>			
Inventories		202	419
Trade receivables	13	7,050	8,523
Advance and prepayments		1,183	778
Taxation recoverable		592	4,252
Cash and cash equivalents		15,169	21,735
<b>Total Current Assets</b>		<b>24,196</b>	<b>35,707</b>
<b>Total Assets</b>		<b>6,903,728</b>	<b>5,765,579</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Stated capital	14	70,033	70,033
Retained earnings		203,735	228,709
Other reserves	15	6,486,987	5,353,356
<b>Total Shareholders' Funds</b>		<b>6,760,755</b>	<b>5,652,098</b>
<b>Non-Current Liabilities</b>			
Deferred tax liability	17	46,868	41,690
Retirement benefit obligations	18	1,583	1,561
<b>Total Non-Current Liabilities</b>		<b>48,451</b>	<b>43,251</b>
<b>Current Liabilities</b>			
Trade and other payables	19	91,084	67,253
Provision and accrued expenses		3,438	2,977
<b>Total Current Liabilities</b>		<b>94,522</b>	<b>70,230</b>
<b>Total Equity &amp; Liabilities</b>		<b>6,903,728</b>	<b>5,765,579</b>
<b>Net Assets Per Ordinary Share (Rs.)</b>		<b>966.04</b>	<b>807.63</b>

I certify that these Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

(Sgd.)

**C.S. Karunasena**

Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

The Accounting Policies and Notes from pages 33 to 68 form an integral part of these Financial Statements.

Signed for and on behalf of the Managers,

Signed for and on behalf of the Board,

(Sgd.)

**M.R. Jeffrey**

Director

**Agro Harapan Lestari Sdn. Bhd.**

25th April 2016  
Colombo

(Sgd.)

**H. Selvanathan**

Chairman

(Sgd.)

**P.C.P. Tissera**

Director

# Statement of Changes In Equity

	Note	Stated Capital	Capital Accretion Reserve	Currency Translation Reserve	Currency Available -For Sale Reserve	Retained Earnings	Total Share-holders Funds
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April 2014		70,033	1,447,269	(29,178)	3,500,017	278,766	5,266,907
Profit for the year		-	-	-	-	49,789	49,789
Other Comprehensive Income/(Loss)				(166,984)	602,232	231	435,479
Total Comprehensive Income/(Loss)				(166,984)	602,232	50,020	485,268
Final Dividend - 2013/14	7.1	-	-	-	-	(100,077)	(100,077)
Balance as at 31 March 2015		70,033	1,447,269	(196,162)	4,102,249	228,709	5,652,098
<b>Balance as at 1st April 2015</b>		<b>70,033</b>	<b>1,447,269</b>	<b>(196,162)</b>	<b>4,102,249</b>	<b>228,709</b>	<b>5,652,098</b>
Super Gain Tax Expense	16					(22,073)	(22,073)
<b>Adjusted Balance as at 1st April 2015</b>		<b>70,033</b>	<b>1,447,269</b>	<b>(196,162)</b>	<b>4,102,249</b>	<b>206,636</b>	<b>5,630,025</b>
Profit for the year		-	-	-	-	50,141	50,141
Other Comprehensive Income/(Loss)				35,208	1,098,423	356	1,133,987
Total Comprehensive Income/(Loss)				35,208	1,098,423	50,497	1,184,128
Final Dividend - 2014/15	7.1	-	-	-	-	(18,196)	(18,196)
Interim Dividend - 2015/16	7.1	-	-	-	-	(35,202)	(35,202)
<b>Balance as at 31 March 2016</b>		<b>70,033</b>	<b>1,447,269</b>	<b>(160,954)</b>	<b>5,200,672</b>	<b>203,735</b>	<b>6,760,755</b>

The Accounting Policies and Notes from pages 33 to 68 form an integral part of these Financial Statements.

Nature of the reserves are described in Note 15 to the Financial Statements.

Figures in brackets indicate deductions.

# Cash Flow Statement

<i>For the year ended 31 March</i>		2016	2015
	Note	Rs. '000	Rs. '000
<b>Cash Flows from Operating Activities</b>			
<b>Profit Before Taxation</b>		<b>66,992</b>	71,151
Adjustments for:			
Depreciation on property, plant and equipment	10	<b>1,851</b>	1,076
Gain on disposal of property, plant and equipment		-	(478)
Provision for retirement benefit obligations	18	<b>223</b>	221
Interest income	3	<b>(306)</b>	(358)
Interest expense	25.1	<b>421</b>	753
Net gain from change in fair value of biological assets	11	<b>(12,938)</b>	(3,096)
Exchange differences in currency translation of Malaysian operations		<b>(4,643)</b>	966
<b>Operating Profit Before Working Capital Changes</b>		<b>51,600</b>	70,235
Decrease/(Increase) in inventories		<b>217</b>	(100)
Decrease/(Increase) in trade receivables		<b>1,067</b>	5,836
Increase/(Decrease) in trade payables and accruals		<b>20,511</b>	(678)
<b>Cash Generated from/(used in) Operations</b>		<b>73,395</b>	75,293
Income tax paid		<b>(7,789)</b>	(22,976)
Super gain tax paid	16	<b>(22,073)</b>	-
<b>Net Cash (Outflows)/ Inflows from Operating Activities</b>		<b>43,533</b>	52,317
<b>Cash Flows from Investing Activities</b>			
Proceeds from disposal of property plant and equipment	10	-	478
Purchase of property plant and equipment	10	<b>(367)</b>	(3,829)
Interest income	3	<b>306</b>	358
<b>Net Cash used in/(from) Investing Activities</b>		<b>(61)</b>	(2,993)
<b>Cash Flow from Financing Activities</b>			
Dividend paid		<b>(49,617)</b>	(90,642)
Interest paid	25.1	<b>(421)</b>	(753)
<b>Net Cash used in Financing Activities</b>		<b>(50,038)</b>	(91,395)
<b>Net (Decrease)/Increase in Cash &amp; Cash Equivalents</b>		<b>(6,566)</b>	(42,071)
<b>Cash &amp; Cash Equivalents at the Beginning of the Year</b>		<b>21,735</b>	63,806
<b>Cash &amp; Cash Equivalents at the End of the Year (Note A)</b>		<b>15,169</b>	21,735
<b>Note A</b>			
<b>Cash &amp; Cash Equivalents</b>			
Cash and bank balances		<b>8,890</b>	20,676
Short-term deposits		<b>6,279</b>	1,059
		<b>15,169</b>	21,735

The Accounting Policies and Notes from pages 33 to 68 form an integral part of these Financial Statements.

*Figures in brackets indicate deductions.*

# Notes to the Financial Statements

## 1. CORPORATE INFORMATION

### 1.1 General

Indo-Malay PLC ("Company") is a public quoted company with limited liability, incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 61, Janadhipathi Mawatha, Colombo 01 and the principal place of business is situated at Ladang Berjuntai, Selangor, Malaysia.

### 1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were cultivation of oil palm and selling of fresh fruit bunches and the managing and holding of an investment portfolio.

### 1.3 Parent Entity and Ultimate Parent Entity

The Company's parent entity is Goodhope Asia Holdings Limited incorporated in Singapore. In the opinion of the directors, the Company's ultimate parent undertaking and controlling party is Bukit Darah PLC which is incorporated in Sri Lanka.

### 1.4 Date of Authorisation for Issue

The Financial Statements of Indo-Malay PLC for the year ended 31 March 2016 was authorized for issue in accordance with a resolution of the board of directors on 25th April 2016.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 General Accounting Policies

#### 2.1.1 Statement of Compliance

The Financial Statements of Indo-Malay PLC comprises the Statement of Financial Position and the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows, together with the Accounting Policies and Notes to the Financial Statements.

These financial statements are prepared in accordance with the Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka, and also in compliance with the requirements of the Companies Act No. 7 of 2007.

#### 2.1.2 Basis of Preparation

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS and LKAS) as issued by Institute of Chartered Accountants of Sri Lanka.

The financial statements have been prepared on a historical cost basis, except for the following material items in the statement of Financial Position,

- Biological assets are measured at fair value less cost to sell

## Notes to the Financial Statements

- Available-for-sale financial assets are measured at fair value
- Land is measured at cost at the time of the acquisition and subsequently land is revalued

### 2.1.3 Comparative Information

The accounting policies have been consistently applied by the Company and, are consistent with those used in the previous year. Previous year's figures and phrases have been re-arranged whenever necessary to conform to current presentation.

## 2.2 Summary of Significant Accounting Policies

### 2.2.1 Conversion of Foreign Currencies

#### (a) Presentation Currency

The Financial Statements are presented in Sri Lanka Rupees.

#### (b) Investment Operations in Sri Lanka

The functional currency of the investment operations in Sri Lanka is Sri Lanka Rupees. Transactions in foreign currencies are initially translated into functional currency using the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies as at the reporting date are translated at the functional currency rate of exchange ruling at that date. The

exchange differences arising on translation are taken to Statement of Profit or Loss.

#### (c) Operations in Malaysia

The functional currency of the foreign operations in Malaysia is the Malaysian Ringgit. As at the reporting date, the assets and liabilities of the Malaysian Operations are translated into the presentation currency (Sri Lanka Rupees) at the rate of exchange ruling at the reporting date and the items in the statement of profit or loss are translated at the average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income.

### 2.2.2 Taxation

#### (a) Current Taxes

The Company's liability to taxation is computed in accordance with the provisions of the Inland Revenue Act, No. 10 of 2006 and the subsequent amendments thereto. Full consideration is given to the tax laws prevailing in the countries of incorporation and operation.

Liability to taxation of the Company is made after claiming relief available in terms of the Double Taxation Agreement entered into between the Governments of Malaysia and Sri Lanka.

## (b) Deferred Taxation

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all temporary differences, except:

- Where the deferred tax liability arises from an asset or liability in a transaction that affects neither the accounting profit nor the taxable profit.

Deferred tax assets are recognized for all deductible differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax assets relating to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor the taxable profit.

The carrying amount of deferred tax assets are reviewed at each

reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the deferred tax assets to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the assets are realized or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Current tax and deferred tax relating to items recognized directly in Statement of Other Comprehensive Income are also recognized in Statement of Other Comprehensive Income and not in the Statement of Profit or Loss.

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

## Notes to the Financial Statements

### 2.2.3 Events occurring after the Reporting Period

The materiality of the events occurring after the reporting date is considered and appropriate adjustments or disclosures are made in the Financial Statements in accordance with LKAS 10: Events After the Reporting Period.

### 2.3 Assets and Bases of their Valuation

Assets classified as current assets in the Statement of Financial Position are cash and those which are expected to be realised in cash during the normal operating cycle of the Company's business or within one year from the reporting date.

Assets other than current assets are those which the Company intends to hold beyond a period of one year from the reporting date.

### 2.3.1 Property, Plant & Equipment

#### (1) Valuation

Property, Plant & Equipment are stated at cost or valuation less accumulated depreciation, provided on the basis stated in (3) below.

#### (2) Cost

Cost of Property, Plant & Equipment is the cost of acquisition or construction together with any expenses incurred in bringing the assets

to its working condition for its intended use.

Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business has been treated as capital expenditure.

#### (3) Depreciation

The provision for depreciation is calculated by using a straight line method on the cost or valuation of all Property, Plant & Equipment other than freehold land, in order to write off such amounts over the estimated useful lives.

The principal annual rates used are:

	No. of years
Freehold buildings	20
Plant & machinery	10
Furniture, fittings & office equipment	8 -10
Motor vehicles	4

No depreciation is provided on freehold land.

Depreciation of an asset begins when it is available for use whereas depreciation of an asset is ceased at the earlier

of the date that the asset is classified as held for sale and the date that the asset is derecognized.

The appropriateness of useful lives of the assets and the residual value is assessed annually.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### (4) Plantations

##### (a) Permanent Land Development Costs

Land development costs incurred in respect of developing the land for cultivation which are permanent in nature, are capitalized as "land cost".

##### (b) Revaluation of Land

Revaluation of the freehold land in Malaysia is carried out on an existing use basis (oil palm plantation) annually in order to ensure that the book value reflects the market value. Any surplus or deficit arising there from is adjusted through the Capital Accretion Reserve once in every three years, unless there is a significant change in the valuation in which case it is recognized immediately.

#### 2.3.2 Biological Assets

Biological Assets represent immature and mature palm oil plantations and are stated at fair value less costs to sell. Oil palm trees have an average life up to 26 years, with the first 30 to 36 months as immature and the remaining years as mature. As market determined prices or values are not readily available for plantations in its present condition, the Company uses the present value of expected future cash flows (excluding any future cash flows for financing the assets, taxation, or re-establishing plantations after harvest) from the asset, discounted at a current market determined pre-tax rate in determining fair values.

Gains or losses arising on initial recognition of plantations at fair values less costs to sell and from the change in fair values less costs to sell of plantations at each reporting date are included in the statement of profit or loss for the period in which they arise.

#### 2.3.3 Financial Instruments — Initial Recognition and Subsequent Measurement

Financial assets within the scope of LKAS 39 are broadly classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments,

## Notes to the Financial Statements

available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus (in the case of assets not at fair value through profit or loss) directly attributable transaction costs.

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

The Company's financial assets include cash and short-term deposits, trade and other receivables, Quoted and unquoted financial instruments.

### Subsequent Measurement

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

#### (a) Trade and Other Receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments. They do not consist of assets that are quoted in

an active market. Trade and other receivables are initially recognised at fair value plus any directly attributable transaction cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. The losses arising from impairment are recognised in the profit or loss as a part of administration costs.

#### (b) Available-For-Sale Financial Investments

Available-for-sale financial investments include equity securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the Statement

of Profit or Loss in finance costs and removed from the available-for-sale reserve.

Fair value of investments in unquoted ordinary shares are determined based on the income approach that estimates fair value by discounting projected cash flows in a discrete projection period to present value and fair value of investment in quoted shares is determined by reference to published price quotation in an active market.

The Company evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Company has the intent and ability to hold these assets for the foreseeable future or until maturity.

#### **Derecognition**

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has

assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Company's continuing involvement in it.

#### **Impairment of Financial Assets**

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

## Notes to the Financial Statements

financial asset that can be reliably estimated.

### Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised

in the Statement of Profit or Loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

### (c) Cash & 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 in money market instruments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

### Financial Liabilities

#### Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company

determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

#### **Subsequent Measurement**

Trade and other payables are measured at amortized cost.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

### **2.3.4 Inventories**

Inventories except for fresh fruit bunches are stated at cost or net realizable value whichever is lower, after making due allowance for obsolete and slow moving items. Fresh fruit bunches are stated at since realised values.

The value of consumables is determined on a weighted average cost basis.

### **2.3.5 Impairment of Non-Financial Assets**

The Company assesses at each

reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the group of non-financial 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 or 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 group of non-financial assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

## **2.4 Liabilities and Provisions**

Liabilities classified as current liabilities in the Statement of Financial Position are those obligations payable on demand or within one year from the reporting date. Items classified as non-current liabilities are those obligations which become payable beyond a period of one year from the reporting date.

All known liabilities have been accounted for in preparing these Financial Statements. Provisions and

## Notes to the Financial Statements

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

### 2.4.1 Retirement Benefit Obligations

#### (a) Defined Benefit Plans - Retirement Gratuity

Gratuity is a defined benefit plan. The Company is liable to pay gratuity in terms of relevant statute.

The Company's operations in Malaysia are liable to pay Retirement Gratuity where employees have served in the Company's operations in Malaysia for more than five years and fulfilling the conditions in the Malaysian Agricultural Producers Association and National Union Plantation Worker's agreements.

The Company measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an actuary every year using "Projected Unit Credit Method". An actuarial valuation of the gratuity liability of the Company as at 31 March 2016 was undertaken by Actuarial and Management Consultants (Pvt) Ltd, a firm of professional actuaries. The

result of such valuation was incorporated in these Financial Statements.

The define benefit costs comprise the following:

- Service cost
- Interest cost on the define benefit liability
- Re-measurement of define benefit liability

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Interest on the defined benefit liability is the change during the period in the defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on the yield on long term government bonds to the defined benefit liability. The interest on the defined benefit liability is recognised as expense or income in profit or loss.

Re-measurements comprising actuarial gains and losses are recognised immediately in

other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods. Further, this liability is not externally funded.

(b) Defined Contribution Plans - EPF

All employees who are eligible for Defined Provident Fund contributions in Malaysia are covered by relevant contribution funds in line with the relevant statutes.

Employer's contribution to Defined Provident Fund covering the employees is recognised as an expense in the Statement of Profit or Loss in the period in which it is incurred.

**2.4.2 Capital Commitments and Contingencies**

All material capital commitments and contingent liabilities which exist as at the reporting date are disclosed in the respective notes to the Financial Statements.

**2.5 Statement of Profit or Loss**

**2.5.1 Revenue**

Revenue represents proceeds from sale of fresh fruit bunches from

Malaysia Operations and investment income from Sri Lankan operations.

**2.5.2 Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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:

Sale of fresh fruit bunches - upon delivery and acceptance by customers.

Dividend income - when the shareholders' right to receive dividend is established.

Interest income - accrued on a time proportionate basis.

Other income - on an accrual basis.

**2.5.3 Expenditure Recognition**

The expenses are recognized on an accrual basis. All expenditure incurred in the ordinary course of business and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

## Notes to the Financial Statements

For the purpose of presentation of the Statement of Profit or Loss, the Directors are of the opinion that “function of expenses” method presents fairly the elements of the Company’s performance, and hence such presentation method is adopted.

### 2.6 Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company’s other components. All operating segments’ operating results are reviewed regularly by the senior management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the senior management and board of directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the

period to acquire property, plant and equipment.

### 2.7 Related Party Disclosures

Disclosures are made in respect of related party transactions in accordance with LKAS 24.

### 2.8 Critical Accounting Estimates And Judgments

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future

periods if the revision affects both current and future periods.

Estimates/Judgments made by management in the application of Sri Lanka Accounting Standards that have a significant effect on the financial statements are mentioned below.

	Policy	Note
Property, plant & equipment valuation and depreciation	2.3.1	10
Deferred tax	2.2.2b	16
Impairment of assets	2.3.3 / 2.3.6	-
Employee benefit liabilities	2.4.1	17
Financial instruments	2.3.3	9/12 13/18
Biological assets valuation	2.3.2	11

## 2.9 Current Versus Non-Current Classification

The Company presents assets and liabilities in Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

## Notes to the Financial Statements

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 2.10 Fair Value Measurement

The Company measures financial instruments such as investment in equity instruments, and non-financial assets such as biological assets, land, at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

	Note
Disclosures for valuation methods, significant estimates and assumptions	9/10/11
Quantitative disclosures of fair value measurement hierarchy	9
Investment in unquoted equity shares	9/ 12.1
Property, plant and equipment under revaluation model	10
Financial instruments	12.2

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Company determines whether transfers have occurred

between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as Biological Assets, Freehold Land and unquoted investments. Involvement of external valuers is decided upon annually by the Management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

## Notes to the Financial Statements

The Management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The Management presents the valuation results to the Audit Committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above

### 2.11 Standards Issued But Not Yet Effective

The standards, amendments and interpretations that are issued but not yet effective for the financial year ended 31 March 2016. The Company intends to adopt these standards, if applicable, when they become effective.

- (a) SLFRS 9 -Financial Instruments: Classification and Measurement
- SLFRS 09 establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users for assessment of amount, timing and uncertainty of entity's future cash flows.

This standard is effective for annual periods beginning on or after 01 January 2018.

- (b) SLFRS 15 - Revenue from Contracts with Customers
- SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. This standard is effective for the annual periods beginning on or after 01 January 2018.

(c) Amendments to LKAS  
16-Property,Plant and Equipment  
and LKAS 41-Agriculture

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of LKAS 41. Instead, LKAS 16 will apply. After initial recognition, bearer plants will be measured under LKAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of LKAS 41 measured at fair value less costs to sell. This amendment is retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

Pending the detailed review on the above standards, the extent of the impact has not been determined by the Management.

## Notes to the Financial Statements

<i>For the year ended 31 March</i>		2016	2015
		Rs. '000	Rs. '000
<b>3. REVENUE</b>			
<b>Oil Palm:</b>			
Sale of fresh fruit bunches		125,152	141,200
<b>Investment:</b>			
Dividend income		1,494	1,573
Interest income		306	358
		<b>126,952</b>	<b>143,131</b>
<b>4. OTHER INCOME AND GAINS</b>			
Other income		199	1,005
		<b>199</b>	<b>1,005</b>
<b>5. PROFIT BEFORE TAX</b>			
<b>is stated after charging all expenses including the following:</b>			
Depreciation (Note 10)		1,851	1,076
Management fee, performance incentive and sales commission (Note 25.1)		17,059	18,433
Professional fees		6,387	4,815
Auditors' remuneration		692	668
Directors' fees (Note 25.2)		1,150	900
Personnel costs (Note 5.1)		21,701	21,994
<b>5.1 Personnel Costs*</b>			
Salaries, wages and other staff related expenses		20,578	20,917
Defined contribution plans - EPF		879	856
Retirement benefit obligations (Note 17)		244	221
		<b>21,701</b>	<b>21,994</b>
*The Company has no employees other than the plantation workers in its Malaysian operation.			
<b>6. TAXATION</b>			
<b>6.1 Major Components of Income Tax Expense</b>			
The major components of income tax expense for the financial year ended 31st March 2016 and 2015 are:			
<b>Statement of Profit or Loss</b>			
<b>Current Income Tax</b>			
Current year income tax expense		14,953	20,167
<b>Deferred Tax</b>			
- Origination/(reversal) of temporary differences (Note 17)		1,898	1,195
Income tax expense recognised in the Statement of Profit or Loss		<b>16,851</b>	<b>21,362</b>
<b>Other Comprehensive Income</b>			
Deferred tax on actuarial gains and losses (Note 17)		112	73
Income tax charged directly to Other Comprehensive Income		112	73

## 6.2 Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the year ended 31 March 2016 and 31 March 2015 are as follows:

<i>For the year ended 31st March</i>	<b>2016</b>	2015
	<b>Rs. 000</b>	Rs. 000
Profit before tax	<b>66,992</b>	71,151
Tax at the domestic rates applicable to profits generated in the countries where the Company operates	<b>8,098</b>	8,596
<b>Adjustments:</b>		
Non-deductible expenses	<b>1,665</b>	1,564
Income not subject to tax including biological gains (Note 6.3(d) and Note 11)	<b>(1,756)</b>	(624)
Double tax credit for Malaysian Branch (Note 6.3(c))	<b>(7,912)</b>	(9,435)
Others-Taxation in Malaysian Branch (Note 6.3(a))	<b>14,858</b>	20,067
Deferred Tax (Note 17)	<b>1,898</b>	1,195
Income tax expense recognised in profit or loss	<b>16,851</b>	21,362

## 6.3 Taxation of Profits

- (a) The provision for taxation on profits from plantation activities is based on the Company's liability to income tax in Malaysia. Profits from plantation activities are liable to tax in Malaysia at a rate of 24% (2015: 25%).
- (b) During the year ended 31st March 2016, as provided for under Section 46 of the Inland Revenue Act No. 10 of 2006 and amendments thereto, these profits are liable to tax in Sri Lanka at 12% (2015: 12%).
- (c) In terms of the double tax treaty agreement entered into between Sri Lanka and Malaysia, the Company is entitled to claim credit for tax paid in Malaysia, when calculating the Company's tax liability in Sri Lanka on profits from plantation in Malaysia.
- (d) In terms of Section 9 & 10 of the Inland Revenue Act No. 10 of 2006, and amendments thereto, dividend and interest income received from Malaysia is exempt from income tax.
- (e) Profits of the Company, other than such referred to in Note 6.3 (b) and (d) are liable to tax at a rate of 28% (2015 - 28%).

## 6.4 Dividend Tax

Dividend distribution would consist of a distribution of operational profits and a redistribution of dividend income. Redistribution of dividend income received from already taxed source would not be liable to dividend tax.

## Notes to the Financial Statements

### 7. EARNINGS PER SHARE

The calculation of Earnings per ordinary share of Rs. 7.16 (2015 - Rs. 7.11) is based on the profit after taxation over the weighted average number of ordinary shares in issue during the year.

Given below is the computation of Earnings Per Share:

<i>For the year ended 31st March</i>	<b>2016</b>	2015
<b>Numerator</b>		
Profit for the year (Rs.)	<b>50,140,796</b>	49,789,219
Profit attributable to ordinary shareholders (Rs.)	<b>50,140,796</b>	49,789,219
<b>Denominator</b>		
Number of ordinary shares (Note 14)	<b>6,998,400</b>	6,998,400
Earnings Per Share (Rs.)	<b>7.16</b>	7.11
<i>For the year ended 31st March</i>	<b>2016</b>	2015
	<b>Rs.000</b>	Rs.000

#### 7.1 Dividend paid or proposed Dividend paid during the year

Dividends on ordinary shares

**Interim Dividend** for 2016: Rs. 5.03 per share (2015 Rs. Nil per share)

**35,202** -

**Final Dividend** for 2015: Rs.2.60 per share (2014: Rs. 14.30 per share)

**18,196** 100,077

#### **Dividend Proposed for approval at AGM (not recognised as a liability as at 31st March)**

2016: Rs. Nil per share (2015: Rs. 2.60 per share) - 18,196

<i>For the year ended 31st March</i>	<b>2016</b>	2015
Dividend per share (Rs.)*	<b>5.03</b>	2.60

\*Dividend per share is calculated by considering interim dividend paid for the year under review, whereas in the comparative period considering final dividend proposed (as no interim dividend paid in the previous financial year).

### 8. FOREIGN CURRENCY TRANSLATION

The Accounting Policy on foreign currency translation is shown under 2.2.1 of summary of significant accounting policies. The principal exchange rates used for conversion of foreign currency balances are as follows:

<i>As at</i>	<b>31st March</b>	31st March
	<b>2016</b>	2015
	<b>Rs.</b>	Rs.
Malaysian Ringgit	<b>36.74</b>	35.80
US Dollar	<b>144.69</b>	133.32

## 9. FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Company's assets which are stated at Fair value.  
**Fair value measurement hierarchy for assets as at 31 March 2016 and 2015:**

	Date of valuation	Total Rs. '000	Fair value measurement using		
			Quoted prices in active markets (Level 1) Rs. '000	Significant observable inputs (Level 2) Rs. '000	Significant unobservable inputs (Level 3) Rs. '000
<b>Assets measured at fair value:</b>					
<b>As at 31 March 2016</b>					
<b>Non-Financial Assets</b>					
Land (Note:10)	March 2016	1,322,543	-	-	1,322,543
Biological Assets (Note:11)	March 2016	188,426	-	-	188,426
<b>Non-Financial Assets as at 31 March 2016</b>		<b>1,510,969</b>	<b>-</b>	<b>-</b>	<b>1,510,969</b>
<b>AFS financial assets</b>					
Quoted equity shares					
Shallimar (Malay) PLC (Note: 12.1)	31 March 2016	3,349,385	349,385	-	-
Unquoted equity shares					
Shallimar Developments Sdn.Bhd (Note:12.1)	December 2015	5,001,578	-	-	5,001,578
<b>AFS financial assets as at 31 March 2016</b>		<b>5,350,963</b>	<b>349,385</b>	<b>-</b>	<b>5,001,578</b>
<b>As at 31 March 2015</b>					
<b>Non-Financial Assets</b>					
Land (Note:10)	March 2013	1,288,901	-	-	1,288,901
Biological Assets (Note:11)	March 2015	169,705	-	-	169,705
<b>Non-Financial Assets as at 31 March 2015</b>		<b>1,458,606</b>	<b>-</b>	<b>-</b>	<b>1,458,606</b>
<b>AFS financial assets</b>					
Quoted equity shares					
Shallimar (Malay) PLC (Note: 12.1)	31 March 2015	330,188	330,188	-	-
Unquoted equity shares					
Shallimar Developments Sdn.Bhd (Note:12.1)	March 2015	3,922,351	-	-	3,922,351
<b>AFS financial assets as at 31 March 2015</b>		<b>4,252,540</b>	<b>330,188</b>	<b>-</b>	<b>3,922,351</b>

Key assumptions, methods of valuations and significant unobservable inputs for assets categorised under level 3 of the fair value measurement hierarchy are disclosed under Notes 10,11 and 12 to the Financial Statements.

## Notes to the Financial Statements

**10. PROPERTY, PLANT & EQUIPMENT**  
**10.1 Movement of Property, Plant & Equipment**

	Freehold Land	Freehold Buildings	Plant and Machinery	Furniture, Fittings & Equipment	Motor Vehicles	Roads & Bridges	Capital Work in Progress	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Cost/Valuation</b>								
<b>As at 01st April 2015</b>	1,288,901	14,080	765	1,028	5,911	1,202	7,300	<b>1,319,187</b>
Additions	-	367	-	-	-	-	-	<b>367</b>
Transfers	-	7,300	-	-	-	-	(7,300)	-
Translation adjustment for the year	33,642	556	19	27	154	31	-	<b>34,429</b>
<b>As at 31st March 2016</b>	<b>1,322,543</b>	<b>22,303</b>	<b>784</b>	<b>1,055</b>	<b>6,065</b>	<b>1,233</b>	-	<b>1,353,983</b>
<b>Depreciation</b>								
<b>As at 01st April 2015</b>	-	7,243	526	879	2,309	601	-	<b>11,558</b>
Charge for the year	-	768	40	25	995	23	-	<b>1,851</b>
Translation adjustment for the year	-	243	17	25	129	17	-	<b>431</b>
<b>As at 31st March 2016</b>	-	<b>8,254</b>	<b>583</b>	<b>929</b>	<b>3,433</b>	<b>641</b>	-	<b>13,840</b>
<b>Net Book Value</b>								
<b>As at 31st March 2016</b>	<b>1,322,543</b>	<b>14,049</b>	<b>201</b>	<b>126</b>	<b>2,632</b>	<b>592</b>	-	<b>1,340,143</b>
As at 31st March 2015	1,288,901	6,837	238	149	3,602	601	7,300	1,307,627

- (i) The company consequent to the market disclosure dated 1st December 2015, obtained the following valuations of the property by engaging independent professional valuers to ascertain the realizable value from the sale of the property which can be recognized only on the actual realization.
- (a) Savills (Malaysia) Sdn. Bhd. of RM 93 mn (Rs. 3,416.82 mn).
- (b) Jones Lang Wootton (Proprietor: Singham Sulaiman Sdn Bhd) of RM 68 mn (Rs.2,498.32 mn).
- (c) W. M. Malik & Kamaruzaman of RM 71.50 mn (Rs. 2,626.91 mn)

As disclosed in the Accounting Policy 2.3. 1.4 (b) and as required by applicable accounting standards, the Company continues to recognize the fair value based on existing use basis (oil palm plantation) for the Financial Statements consistent with that of the previous year. Accordingly, the free hold land was revalued in March 2016 based on existing use (oil palm plantation) basis, by an independent professional valuer W. M. Malik, a member of the Institution of Surveyors, Malaysia, a partner with W. M. Malik & Kamaruzaman.

**Valuation Technique**

**Significant unobservable valuation input:**

Existing use  
(oil palm plantation) basis

Indicative market value of comparable land

Significant increases (decreases) in Indicative market value per hectare of comparable land would result in a significantly higher (lower) fair value measurement.

- (ii) The carrying value of the freehold land, if the asset was carried at historical cost would be Rs. 0.60 mn (2015: Rs. 0.60 mn)
- (iii) Property, plant & equipment includes fully depreciated assets having a gross carrying amount of Rs. 10.18 mn (2015 - Rs.10.18 mn/-)
- (iv) All property, plant & equipment are located in Malaysia.
- (v) During the financial year, the Company purchased and paid for property, plant and equipment to the aggregate value of Rs. 0.37 mn (2015: Rs. 3.83 mn).

**10.2 Sale of Property**

As mentioned in the Chairman's Statement, an announcement was made to the Colombo Stock Exchange ("CSE") on 1st December 2015 whereby the Company gave notice of an action plan that included, if feasible, the sale of the plantation in Malaysia.

The Board of Directors of the Company has taken a decision to convene an Extraordinary General Meeting ('EGM') of the Company to consider the proposed sale of its plantation.

However, thus far no potential buyers or bids have been received in respect of this property from 3rd parties. Accordingly, the assets continue to be carried in the Company's books using the valuation basis/method consistent with that used in the previous years.

## Notes to the Financial Statements

### 11. BIOLOGICAL ASSETS

<i>As at</i>	<b>31st March 2016 Rs. '000</b>	31st March 2015 Rs. '000
Carrying value at the beginning of the year	<b>169,705</b>	186,868
Gain arising from changes in fair value	<b>12,938</b>	3,096
	<b>182,643</b>	189,964
Currency translation differences	<b>5,783</b>	(20,259)
<b>Carrying value at the end of the year</b>	<b>188,426</b>	169,705

Biological assets represent mature palms in the Company's Malaysian Plantation. As market determined prices or values are not readily available for plantations in its present condition, the company uses present value of expected future cash flows from the assets of the plantation, discounted at current market determined pre-tax rate in establishing the fair value.

Gains or losses arising on initial recognition of plantations at fair value less costs to sell and from the changes in fair values of plantations at each reporting date are included in the profit or loss for the respective period. The deferred tax impact on recognition of biological assets has been charged to the statement of profit or loss.

#### Analysis of biological assets are as follows:

<i>As at</i>	<b>31st March 2016 Rs. '000</b>	31st March 2015 Rs. '000
<b>Plantation Values</b>		
Mature plantations	<b>188,426</b>	169,705
Immature plantations	-	-
	<b>188,426</b>	169,705
<b>Plantation Area</b>	<b>Ha</b>	Ha
Mature plantations	<b>280.78</b>	280.78
Immature plantations	-	-
	<b>280.78</b>	280.78

**11.1** The Company obtains the services of an independent professional valuer to establish the fair value of the Biological Assets. Accordingly, the Biological Assets of the Company have been valued in March 2016 and 2015 by KJPP Rengganis, Hamid & Partners of Indonesia. The valuation of the Biological Assets was performed in accordance with International Valuation Standards using the following key assumptions:

- (a) Projected economic production life of palm oil plants is 22 years (2015: 22 years) after maturity.
- (b) Malaysian Discount rate per annum of 8.71% in 2016 (2015: 8.58%).

- (c) This valuation is based on market FFB Price. FFB price for the first year is estimated at RM 479 per MT. FFB price is projected to increase for second year at RM 494 per MT. The third year is estimated at RM 511 per MT. The fourth year is estimated at RM 527 MT. The fifth year and The remaining years are estimated at RM 545 per MT.
- (d) Yield per hectare of 4 MT to 36 MT in 2016 (2015: 21 MT to 29 MT).Yield per hectare is based on year of planting, maturity profile and the terrain of the plantation.

## 11.2 Sensitivity of the key assumptions used

	FFB Price		Discount Rate		Yield	
	1% Increase	1% Decrease	0.1% Increase	0.1% Decrease	1% Increase	1% Decrease
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Effect on the carrying value of biological assets - 2016	9,625	(9,625)	(6,576)	13,299	8,339	(16,579)

## 12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### 12.1 Non-Current Financial Assets

<i>As at</i>	<b>31st March 2016 Rs. '000</b>	31st March 2015 Rs. '000
<b>Available-for-sale investments</b>		
Unquoted equity shares (12.1.a)	<b>5,001,578</b>	3,922,352
Quoted equity shares (12.1.b)	<b>349,385</b>	330,188
Total available-for-sale investments	<b>5,350,963</b>	4,252,540
<b>Total financial assets: Non-Current</b>	<b>5,350,963</b>	4,252,540

## Notes to the Financial Statements

### 12.1.a Available-for-Sale Investment - Unquoted Equity Shares

The Company holds a 13.33% equity investment (2015: 13.33%) in Shalimar Development Sdn. Bhd. (SDSB), an investment holding company incorporated in Malaysia. The sole equity investment of SDSB is in PT Agro Indomas (PTAI), an oil palm plantation company based in Indonesia, in which it has a controlling interest. The Company has designated its investment in SDSB as an available-for-sale investment and is measured at fair value, the basis of which is detailed in Note 12.2 below.

### 12.1.b Available-for-Sale Investment - Quoted Equity Shares

The Company holds a non-controlling interests of 2.21% (2015:2.21%) in Shalimar (Malay) PLC. The fair value of the said investment is determined by reference to published price quotations in Colombo Stock Exchange.

### 12.2 Fair Values

Set out below is a comparison by class of the carrying amounts and fair values of the Company's financial Instruments that are carried in the financial statements.

<i>As at</i>	<b>31st March 2016 Rs. '000</b>	31st March 2015 Rs. '000	<b>31st March 2016 Rs. '000</b>	31st March 2015 Rs. '000
<b>Financial Assets</b>	<b>Carrying amount</b>		<b>Fair value</b>	
Available-for-sale investments	<b>5,350,963</b>	4,252,540	<b>5,350,963</b>	4,252,540
<b>Total</b>	<b>5,350,963</b>	4,252,540	<b>5,350,963</b>	4,252,540

The Company obtained the services of PricewaterhouseCoopers Capital Sdn. Bhd, Malaysia (PWC) to carry out an independent indicative fair market valuation of the equity interest in the unquoted investment in SDSB as at valuation date of 31st December 2015. The primary approach adopted was the Income Approach using discounted cash flows method. Accordingly, the unquoted investment in SDSB of the Company has been valued based on the following key assumptions/bases:

- (a) Estimated economic life of PTAI's oil palm plantations of 26 years (including the Immature period).
- (b) Considered one planting cycle (i.e. no replanting at the end of the economic life) and the residual value of land.
- (c) CPO ex-mill prices are projected at USD 450/MT in 2015/16 and stabilize at USD 650/MT.
- (d) Yield per hectare based on year of planting, maturity profile and terrain.
- (e) Weighted average cost of capital (WACC) range of 12% to 13% p.a.
- (f) Indonesian Corporate Taxation rate of 25% p.a.
- (g) Inflation assumed at approximately 5% to 6% p.a.

The Management assessed that the fair value of cash and short-term deposits, trade and other receivables, trade and other payables approximate their carrying amounts largely due to the short term maturities of these instruments.

### 12.3 Sensitivity of the key assumptions used

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy (Note 9) together with a quantitative sensitivity analysis as at 31 March 2016 are as shown below:

The below values are based on 13.33% equity stake in SDSB and base case is at WACC of 13% p.a.

Rs.'000	WACC		CPO ex - mill price		Yield	
	1% Increase	1% Decrease	5% Increase	5% Decrease	5% Increase	5% Decrease
Effect of Fair Value of unquoted equity shares in SDSB designated as Asset Available for Sale						
	(104,632)	114,300	301,957	(301,225)	199,193	(198,461)

### 13. TRADE RECEIVABLES

As at	31st March 2016 Rs. '000	31st March 2015 Rs. '000
Trade debtors	7,050	8,523
	<b>7,050</b>	<b>8,523</b>

As at 31 March, the age analysis of trade receivables is as follows:

	Total Rs.'000	Neither past due nor impaired Rs.'000	Past due but not impaired			
			<30 days Rs. '000	30 -60 days Rs. '000	61 - 90 days Rs. '000	> 90 days Rs. '000
<b>2016</b>	<b>7,050</b>	<b>7,050</b>	-	-	-	
2015	8,523	8,523	-	-	-	

## Notes to the Financial Statements

### 14. STATED CAPITAL

<i>As at</i>	<b>31st March 2016 Rs. '000</b>	31st March 2015 Rs. '000
<b>Issued and Fully Paid-Ordinary</b>		
6,998,400 Ordinary Shares	<b>70,033</b>	70,033
	<b>70,033</b>	70,033

### 15. OTHER RESERVES

<i>As at</i>	<b>31st March 2016 Rs. '000</b>	31st March 2015 Rs. '000
Currency translation reserve	<b>(160,954)</b>	(196,162)
Available-for-sale reserve	<b>5,200,672</b>	4,102,249
Capital accretion reserve	<b>1,447,269</b>	1,447,269
<b>Total</b>	<b>6,486,987</b>	5,353,356

#### Currency translation reserves

Represents exchange differences arising from the translation of the Financial Statements of foreign operations whose functional currencies are different from that of the Company's presentation currency.

#### Available-for-sale reserve

Represents the excess between the fair value and cost of available-for-sale financial assets.

#### Capital accretion reserve

Includes surplus arising from revaluation of property, plant and equipment.

The movements of the above reserves are given in the Statement of Other Comprehensive Income.

### 16. SUPER GAIN TAX

As per the provisions of Part III of the Finance Act, No. 10 of 2015 which was certified on 30th October 2015, the Company was liable for Super Gain tax of Rs. 22.07 mn which was fully settled during the year.

According to the Act, the super gain tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on 1st April 2013. The Act supersedes the requirements of the Sri Lanka Accounting Standards, hence the expense of Super gain tax is accounted in accordance with the requirements of the said Act as recommended by the Statement of Alternative Treatment (SoAT) on "Accounting for Super Gain Tax" issued by the Institute of Chartered Accountants of Sri Lanka, dated 24th November 2015.

Accordingly, the resulting Super Gain Tax was recorded as an adjustment to the Opening Retained Earnings reported in the Statement of Changes in Equity as of 01st April 2015. As per the Accounting Provisions of SoAT, the said adjustment did not result in a restatement to the Statement of Financial Position as of 01st April 2015.

**17. DEFERRED INCOME TAX**

	Statement of Financial Position		Statement of Profit or Loss	
	As at	As at		
	31st March	31st March	31st March	31st March
	2016	2015	2016	2015
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Deferred Tax Liability</b>				
Deferred tax on property, plant & equipment	1,980	1,449	531	292
Deferred tax on biological assets	48,915	47,601	1,314	885
	<b>50,895</b>	49,050	<b>1,845</b>	1,177
<b>Deferred Tax Assets</b>				
Defined benefit plans				
Through Statement of Profit or Loss	(492)	(566)	73	18
Defined benefit plans				
Through Other Comprehensive Income	112	73	40	-
Provision for Ex-Gratia	-	(60)	(60)	-
	<b>(380)</b>	(553)	<b>53</b>	18
Effect of exchange rate movement	<b>(3,647)</b>	6,807		
Deferred tax expense			<b>1,898</b>	1,195
Net deferred tax liability	<b>46,868</b>	41,690		

**17.1 Reconciliation of deferred tax charge / (reversal)**

	2016	2014
	Rs. '000	Rs. '000
Deferred Tax Charge reported in the Statement of Profit or Loss	1,898	1,195
Deferred Tax Charge reported in Other Comprehensive Income	112	73
	<b>2,010</b>	1,268

## Notes to the Financial Statements

### 18. RETIREMENT BENEFIT OBLIGATIONS

Retirement Benefit Obligations-Gratuity

<i>As at</i>	<b>31st March 2016 Rs. '000</b>	31st March 2015 Rs. '000
Beginning of the year	<b>1,561</b>	1,862
Charge for the year (Note 18.1)	<b>223</b>	221
Actuarial gain recognised in Other Comprehensive Income	<b>(468)</b>	(303)
Exchange Loss / (Gain)	<b>267</b>	(218)
<b>End of the year</b>	<b>1,583</b>	1,561

Messrs. Actuarial & Management Consultants (Pvt) Ltd. Independent Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on March 31, 2016. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

	<b>2016</b>	2015
Discount Rate	<b>4%</b>	4%
Salary Increase Rate	<b>3%</b>	3%
Withdrawal Rate	<b>10%</b>	10%

#### 18.1 Charge for the year

<i>As at</i>	<b>31st March 2016 Rs. '000</b>	31st March 2015 Rs. '000
Interest Cost	<b>151</b>	146
Current Service Cost	<b>72</b>	74
	<b>223</b>	221

#### 18.2 Sensitivity of the principal assumptions used

	<b>Expected Future Salaries</b>		<b>Discount Rate</b>	
	1% increase	1% decrease	1% increase	1% decrease
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
The Change in Present value of Defined Benefit Obligation	44	(42)	40	(46)

The average future working life of the defined benefit obligation at end of the reporting period is 8 years.

**19. TRADE AND OTHER PAYABLES**

<i>As at</i>	<b>31st March 2016 Rs. '000</b>	31st March 2015 Rs. '000
Trade and other creditors	<b>4,852</b>	5,099
Unclaimed dividend	<b>50,349</b>	46,568
GST Payable	<b>1,354</b>	-
<b>Amounts due to related companies</b>		
<b>Relationship</b>		
Shalimar (Malay) PLC	Fellow Subsidiary <b>5,268</b>	15,586
Good Hope PLC	Fellow Subsidiary <b>15,932</b>	-
Selinsing PLC	Fellow Subsidiary <b>13,329</b>	-
	<b>91,084</b>	67,253

**20. SEGMENTAL REPORTING**

For management purpose, the Company is organised into the following two business segments;

**(A) Industry**

	Oil Palm		Investments		Company	
	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000
<b>Revenue</b>						
External revenue	<b>125,151</b>	141,200	<b>1,801</b>	1,931	<b>126,952</b>	143,131
	<b>125,151</b>	141,200	<b>1,801</b>	1,931	<b>126,952</b>	143,131
<b>Result</b>						
Segment result	<b>69,078</b>	71,886	<b>(2,086)</b>	(735)	<b>66,992</b>	71,151
Taxation	<b>(16,790)</b>	(21,293)	<b>(61)</b>	(69)	<b>(16,851)</b>	(21,362)
<b>Profit for the year</b>	<b>52,288</b>	50,593	<b>(2,147)</b>	(804)	<b>50,141</b>	49,789

**Other Information**

Segment assets	<b>1,538,083</b>	1,494,869	<b>5,365,645</b>	4,270,710	<b>6,903,728</b>	5,765,579
Segment liabilities	<b>91,288</b>	65,594	<b>51,685</b>	47,887	<b>142,973</b>	113,481
Capital expenditure*	-	3,829	-	-	-	3,829
Depreciation	<b>1,851</b>	1,076	-	-	<b>1,851</b>	1,076
Retirement benefits charge	<b>223</b>	221	-	-	<b>223</b>	221

\* Includes expenditure incurred on property, plant & equipment.

## Notes to the Financial Statements

### (B) Geographical

	Malaysia		Sri Lanka		Company	
	2016	2015	2016	2015	2016	2015
	Rs. '000					
Revenue	125,151	141,200	1,801	1,931	126,952	143,131
Non-current assets	1,528,569	1,477,332	5,350,963	4,252,540	6,879,532	5,729,872

#### 21. CONTRACTS FOR CAPITAL EXPENDITURE

There were no material contracts for capital expenditure as at the reporting date.

#### 22. ASSETS PLEDGED

There were no assets pledged as at the reporting date.

#### 23. EVENTS AFTER THE REPORTING PERIOD

The Company together with Good Hope PLC, Shalimar Malay PLC and Selinsing PLC with the approval of the shareholders, intend to provide the plantation property as security in the form of mortgage towards the financing facilities of Goodhope Asia Holdings Ltd, the Company's parent amounting to not more than an aggregate limit of USD 55 Mn (Rs.7,958 Mn) in order to facilitate the Group's expansion programme of the plantation asset base. The plantation would only be provided as security only in the event the sale of the plantation property as explained in Note 10.2 to the Financial Statements does not materialize.

Further, the company together with the Good Hope PLC, Shalimar Malay PLC and Selinsing PLC have undertaken to provide a corporate guarantee for an amount not more than an aggregate limit of up to USD 55 Mn (Rs.7, 958 Mn).

Goodhope Asia Holdings Ltd will pay commission of 1.2% per annum of the value of the Financing Facility for the provision of the above security and the corporate guarantee. This commission will be distributed to the respective Malaysian plantation companies on a proportionate basis based on the market value of each company.

There were no any other circumstances which required adjustment to or disclosures in these Financial Statements.

#### 24. CONTINGENT LIABILITIES

There are no material contingent liabilities as at the reporting date.

**25. RELATED PARTY DISCLOSURES**  
**25.1 Transactions with Related Companies**  
**Recurrent Transactions**

Name of the Company	Relationship	Nature of Transaction	Terms	2015/16		2014/15		
				Transaction Value Rs.'000	Aggregate value of related party transactions as a % of net revenue	Amount Outstanding as at 31.03.2016 Rs.'000	Transaction Value Rs.'000	Amount Outstanding as at 31.03.2015 Rs.'000
Carsons Management Services (Pvt) Ltd	Group Company	Secretarial Fee	Note (a)	(549)	-	-	(525)	-
Goodhope Investment Ltd	Fellow Subsidiary	Data processing	Note (b)	(677)	(333)	-	-	-
AHL Business Solutions (Pvt) Ltd	Fellow Subsidiary	IT support Fee	Note (c)	(1,628)	-	-	(3,930)	-
Agro Harapan Lestari Sdn. Bhd. (AHL SB)	Fellow Subsidiary (Managers)	Management fee, Performance incentive and Sales commission	Note (d)	(17,059)	(1,642)	(1,642)	(18,433)	-
<b>Total</b>				<b>19,913</b>	<b>14%</b>			

**Non-Recurrent Transactions**

Name of the Company	Relationship	Nature of Transaction	Terms	2015/16		2014/15		
				Transaction Value Rs.'000	Amount Outstanding as at 31.03.2016 Rs.'000	Transaction Value Rs.'000	Amount Outstanding as at 31.03.2015 Rs.'000	
Goodhope Asia Holdings Ltd	Immediate Parent	Temporary Cash Advances	Note (f)	19,252	-	-	-	-
Shalimar-Malay PLC	Fellow Subsidiary	Temporary Cash Advances	Note (e)	(15,232)	(5,268)	15,586	15,586	-
		Interest Expenses		(270)	-	(396)	-	-
Good Hope PLC	Fellow Subsidiary	Temporary Cash Advances	Note (e)	(39,108)	(15,932)	-	-	-
		Interest Expenses		(58)	-	-	-	-
Seilensing PLC	Fellow Subsidiary	Temporary Cash Advances	Note (e)	(49,793)	(13,329)	-	-	-
		Interest Expenses		(93)	-	(357)	-	-

## Notes to the Financial Statements

### 25. RELATED PARTY DISCLOSURES

#### 25.1 Transactions with Related Companies

Note (a) - Carson Management Service (Pvt) Ltd. was appointed to provide secretarial services to the company.

Note (b) - Good Hope Investments (Pvt) Ltd. was appointed to provide data processing services to the company.

Note (c) - AHL Business Solutions (Pvt) Ltd. was appointed to provide IT support services to the company.

Note (d) - AHLBS was appointed as Managers to operate the Company's oil palm plantation business activities in Malaysia.

All the above recurrent related party transactions have been conducted on agreed commercial terms with the respective parties on an arm's length basis.

Note (e) - Interest expenses on the "temporary cash advances" obtained are at the prevailing market rates in Malaysia. These advances are repayable upon demand

Note (f) - The temporary cash advances given to Goodhope Asia Holdings Ltd are non-interest bearing and was fully settled during the financial year.

#### 25.2 Compensation to Key Management Personnel

<i>For the year ended 31st March</i>	<b>2016</b>	2015
	<b>Rs. '000</b>	Rs. '000
Emoluments/Fees	<b>1,150</b>	900

Key management personnel of the Company to whom the above fee relates, are non-executive members of the Board of Directors. Details of the non-executive directors are given in section 13.2 on page 14 under the Annual Report of the Board of Directors on the affairs of the Company. Executive directors are not compensated for their role on the Board.

- 25.3** No material transactions have taken place during the year with the parties/entities in which key management personnel or their close family members have control, joint control or significant influence, which require disclosure in these Financial Statements other than those disclosed under 25.1.

### 26. GOING CONCERN

The financial statements of company have been prepared on a going concern basis after evaluation of the current status of the proposed disposal of the overseas plantations assets (refer note 10.2 to the Financial Statements). Having taken into account of the above and financial position, the directors have a reasonable expectation that the company's operation will continue for the foreseeable future.

## 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial assets comprise of trade and other receivables and cash and short term deposits derived directly from its operations. The Company also holds available-for-sale investments. The Company's principal financial liabilities comprise of trade and other payables.

The Company is exposed to the following areas of risks.

### (a) Commodity price risk

The Company's primary source of cash inflows are from the sale of Fresh Fruit Bunches (FFB). As the FFB prices (Net Sales Average-NSA) are determined by international market prices for Crude Palm Oil (CPO), the Company may be adversely affected by unfavourable price fluctuations. Company's end product is FFB.

As at 31st March 2016, had the NSA (price of FFB) been 5% higher/lower with all other variables remaining constant, profit before tax would have increased/decreased by Rs.6.26 Mn (2015: Rs.7.01 Mn).

### (b) Investment risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties.

The quoted equity investment value could be impacted due to changes in the prices. These are recognised in the Statement of Comprehensive Income.

Unquoted equity investment is stated at fair value and is assessed by an independent party using the income approach using the discounted projected cash flows. Some of the key assumptions used are selling price of CPO production level of the investing company and discount rate which are beyond the control of the company.

At the reporting date, the unlisted equity securities are fair valued at Rs. 5,002 mn. (2015: Rs. 3,922 mn) Sensitivity analysis of these investments have been provided in Note 12.3.

### (c) Foreign exchange risk

The Company's exposure to foreign exchange transaction risk is minimal as the Malaysian and Sri Lankan operations are primarily domestic and transactions are recorded in the respective functional currencies, i.e, Malaysian Ringgit and Sri Lankan Rupee.

A significant element of exchange risk is generated through the translation of financial results into the Sri Lankan rupee for the purpose of financial reporting as the principal operations are in Malaysia.

## Notes to the Financial Statements

### Foreign Currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible changes in the Sri Lankan Rupees and Malaysian Ringgit exchange rates, with all other variables held constant. The impact on the Company's equity is due to changes in the fair value of Available-for-sale Financial Investment and net investment in Malaysian branch.

	Change in MYR Rate	
	2% increase Rs. '000	2% decrease Rs. '000
Effect on Equity of the Company	100,923	(100,923)

### (d) Credit risk

The Company is exposed to credit risk primarily from its trade receivables, which arise from its operating activities and its deposits with Banking Institutions. The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

The Company trades only with recognised and credit worthy third parties and all customers are subject to a credit verification process. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is minimal.

The age analysis of trade receivables are disclosed under Note 13 to the financial statements.

### (e) Liquidity risk

The Company manages liquidity risk exposures through effective working capital management. The Company also has planning guidelines in place to ensure that the short term and medium term liquidity is managed at acceptable levels.

### (f) Biological asset risk

The biological assets are stated at fair value and are assessed by an independent professional valuer using the discounted cash flows methodology. Some of the key assumptions which affect the valuation include the forecasted selling price of FFB, which is largely dependent on the projected international selling prices of CPO, and the applicable market discount rate which are beyond the control of the Company. While we take adequate measures to manage the controllable input of the valuation assumptions, volatility in the environmental and industry dynamics such as whether patterns, biological cycles, as well as changes in macro-economic and political factors including inflation rates and changes in the above mentioned factors also can result in fluctuations in the appraised fair value of our biological assets and may impact our financial results. The sensitivity analysis is disclosed under Note 11 to the financial statements.

## Five Year Summary

<i>For the year ended 31st March</i>	<b>2016</b>	2015	2014	2013	2012
	<b>Rs.'000</b>	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Operating Results</b>					
<b>Revenue</b>	<b>126,952</b>	143,131	270,641	244,446	240,329
Profit before taxation	<b>66,992</b>	71,151	210,386	187,715	214,386
Taxation	<b>(16,851)</b>	(21,362)	(26,238)	(35,024)	(46,138)
<b>Profit for the Year</b>	<b>50,141</b>	49,789	184,148	152,691	168,248

<i>As at 31st March</i>	<b>2016</b>	2015	2014	2013	2012
	<b>Rs.'000</b>	Rs.'000	Rs.'000	Rs.'000	Rs.'000

### Statement of Financial Position

#### Assets

##### Non-Current Assets

Property, plant and equipment	<b>1,340,143</b>	1,307,627	1,459,695	1,484,900	1,226,813
Biological assets	<b>188,426</b>	169,705	186,868	172,801	152,377
Non-current financial assets	<b>5,350,963</b>	4,252,540	3,650,307	3,876,347	3,722,269
	<b>6,879,532</b>	5,729,872	5,296,870	5,534,048	5,101,459

<b>Current Assets</b>	<b>24,196</b>	35,707	80,706	44,242	199,760
<b>Total Assets</b>	<b>6,903,728</b>	5,765,579	5,377,576	5,578,290	5,301,219

#### Equity and Liabilities

Stated capital	<b>70,033</b>	70,033	70,033	70,033	70,033
Reserves	<b>6,690,722</b>	5,582,065	5,196,874	5,436,421	5,166,716
	<b>6,760,755</b>	5,652,098	5,266,907	5,506,454	5,236,749

#### Non-Current Liabilities

Deferred tax liability	<b>46,868</b>	41,690	47,334	43,621	38,339
Retirement benefit obligations	<b>1,583</b>	1,561	1,862	2,104	1,929
	<b>48,451</b>	43,251	49,196	45,725	40,268

<b>Current Liabilities</b>	<b>94,522</b>	70,230	61,473	26,111	24,202
<b>Total Equity &amp; Liabilities</b>	<b>6,903,728</b>	5,765,579	5,377,576	5,578,290	5,301,219

<i>For the year ended 31st March</i>	<b>2016</b>	2015	2014	2013	2012
	<b>Rs.'000</b>	Rs.'000	Rs.'000	Rs.'000	Rs.'000

### Cash Flow Statements

Net cash (outflows)/inflows from operating activities	<b>43,533</b>	51,565	181,941	132,073	156,945
Net cash (outflows)/inflows from investing activities	<b>(61)</b>	(2,993)	(7,875)	1,353	10,493
Net cash used in financing activities	<b>(50,038)</b>	(90,642)	(142,335)	(282,368)	(77,528)
Net (decrease)/increase in cash & cash equivalents	<b>(6,566)</b>	42,071	31,731	(148,942)	89,910

## Five Year Summary

	2016	2015	2014	2013	2012
<b>Ratios and Statistics</b>					
Return on ordinary shareholders' funds (%)	<b>0.74</b>	0.88	3.50	2.77	3.21
Current ratio (times)	<b>0.26</b>	0.51	1.31	1.69	8.25
Quick asset ratio (times)	<b>0.25</b>	0.50	1.31	1.68	8.23
Gross profit margin (%) (a)	<b>65.68</b>	67.06	80.24	76.84	80.18
Net profit margin (%) (a)	<b>39.50</b>	34.79	68.04	62.46	70.01
Earnings per ordinary share (Rs.) (b)	<b>7.16</b>	7.11	26.31	21.82	24.04
Dividend per ordinary share (Rs.) (c)	<b>5.03</b>	2.60	22.43	40.08	17.25
Dividend payout (%)	<b>70.25</b>	36.57	85.25	183.70	71.75
Net assets per ordinary share (Rs.) (d)	<b>966.04</b>	807.63	752.59	786.82	748.28
Market value per share (Rs.)	<b>1,659.00</b>	1,666.70	1,640	1,321.00	1,421.00
P/E ratio (times)	<b>231.70</b>	234.41	62.33	60.55	59.11
Market capitalisation (Rs.'000)	<b>11,610,346</b>	11,664,233	11,477,376	9,244,886	9,944,726
<b>Plantation Operations</b>					
Mature area (Ha)	<b>280.78</b>	280.78	280.78	278.15	278.15
Immature area (Ha)	-	-	-	2.63	2.63
Net sales average (MYR)	<b>454.03</b>	476.98	505.80	540.99	649.71
Crop (MT)	<b>8,016</b>	7,510	8,074	8,532	8,394
Yield per Ha (MT) (e)	<b>28.55</b>	26.46	28.44	30.34	29.84
Cost of Production per MT of FFB (MYR)	<b>158.24</b>	160.35	163.17	158.27	154.10

- (a) Gross profit margin and Net profit margin consist of dividend income received from its investment.
- (b) The earnings per ordinary share is calculated by dividing the profit for the year over the weighted average number of ordinary shares in issue during the year.
- (c) Based on proposed dividend and interim dividend paid.
- (d) Net assets per ordinary share is calculated by dividing shareholders' funds by the number of ordinary shares.
- (e) The yield is computed by taking into account the average mature hectares during the year.

## Statement of Value Added

	2016 Rs. '000	%	2015 Rs. '000	%
<b>Revenue</b>	<b>126,952</b>		143,131	
Gain arising from changes in fair value				
of biological assets	<b>12,938</b>		3,096	
Other income & gains	<b>199</b>		1,005	
	<b>140,089</b>		147,232	
Bought in materials and services	<b>(49,076)</b>		(52,707)	
	<b>91,013</b>		94,525	
<b>Distributed as follows:</b>				
<b>To Employees</b>				
as remuneration	<b>21,701</b>	<b>23.84</b>	21,994	23.27
<b>To Government</b>				
as taxation	<b>14,954</b>	<b>16.43</b>	20,167	21.33
<b>To Providers of capital</b>				
as ordinary dividends	<b>53,398</b>	<b>58.67</b>	100,077	105.87
<b>Retained in the Business</b>				
as depreciation	<b>1,851</b>	<b>2.03</b>	1,076	1.14
as deferred tax	<b>2,010</b>	<b>2.21</b>	1,268	1.34
as retained profits	<b>(2,901)</b>	<b>(3.19)</b>	(50,057)	(52.96)
	<b>91,013</b>	<b>100</b>	94,525	100

The Statement of Value Added shows the quantum of wealth generated by the activities of the Company and its application.

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## **US\$ Financials**

Preparation of  
US Dollar Financials

The Financial Statements of the Company are stated in Sri Lankan Rupees. The translation of the Sri Lankan Rupee amounts into US Dollars is included solely for the convenience of Shareholders, Investors, Bankers and other users of Financial Statements.

US Dollar financials do not form part of the Audited Financial Statements of the Company.

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## Statement of Profit or Loss

<i>For the year ended 31st March</i>	<b>2016</b>	2015
	<b>US\$</b>	US\$
<b>Revenue</b>	<b>918,859</b>	1,092,754
Direct operating costs	<b>(313,509)</b>	(359,497)
<b>Gross Profit</b>	<b>605,350</b>	733,257
Gain arising from change in fair value of biological assets	<b>92,034</b>	24,918
Other income and gains	<b>1,369</b>	7,582
Administrative expenses	<b>(205,872)</b>	(217,363)
Finance Cost	<b>(5,703)</b>	(3,020)
<b>Profit before tax</b>	<b>487,178</b>	545,374
Income tax expense	<b>(121,855)</b>	(163,063)
<b>Profit for the year</b>	<b>365,323</b>	382,311

*Figures in brackets indicate deductions.*

# Statement of Financial Position

<i>As at</i>	<b>31st March 2016 US\$</b>	<b>31st March 2015 US\$</b>
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	<b>9,262,488</b>	9,808,183
Biological assets	<b>1,302,316</b>	1,272,917
Non-current financial assets	<b>36,983,537</b>	31,897,236
<b>Total Non-Current Assets</b>	<b>47,548,341</b>	42,978,336
<b>Current Assets</b>		
Inventories	<b>1,395</b>	3,140
Trade and other receivables	<b>48,731</b>	63,931
Advance and prepayments	<b>8,179</b>	5,831
Taxation recoverable	<b>4,092</b>	31,896
Cash and cash equivalents	<b>104,810</b>	163,028
<b>Total Current Assets</b>	<b>167,207</b>	267,827
<b>Total Assets</b>	<b>47,715,548</b>	43,246,163
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Stated capital	<b>880,554</b>	880,554
Retained earnings	<b>1,992,375</b>	2,157,562
Other reserves	<b>43,854,454</b>	39,356,874
<b>Total Shareholders Funds</b>	<b>46,727,383</b>	42,394,990
<b>Non-Current Liabilities</b>		
Deferred tax liability	<b>323,935</b>	312,686
Retirement benefit obligations	<b>10,936</b>	11,708
<b>Total Non-Current Liabilities</b>	<b>334,871</b>	324,394
<b>Current Liabilities</b>		
Trade and other payables	<b>629,533</b>	504,451
Provision and accrued expenses	<b>23,761</b>	22,328
<b>Total Current Liabilities</b>	<b>653,294</b>	526,779
<b>Total Equity &amp; Liabilities</b>	<b>47,715,548</b>	43,246,163

# Notes to the Financial Statements

## 1. BASIS OF CONVERSION

The translation of Sri Lankan Rupee amounts into US Dollar amount is solely for the convenience of the shareholders, investors, bankers and other users of Financial Statements.

The translation of the Financial Statements into US Dollars was affected based on the following exchange rates:

	<b>2016</b>	2015
	<b>Rs.</b>	Rs.
Statement of Profit or Loss	<b>139.05</b>	131.20
Monetary assets and liabilities	<b>144.69</b>	133.32
Non-current assets and liabilities	<b>144.69</b>	133.32

## 2. RETAINED EARNINGS

	<b>2016</b>	2015
	<b>US\$</b>	US\$
Balance as at 01st April	<b>2,157,562</b>	2,541,839
Super Gain Tax expense	<b>(153,915)</b>	-
Adjusted balance as at 01st April	<b>2,003,647</b>	2,541,839
Profit for the year	<b>365,323</b>	382,311
Other comprehensive income	<b>2,450</b>	1,729
Ordinary dividend	<b>(379,045)</b>	(768,317)
Balance as at 31st March	<b>1,992,375</b>	2,157,562

## Notes to the Financial Statements

## 3 SEGMENTAL REPORTING

For Management purpose, the Company is organised into business units based on their products and services. The two reportable segments have been identified as indicated below;

## (A) Industry

	Palm Oil		Investments		Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$	2016 US\$	2015 US\$
<b>Revenue</b>						
External revenue	906,109	1,077,939	12,750	14,815	918,859	1,092,754
	906,109	1,077,939	12,750	14,815	918,859	1,092,754
<b>Result</b>						
Segment result	502,432	550,958	(15,254)	(5,584)	487,178	545,374
Taxation	(121,422)	(162,514)	(432)	(549)	(121,855)	(163,063)
	381,009	388,444	(15,686)	(6,133)	365,323	382,311

**Other Information**

Segment assets	10,626,444	11,212,641	37,089,104	32,033,522	47,715,548	43,246,163
Segment liabilities	626,848	492,005	361,317	359,168	988,165	851,173
Capital expenditure	-	28,720	-	-	-	28,720
Depreciation	13,328	8,176	-	-	13,328	8,176
Retirement benefits charge	1,712	1,681	-	-	1,712	1,681

## (B) Geographical

	Malaysia		Sri Lanka		Company	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Revenue	906,109	1,077,939	12,750	14,815	918,859	1,092,754
Non-current assets	10,564,805	11,081,100	36,983,537	31,897,236	47,548,341	42,978,336

## Five Year Summary

<i>For the year ended 31st March</i>	SLFRS				
	2016	2015	2014	2013	2012
	US\$	US\$	US\$	US\$	US\$
<b>Operating Results</b>					
<b>Revenue</b>	<b>918,859</b>	1,092,754	2,100,760	1,877,273	2,154,654
Profit before taxation	<b>487,178</b>	545,373	1,638,205	1,439,817	1,911,393
Taxation	<b>(121,855)</b>	(163,063)	(201,315)	(269,424)	(413,128)
<b>Profit for the year</b>	<b>365,323</b>	382,311	1,436,890	1,170,393	1,498,266

<i>As at 31st March</i>	SLFRS				
	2016	2015	2014	2013	2012
	US\$	US\$	US\$	US\$	US\$

### Statement of Financial Position

#### Assets

##### Non-Current Assets

Property, plant and equipment	<b>9,262,488</b>	9,808,183	11,165,726	11,702,265	9,422,518
Biological assets	<b>1,302,316</b>	1,272,917	1,429,419	1,361,813	1,170,322
Other non-current financial assets	<b>36,983,537</b>	31,897,236	27,922,489	30,548,876	28,588,845
	<b>47,548,341</b>	42,978,336	40,517,634	43,612,954	39,181,685

##### Current Assets

	<b>167,207</b>	267,827	617,331	348,658	1,534,249
<b>Total Assets</b>	<b>47,715,548</b>	43,246,163	41,134,965	43,961,612	40,715,934

#### Equity and Liabilities

Stated capital	<b>880,554</b>	880,554	880,554	880,554	880,554
Reserves	<b>45,846,829</b>	41,514,436	39,407,862	42,514,953	39,340,220
	<b>46,727,383</b>	42,394,990	40,288,416	43,395,507	40,220,774

##### Non-Current Liabilities

Deferred tax liability	<b>323,935</b>	312,685	362,075	343,774	294,458
Retirement benefit obligations	<b>10,936</b>	11,708	14,245	16,557	14,809
	<b>334,871</b>	324,394	376,320	360,331	309,267
Current Liabilities	<b>653,294</b>	526,779	470,229	205,774	185,893
<b>Total Equity &amp; Liabilities</b>	<b>47,715,548</b>	43,246,163	41,134,965	43,961,612	40,715,934

## Five Year Summary

<i>For the year ended 31st March</i>	SLFRS				
	2016 US\$	2015 US\$	2014 US\$	2013 US\$	2012 US\$
<b>Cash Flow Statements</b>					
Net cash (outflows)/inflows from operating activities	<b>293,832</b>	386,739	1,415,290	1,043,669	3,748,494
Net cash (out flows)/inflows from investing activities	<b>2,344</b>	(22,450)	(60,185)	10,320	(7,261)
Net cash used in financing activities	<b>(341,556)</b>	(679,883)	(1,119,802)	(2,191,493)	(3,125,391)
Net (decrease)/increase in cash & cash equivalents	<b>(45,380)</b>	(315,594)	235,303	(1,137,504)	615,842

<i>As at 31st March</i>	SLFRS				
	2016	2015	2014	2013	2012
<b>Ratios and Statistics</b>					
Return on ordinary shareholders' funds (%)	<b>0.78</b>	0.90	3.57	2.70	3.73
Current ratio (times)	<b>0.26</b>	0.51	1.31	1.69	8.25
Quick asset ratio (times)	<b>0.25</b>	0.50	1.31	1.68	8.23
Gross profit margin (%) (a)	<b>65.88</b>	67.10	80.49	76.72	80.27
Net profit margin (%) (a)	<b>39.76</b>	34.99	68.40	62.35	69.54
Earnings per ordinary share (US\$) (b)	<b>0.05</b>	0.05	0.21	0.17	0.21
Dividend per ordinary share (US\$) (a)	<b>0.03</b>	0.02	0.17	0.32	0.57
Dividend payout (%)	<b>66.60</b>	40.00	80.95	188.24	271.43
Net assets per ordinary share (US\$) (d)	<b>6.68</b>	6.06	5.76	6.20	5.75
Market value per share (US\$)	<b>11.47</b>	12.50	12.54	10.41	10.91
P/E ratio (times)	<b>219.66</b>	228.85	61.10	62.25	50.96
Market capitalisation (US\$'000)	<b>80,246</b>	87,491	87,795	72,857	76,353

- (a) Gross profit margin and Net profit margin consist of dividend income received from its investment.
- (b) The earnings per ordinary share is calculated by dividing the profit for the year over the weighted average number of ordinary shares in issue during the year.
- (c) Based on proposed dividend and interim dividend paid.
- (d) Net assets per ordinary share is calculated by dividing shareholders' funds by the number of ordinary shares.

# Information to Shareholders and Investors

## 1. Stock Exchange Listing

Indo-Malay PLC, is a Public Quoted Company, the ordinary shares of which are listed on the main board of the Colombo Stock Exchange of Sri Lanka.

## 2. Share Valuation

Market value of the Company's shares as at 31st March 2016 was Rs. 1,659.00 per share (2015: Rs. 1,666.70 per share).

## 3. Shareholders

<i>As at 31st March</i>	<b>2016</b>	2015
No. of Ordinary Shareholders	<b>345</b>	340

The number of ordinary shares held by non – residents as at 31st March 2016 was 6,842,334 which amount to 97.77% of the total number of ordinary shares.

### Resident/Non-Resident Shareholders as at 31st March 2016

Distribution of Shares	Residents			Non-Residents			Total		
	No. of Members	No. of Shares	%	No. of Members	No. of Shares	%	No. of Members	No. of Shares	%
1 - 1,000	303	11,831	0.17	1	-	0.00	304	11,832	0.17
1,001 - 10,000	15	64,049	0.92	9	58,403	0.83	24	122,452	1.75
10,001 - 100,000	4	80,186	1.15	11	282,882	4.04	15	363,068	5.19
100,001 - 1,000,000	-	-	0.00	1	148,052	2.12	1	148,052	2.12
Above 1,000,000	-	-	0.00	1	6,352,996	90.78	1	6,352,996	90.78
<b>Grand Total</b>	<b>322</b>	<b>156,066</b>	<b>2.23</b>	<b>23</b>	<b>6,842,334</b>	<b>97.77</b>	<b>345</b>	<b>6,998,400</b>	<b>100.00</b>

### Categorisation of Shareholders as at 31st March 2016

	No. of Shareholders	No. of Shares	%
Individuals	317	644,745	9.21
Institutions	28	6,353,655	90.79

### Public Shareholding

Percentage of ordinary shares held by the public as at 31st March 2016 was 9.22% and the number of public shareholders was 332.

## 4. Market Performance - Ordinary Shares

<i>For the year ended 31st March</i>	<b>2016</b>	2015
Highest - (Rs.)	<b>2,000</b>	2,000
Lowest - (Rs.)	<b>1,350</b>	1,420
Volume Traded (Shares)	<b>1,223</b>	23,899
No. of Trades	<b>102</b>	351
Value of Shares Traded (Rs.'000)	<b>2,014</b>	39,617

## Information to Shareholders and Investors

### 5. Market Capitalisation and Net Assets Value

#### 5.1 Market Capitalisation

Market capitalization of the Company, which is the number of ordinary shares in issue multiplied by the market value of a share, was Rs. 11,610.35 mn as at 31st March 2016 (2014: Rs. 11,664.23 mn).

#### 5.2 Net Assets Value

The Net Asset Value of the company after incorporating realizable value of the property as per independent Valuation obtained as more fully explained in Note 10.1(i) was Rs. 8,478.17 mn (per share Value of Rs. 1,211.44) as at 31st March 2016.

### 6. Record of Scrip Issues

The under mentioned scrip issues had been made by the Company.

Year ended 31st March	Issue	Basis	No. of Shares Ordinary	Cumulative Ordinary Share Capital Rs.
1994	-	-	405,000	4,050,000
1995	Bonus	01:03	405,000	8,100,000
1998	Bonus	01:02	405,000	12,150,000
1999	Bonus	01:01	1,215,000	24,300,000
2002 April	Bonus	01:05	486,000	29,160,000
2003 May	Bonus	01:05	583,200	34,992,000
2004 March	Bonus	01:02	3,499,200	69,984,000
<b>Total Shares in Issue</b>			<b>6,998,400</b>	

### 7. Malaysian Property

7.1 The gross area of the Oil Palm plantation is 289.23 Ha (including infrastructure).

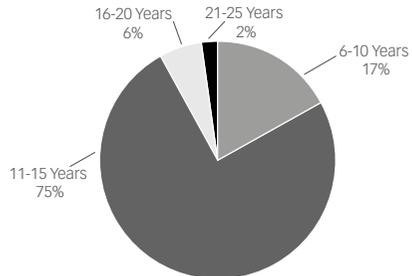
7.2 The plantation is situated in the State of Selangor, District of Kuala Selangor.

7.3 The carrying value of the property, plant & equipment as at the reporting date was Rs. 1,340.14 mn (2015: Rs. 1,307.63 mn) on an existing use basis.

### 8. Mature and Immature Plantation Age Analysis

Year	Mature					Immature	Total
	0 - 5	6 - 10	11 - 15	16 - 20	21 - 25		
Hectares	-	45.97	210.87	17.31	6.63	-	280.78

### Plantation Age Analysis of the Company



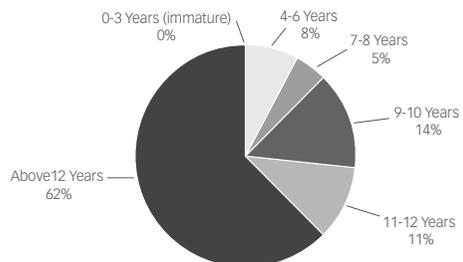
## 9. Indonesian Property

PT Agro Indomas, the Company's investment made through Shalimar Developments Sdn. Bhd. (Investment vehicle in Malaysia) is located in Kalimantan province, Indonesia. The total land area of PT Agro Indomas is approximately 26,861 Ha.

	2016	2015	2014	2013	2012	2011
Crop Production (MT)	<b>454,564</b>	458,711	454,110	540,691	480,869	498,012
CPO (MT)	<b>117,087</b>	118,247	100,462	125,875	117,514	124,421
PK (MT)	<b>27,172</b>	27,977	23,118	29,150	26,384	28,723
CPO Ex Mill Price (US\$)	<b>464</b>	677	704	706	840	790
FFB Yield (MT per Hectare)	<b>22.77</b>	22.90	22.91	27.28	25.18	26.84
CPO / Ha (MT)	<b>4.94</b>	5.90	4.89	5.59	5.84	6.11
Milling Capacity (MT per Hour)	<b>225</b>	225	225	180	180	180
Value of biological assets and property, plant & equipment (US\$ Mn)	<b>193.6</b>	193.70	195.08	190.36	179.72	162.54

As noted in the Chairman's Statement, the Global Commodities market witnessed a downturn along with a sharp decline in Crude Oil prices. The Crude Palm Oil ("CPO") prices too have seen a similar trend with prices reaching 5 year lows over the last 1-2 year period, mostly trading at lower than average prices recorded in the previous price cycles. Extreme weather conditions were experienced in Indonesia during the year with the onset of El-Nino phenomenon which impacted the crop production in the current year and is also anticipated to impact the crop production in the coming year.

### Plantation Age Analysis of PTAI



## Information to Shareholders and Investors

### 10. Profile of Independent professional valuers/firms

#### 10.1 Malaysian Property Valuation

The Company has obtained independent valuations from three reputed independent professional valuation firms. The profiles of the independent professional valuation firms are given below:

##### a) Savills (Malaysia) Sdn Bhd

Savills is a global real estate services provider listed on the London Stock Exchange with an international network of more than 700 offices and associates throughout the Americas, the UK, continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services all over the world. (Website: [www.savills.com.my](http://www.savills.com.my))

##### b) Jones Lang Wootton

Established in 1974, Jones Lang Wootton has offices in Kuala Lumpur and Johor Bahru with a team of over 41 dedicated professionals, specialists and experienced staff, providing services covering: Valuation, Project Co-ordination, Property valuation advisory and consultancy, strategic consulting and market research, agency, property and asset management as well as project coordination to property owners, investors and occupiers (Website: [www.jlwmalaysia.com](http://www.jlwmalaysia.com)).

##### c) W.M. Malik & Kamaruzaman

The firm of W M Malik & Kamaruzaman, Chartered Surveyors-Valuers (“WMMK”) is a property consultancy and valuation firm providing professional services in asset valuation, estate agency, property management, market and feasibility studies, property consultancy and project management. WMMK was first established in December 1968 under the name of W M Malik & Associates, and is among the first valuation firms to be established in Malaysia. (Website: <http://wmmkj.com/home.htm>).

#### 10.2 Biological Asset Valuation

##### d) KJPP Rengganis, Hamid & Partners

KJPP Rengganis, Hamid & Partners – Property, Business Valuation & Advisory Servicers is an international property valuation firm established in Oct 1984. The firm is Strategically Associated with CB Richard Ellis which is listed in New York Stock Exchange. The Partners have licenses in property and business valuation and there are public and registered valuers of the Indonesia Society of Appraisers (MAPPI) who are employed with the firm. (Website <http://rhp-valuation.com>)

#### 10.3 Unquoted Investment Valuation

##### e) PricewaterhouseCoopers Capital Sdn Bhd (“PwC Capital”)

PricewaterhouseCoopers Capital Sdn Bhd (“PwC Capital”) is part of the PricewaterhouseCoopers (PwC) network of firms. PwC has a presence in 157 countries with more than 208,000 employees. PwC provides industry-focused assurance, tax, consulting and deals services for public and private clients in four areas of Corporate accountability, Risk management, Structuring and M&A and Performance and process improvement. (Website : <http://www.pwc.com/my/en.html>)

# Glossary of Financial Terms

## Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

## Cash Equivalents

Liquid investments with original maturities of six months or less.

## Contingent Liabilities

Conditions or situations at the Balance Sheet date, the financial effects of which are to be determined by future events which may or may not occur.

## Current Ratio

Current assets divided by current liabilities.

## Quick Ratio

Current assets less inventories divided by current liabilities.

## Gross Profit Margin

Gross profit divided by revenue.

## Net Profit Margin

Net profit divided by revenue.

## Dividend Per Share

Dividend paid interim and proposed, divided by the number of shares in issue which ranked for those dividends.

## Dividend Payout

Total interim and proposed dividends divided by profit after tax.

## Earnings Per Ordinary Share

Profits attributable to ordinary shareholders before extraordinary items and after preference dividend divided by the weighted average number of ordinary shares in issue, ranking for dividend.

## Equity

Shareholders' funds.

## Events Occurring after Reporting Date

Significant events that occur between the Reporting date and the date on which Financial Statements are authorized for issue.

## Market Capitalization

The market value of a company at a given date obtained by multiplying the share price by the number of shares in issue.

## Net Assets Per Share

Total assets less total liabilities divided by the number of ordinary shares in issue.

## Net Current Assets

Current assets less current liabilities. Measures the capital required to finance day-to-day operations.

## Price Earnings Ratio (P/E)

Market price of a share divided by earnings per share.

## Glossary of Financial Terms

### Rate of Ordinary Dividend

The Rupee amount of the dividend per share as a percentage of the nominal value of the shares.

### Reserves

The total of capital and revenue reserves.

### Related Parties

Parties who could control or significantly influence the financial and operating policies/decisions of the business.

### Return on Shareholders' Funds

Profit attributable to ordinary shareholders divided by shareholders' funds (total of ordinary share capital and reserves).

### Revenue Reserves

Reserves considered as being available for distribution.

### Segment

Constituent business units grouped in terms of nature and similarity of operations.

### Value Addition

The quantum of wealth generated by the activities of the Company.

### Others

CPO - Crude Palm Oil

PK - Palm Kernel

FFB - Fresh Fruit Bunches

Ha - Hectare

MYR - Malaysian Ringgit

MPC - Malaysian Plantation Companies

AFS - Available-For-Sale

MT - Metric Tonnes

# Notice of Meeting

NOTICE IS HEREBY GIVEN that the ONE HUNDRED AND TENTH ANNUAL GENERAL MEETING of INDO-MALAY PLC will be held on Thursday, the 26th day of May 2016, at 8.30 a.m. at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 07, for the following purposes:

- To receive and adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2016, together with the Report of the Auditors thereon.
- To re-elect Mr. D. C. R. Gunawardena who retires by rotation in terms of Articles 85 & 86 of the Articles of Association of the Company.
- To re-elect Mr. S. Mahendrarajah as a Director in terms of Article 92 of the Articles of Association of the Company.
- To re-appoint Mr. I. Paulraj as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution :  

“IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not be applicable to Mr. I. Paulraj who is seventy nine years of age and that he be re-appointed a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year”.
- To re-appoint Mr. T. Rodrigo as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution :  

“IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not be applicable to Mr. T. Rodrigo who is eighty six years of age and that he be re-appointed a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year”.
- To re-appoint Messrs. Ernst & Young, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act No. 7 of 2007 and to authorize the Directors to determine their remuneration.

By Order of the Board

(Sgd.)

**K.D.De Silva (Mrs.)**

*Director*

**Carsons Management Services (Pvt) Ltd.**

*Secretaries*

Colombo

25th April 2016

## Notes

- A member is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A Form of Proxy accompanies this notice.
- The completed Form of Proxy must be deposited at the Registered Office, No.61, Janadhipathi Mawatha, Colombo 1, not later than 4.45 p.m. on 24th May 2016.
- A person representing a Corporation is required to carry a certified copy of the resolution authorising him/her to act as the representative of the Corporation. A representative need not be a member.
- The transfer books of the Company will remain open.
- Security Check**  
We shall be obliged if the Shareholders/ proxies attending the Annual General Meeting, produce their National Identity Card to the security personnel stationed at the entrance.



# Form of Proxy

\*I/We..... of  
Members of INDO-MALAY PLC, hereby appoint ..... being \*a Member/  
.....

Of.....  
bearing NIC No./Passport No..... or failing him/her.

Hariharan Selvanathan	or failing him,
Manoharan Selvanathan	or failing him,
Israel Paulraj	or failing him,
Don Chandima Rajakaruna Gunawardena	or failing him,
Palehenalage Chandana Priyankara Tissera	or failing him,
Tennyson Rodrigo	or failing him,
Subramaniam Mahendrarajah	

As \*my/our proxy to attend at the Annual General Meeting of the Company to be held on Thursday, the 26th day of May 2016 at 8.30 a.m. at the 8th Floor, No. 65 C, Dharmapala Mawatha, Colombo 07 and any adjournment thereof and at every poll which may be taken in consequence thereof.

		<b>For</b>	<b>Against</b>
1.	To adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2016, together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2.	To re-elect Mr. D. C. R. Gunawardena who retires by rotation in terms of Articles 85 & 86 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3.	To re-elect Mr. S. Mahendrarajah as a Director in terms of Article 92 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4.	To re-appoint Mr. I. Paulraj who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5.	To re-appoint Mr. T. Rodrigo who is over seventy years of age as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
6.	To re-appoint Messrs. Ernst & Young, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act No. 7 of 2007 and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of .....Two Thousand and Sixteen.

.....  
Signature/s

## Notes

- \* Please delete the inappropriate words.
- A shareholder entitled to attend and vote at a General Meeting of the Company, is entitled to appoint a proxy to attend and vote instead of him/her and the proxy need not be a shareholder of the Company. A proxy so appointed shall have the right to vote on a show of hands or on a poll and to speak at the General Meeting of the shareholders
- A shareholder is not entitled to appoint more than one proxy on the same occasion.
- Instructions are noted on the reverse hereof.

**INSTRUCTIONS AS TO COMPLETION**

1. Kindly perfect the form of proxy after filling in legibly your full name and address, by signing in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.
3. In terms of Article 67 of the Articles of Association of the Company: The instrument appointing a proxy shall be in writing and -
  - (i) in the case of an individual shall be signed by the Appointor or by his Attorney; and
  - (ii) in the case of a Corporation shall be either under its common seal or signed by its Attorney or by an officer on behalf of the Corporation.

The Company may, but shall not be bound to, require evidence of the authority of any such Attorney or officer.

A proxy need not be a member of the Company.

4. In terms of Article 62 of the Articles of Association of the Company;  
In the case of joint-holders of a share, the senior who tenders a vote, whether in person or by proxy or by Attorney or by representative, shall be accepted to the exclusion of the votes of the other joint- holders and for this purpose seniority shall be determined by the order in which the names stands in the Register of Members in respect of the joint holding.
5. To be valid the completed Form of Proxy should be deposited at the Registered Office of the Company situated at No. 61, Janadhipathi Mawatha, Colombo 1 not later than 4.45 p.m. on 24th May 2016.

Please fill in the following details

Name : .....

Address : .....

Jointly with : .....

Share Folio No. : .....

# Corporate Information

## NAME OF THE COMPANY

Indo-Malay PLC

## COMPANY REGISTRATION NO.

PQ 45

## LEGAL FORM

A Public Quoted Company with Limited Liability incorporated in Sri Lanka in 1906

## DIRECTORS

Hariharan Selvanathan (Chairman)  
Manoharan Selvanathan  
Israel Paulraj  
Tennyson Rodrigo  
D. Chandima R. Gunawardena  
P. Chandana P. Tissera  
K. C. Nalake Fernando  
(Resigned w.e.f. 01st June 2015)  
Subramaniam Mahendrarajah (Appointed Director w.e.f. 01st June 2015 / alternate Director for Israel Paulraj)

## BANKERS

Standard Chartered Bank  
Commercial Bank of Ceylon PLC  
Deutsche Bank  
HSBC Bank Malaysia Bhd.

## AUDITORS OF THE COMPANY

Messrs. Ernst & Young  
Chartered Accountants  
201, De Saram Place,  
Colombo 10, Sri Lanka.  
Tel: + 94 11 2463500  
Fax: +94 11 2697369

## AUDITORS IN MALAYSIA

Messrs. Ernst & Young  
AF : 0039  
Level 23A, Menara Milenium  
Jalan Damanlela, Pusat Bandar Damansara  
50490, Kuala Lumpur, Malaysia  
Tel: + 603 7495 8000  
+ 603 2095 5332 (General Line)

## MANAGERS

Agro Harapan Lestari Sdn. Bhd.  
Suite 6.08, Level 6, Wisma UOA Damansara II  
No.6 Changkat Semantan  
Damansara Heights  
50490, Kuala Lumpur, Malaysia  
Tel: + 603 2093 4660  
Fax: + 603 2093 5660

## SECRETARIES

Carsons Management Services (Pvt) Ltd  
61, Janadhipathi Mawatha  
Colombo 01, Sri Lanka  
Tel: + 94 11 2039200  
Fax: + 94 11 2039300

## REGISTERED OFFICE

61, Janadhipathi Mawatha,  
Colombo 01, Sri Lanka  
Tel: + 94 11 2039200  
Fax: + 94 11 2039300

## PRINCIPAL PLACE OF BUSINESS

Ladang Berjundai  
45600 Batang Berjuntai Selangor Darul Eshan  
Malaysia

## CORPORATE WEBSITE

[www.goodhopeholdings.com](http://www.goodhopeholdings.com)

## HOLDING COMPANY

Goodhope Asia Holdings Ltd

## ULTIMATE PARENT AND CONTROLLING ENTITY

Bukit Darah PLC

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Printed by Printage (Pvt) Ltd

[www.goodhopeholdings.com](http://www.goodhopeholdings.com)

