



**Goodhope**

A CARSON CUMBERBATCH COMPANY

# Indo-Malay PLC

Annual Report 2016/17

## Financial Calendar

Financial Year End 31st March 2017

### Announcement of Results

First Quarter ended 30th June 2016 12th August 2016

Second Quarter ended 30th September 2016 15th November 2016

Third Quarter ended 31st December 2016 14th February 2017

### Dividend Declaration

First Interim Dividend 8th December 2016

Second Interim Dividend 27th February 2017

### 111th Annual General Meeting

26th May 2017

## Contents

Chairman's Statement	1	Statement of Financial Position	30
Review of Industry and Operational Performance	3	Statement of Changes in Equity	31
Risk Management	5	Cash Flow Statement	32
Profile of the Directors	6	Notes to the Financial Statements	33
Statement of Directors' Responsibilities	9	Five Year Summary	72
Annual Report of the Board of Directors on the Affairs of the Company	10	Statement of Value Added	75
Audit Committee Report	22	US\$ Financials	76
Related Party Transactions Review Committee Report	24	Information to Shareholders and Investors	84
		Glossary of Financial Terms	87
		Notice of Meeting	89
		Notes	90
		Form of Proxy	91
		Corporate Information	IBC
<b>Financial Reports</b>			
Independent Auditors' Report	27		
Statement of Profit or Loss	28		
Statement of Comprehensive Income	29		

# 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 2017, and welcome you to the One Hundred and Eleventh Annual General Meeting of the Company.

## Discontinued Operations in Malaysia

As informed and communicated in the previous annual report as well as through the subsequent quarterly financial statements and shareholder circulars, the Company's Malaysian Plantation Property was sold to Euro-Asia Brand Holding Company Sdn. Bhd. for a consideration of RM 107.21 Mn and the possession of the plantation was handed over to the buyer on 06th December 2016. The sale was completed during the year and the net sale proceeds of Rs. 3.33 Bn was distributed to the shareholders in the form of a share repurchase and a dividend, with due shareholder and regulatory approvals. Consequent to the disposal of the plantation, the Company's branch operation in Malaysia has been discontinued and is being closed down.

The financial performance of the plantations till the date of hand over has been classified as "discontinued operations" in accordance with the requirements of the Sri Lanka Financial Reporting Standards (SLFRS) in the financial statements of the Company for the year ended 31st March 2017, presented together with the annual report.

## Financial Performance

A net profit after tax of Rs. 31.22 Mn was recorded "as operating profits" from the plantations till the date of hand over, and classified as profits from discontinued operations in these financial statements.

Further, the Company recorded a gain of Rs. 66.29 Mn from the part disposal of the shares held in Shalimar (Malay) PLC following the acceptance of the repurchase offer made by that Company.

No dividend income was received from the Company's long term unquoted investment made in Indonesia through Shalimar Developments Sdn. Bhd., given the current performance of the global Oil Palm sector. The Indonesian plantations are currently facing the impact of low cropping arising from two consecutive years of drought weather conditions. However, the Company received a dividend from its investment held in Shalimar (Malay) PLC.

Your Company recorded a net profit after tax of Rs. 1,932.10 Mn for the year (as compared to Rs. 38.55 Mn recorded in the previous financial year) taking into account operating profits from discontinued operation, profit on sale of the Malaysian plantation and profits from continuing operations. Going forward, the income stream of the Company would be dividend receipts from its investments.

## Minimum Public Holding

As per the directive issued by the Securities and Exchange Commission (SEC) of Sri Lanka dated 17th November 2016, a Listed Entity on the Main Board having a public holding below the specified requirement in terms of the said directive, has to ensure that the public holding of such entity is maintained at a defined public holding percentage of shares in the hands of a minimum number of 500 public shareholders on or before 30th June 2017. The Company does not at present satisfy the requirement relating to minimum public holding.

## Chairman's Statement

In this regard, I wish to highlight that the objective of the voluntary offer made to all shareholders in 2011 was to acquire the entire minority shareholding as a step towards the consolidation of the oil palm plantation business segment of Carsons group. The offer documents also mentioned that upon completion of the voluntary offer, the rational for remaining listed will be evaluated. Since the voluntary offer did not result in the acquisition of the entire minority shareholding, the company continued to remain listed.

Taking into consideration that a voluntary offer had been made and also considering that there is no requirement for additional capital infusion to the Company and resultantly, there being no plans for issuing of new shares nor a dilution by the majority shareholder, and as previously communicated to shareholders through market disclosures and Annual Reports, the company would not be in compliance with the said requirements and we would report on the proposed course of action in consultation with the regulator.

In conclusion, I would like to place on record the support extended by the regulatory authorities in Sri Lanka and in Malaysia specifically in facilitating the disposal of the plantations in Malaysia in accordance with shareholder approvals received and in completing the hand over process in a timely manner.

On behalf of the Board of Directors of the Company, I extend our appreciation to the shareholders for their continued support and confidence placed in the Directors and to all our business associates. I am thankful to our management and staff in Malaysia and Sri Lanka for their hard work and dedication during an extremely volatile period. Last but not least, I would

like to thank 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

24th April 2017

# Review of Industry and Operational Performance

## Review of Operations – Discontinued Operations

The operations of the Company consist of two segments as presented hitherto in the segmental analysis with the financial statements, i.e its plantations in Malaysia (Oil Palm Plantation Segment) and the equity investment (Investment Segment). As indicated in the Chairman’s Statement, the plantation was sold to Euro-Asia Brand Holding Company Sdn. Bhd. of Malaysia for a consideration of RM 107.21 Mn (approx. Rs. 3.66 Bn) during the period under review with the due shareholder and regulatory approvals and the net sales proceeds of Rs. 3.33 Bn were distributed to shareholders in the form of a share repurchase and an interim dividend. Consequently, the plantation was handed over to the new owners on 06th December 2016.

The palm oil industry which was subjected to impacts of weather patterns resulting in lower crop production and continued low price regimes over the last two years witnessed signs of recovery specifically in the CPO prices during the period under review. The low CPO inventory in Malaysia, arising from the current low production cycle and rapid depreciation of the Malaysian Ringgit witnessed during the period under review has contributed to the recovery of Malaysian CPO prices. However, the global palm oil industry continues to face the resultant impact of low production as a result of two previous years of adverse weather conditions.

Accordingly, a higher net sale average of RM 602.24 was recorded up to the date of transfer of the plantations, whilst the crop performance was lower than the production in the corresponding period of the previous financial year. The FFB production up to the date of transfer was 3.021 MT compared to 8,016 MT produced in FY 2015/16. The crop production

particularly in the first half of the current financial year was significantly impacted by the adverse weather conditions and biological impact of the adverse weather conditions over the previous two financial years.

Accordingly, a net profit after tax of Rs. 31.22 Mn was recorded from the plantation operations for the year under review, until the date of transfer of the handing of the possession of the plantation. Further, a profit of Rs.2,160.99 Mn (net of tax) was recorded during the period under review on the disposal of the plantation assets in Malaysia. The corresponding Revaluation Reserve related to the Malaysian Property which hitherto was recognized as a reserve (since the property was recorded at fair value based on the accounting policy adopted by the Company) has now been transferred to Retained Earnings consequent to the disposal of the asset. This is reflected in the Statement of Changes in Equity in the enclosed Financial Statements. Further, as required by Accounting Standards, the accumulated foreign currency translation reserve has been recognized in the Statement of Profit or Loss on the discontinuation of the Malaysian Branch Operation.

The financial performance of the plantations till the date of hand over has been classified as “discontinued operations” in accordance with the requirements of the Sri Lanka Financial Reporting Standards (SLFRS) in the financial statements of the Company for the year ended 31st March 2017, presented together with the annual report.

## Performance of Continuing Operations – Investment Segment

This segment consists of the equity investment made by the Company in Indonesia (PT Agro Indomas) through

## Review of Industry and Operational Performance

Shalimar Developments Sdn. Bhd. (SDSB) and the shares held in Shalimar (Malay) PLC (SMPLC).

The Indonesian investment, PT Agro Indomas is managed through the group's fully owned management arm in Indonesia. PT Agro Indomas consists of 26,861 hectares of plantation with processing facilities of 225 MT/hr within the plantations. The Indonesian operations was significantly impacted by the El-Nino weather patterns witnessed during the previous year and had recorded two consecutive years of adverse weather effects, resulting in reduced crop production. The performance of this investment has reflected similar crop production recorded by other listed entities in the region.

Statistics pertaining to the Operating performance of the Indonesian Investment, PT Agro Indomas is provided in this annual report in section 7 under "information to Shareholders and Investors" in pages 85 and 86.

Accordingly, no dividend was received during the year under review from SDSB, given the relatively tough operating conditions and the resultant performance of the Indonesian investment during the year. The dividend income received during the year relates to that received from SMPLC.

The Investment in SDSB is recorded in the financial statements at fair value as determined by independent professional valuer as more fully explained in Note 13 to the financial statements.

Further, the Company recorded a gain of Rs. 66.29 Mn from the part disposal of the shares held in SMPLC following the acceptance of an offer made by SMPLC to

repurchase shares held in that Company as disclosed under Other Income and Gains in Notes 4 to the Financial Statements.

### Overall financial performance of the Company

Resultantly, your Company recorded a profit after tax of Rs. 1,932.10 Mn from continued and discontinued operations including the profit on the sale of the plantations during the year under review, as compared to Rs. 38.55 Mn recorded in the previous year.

### Distribution

During the year, the Company distributed the net sale proceeds of Rs 3.33 Bn arising from the sale of the Malaysian Plantation Assets as noted above (after deducting related taxes and expenses in Malaysia and Sri Lanka) to the shareholders of the Company through a repurchase of shares (as explained further in note 15.1 to the financial statements) and an interim dividend after having obtained due approval from shareholders and regulatory authorities. It should be noted that further to the letter sent to the non-resident shareholders, the Company was awaiting the approval of the Controller of Exchange of Sri Lanka with regard to the remittance of the first interim dividend to the non-resident shareholders. This approval was received on 20th April 2017 and consequently the dividend to non-resident shareholders were remitted.

The Company also declared a second interim dividend of Rs. 104.07 Mn out of the profits of the Company.

### Agro Harapan Lestari Sdn. Bhd. Managers

24th April 2017

# 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.

## Discontinued Business Segment

As noted in this annual Report, the Company disposed of its plantation property in Malaysia during the financial year which is disclosed in "discontinued operations". Accordingly, the branch operation is being closed down and hence, the risks associated with the plantation business segment as disclosed in previous annual reports will no longer be applicable.

## Continuing Business Segment

The continuing business of the Company consists of the (i) equity investment made in Shalimar Development Sdn. Bhd. (SDSB) and (ii) shares held in Shalimar (Maly) PLC. SDSB owns shares in PT Agro Indomas of Indonesia, which is in the Oil Palm Plantation business. The Company's only source of income going forward will be the potential dividend income it may earn from its long term equity investments. The performance of the investments (both the investment value and the returns) are subject to the following key risks.

### (a) Investment Income Risk

#### i. Commodity Price Risk

The price of Crude Palm Oil (CPO), the main produce of the investee company, is determined by international market forces. The price of CPO has been volatile over the past few years along with the movements in the global commodities market. The sale of CPO is the prime source of cash inflow for

the investee company. Therefore, any volatility in CPO prices will have a direct impact on the operating results and cash flows of the investee companies and its ability to pay dividends.

#### ii. Environmental Risk

Unfavourable weather patterns, resulting in extreme conditions for palm growth, natural and man-made disasters such as fire and potential crop disease could affect the quantity and/or quality of the produce. Accordingly, this can impact the volume of CPO production, and therefore, the operating results and cash flows generated by the investee companies and its ability to pay dividend.

#### (b) Investment Valuation Risk

The value of the investments in the investee companies 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 impact the valuation include the forecasted international selling price of CPO and the applicable market discount rate, both of which are beyond the control of the Company. While adequate measures are taken to manage the controllable input of the valuation assumptions, volatility in external environment and industry dynamics such as weather patterns and biological cycles together with macro-economic and political factors including inflation rates, also can result in fluctuations in the appraised fair value of the investments in the financial statements.

#### (c) Foreign Exchange Risk

A currency risk is generated through the translation of foreign currency denominated investment to Sri Lankan Rupee for the purpose of financial reporting in Sri Lankan Rupees.

## Agro Harapan Lestari Sdn. Bhd. Managers

24th April, 2017

## Profile of the Directors

### **HARIHARAN SELVANATHAN**

Hariharan Selvanathan is the Chairman of Bukit Darah PLC and Deputy Chairman of Goodhope Asia Holdings Ltd. He is the President Commissioner of the oil palm plantation companies in Indonesia. He holds Directorships in several subsidiary companies within the Carson Cumberbatch 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 the Group's Management Companies, namely Carsons Management Services (Private) Limited and Agro Harapan Lestari (Private) Limited. Further, he is a past President of the National Chamber of Commerce and Vice Chairman of the International Chamber of Commerce (Sri Lanka).

He counts over 21 years' of experience in commodity trading in International Markets.

He holds a Bachelor's Degree in Commerce.

### **MANOHARAN SELVANATHAN**

Manoharan Selvanathan is the Chairman of Sri Krishna Corporation (Private) Limited, Ceylon Finance & Securities (Private) Ltd. and Selinsing PLC. He is a Group Director of most of the Companies in the Carson Cumberbatch Group situated in Sri Lanka, Indonesia, Malaysia & 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. He is the Honorary Consul of the Republic of Chile in Sri Lanka at present.

Manoharan Selvanathan 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 prestigious 'PRAVASI BHARATIYA SAMMAN AWARD' by the President of India.

In October 2013, He was awarded the Presidential Honour of 'ORDER OF KNIGHT COMMANDER' by the Government of Chile.

Manoharan Selvanathan holds a Bachelor's Degree in Commerce.

### **ISRAEL PAULRAJ**

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

He was 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, National Chamber of Commerce of Sri Lanka and Shippers Council. He has also served on the Board of Arbitrators of the Ceylon Chamber of Commerce. He has

also served as the 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, Hony. Treasurer of the National Christian Council of Sri Lanka and the 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 the late President R.Premadasa. He served as the Chairman of the Ecumenical Loan Fund of Sri Lanka and 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's Degree in Law and an Executive Diploma in Business Administration.

#### **CHANDIMA GUNAWARDENA**

Chandima Gunawardena serves as a Non-Independent, Non-Executive Director of most of the Companies of Carson Cumberbatch Group situated 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.

Mr. Gunawardena 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 Carson Cumberbatch 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. He is the Chief Executive Officer for the Oil Palm Plantations and Oils & Fats Sector of the Carson Cumberbatch 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 Carson Cumberbatch Group.

He was a member of the Board of Union Assurance PLC. He counts over 32 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.

## Profile of the Directors

### TENNYSON RODRIGO

Tennyson Rodrigo is a Director of Indo-Malay PLC. He is the former Managing Director and Chief Executive Officer 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 Audit Committees of the Sector Companies in regard to Real Estate, Hotels and Airlines, Investment Holding and Financial Services and Management Services of the Carson Cumberbatch Group.

He holds a Bachelor of Science Degree 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.

### SUBRAMANIAM MAHENDRARAJAH

Subramaniam Mahendrarajah is a Director of Selinsing PLC, Shalimar (Malay) PLC, Guardian Capital Partners PLC, Equity One Limited and Leechman & Company (Private) Ltd. He is also the Group Finance Director of Sri Krishna Group of Companies. He has wide 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. 07 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 (CA Sri Lanka) 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. 07 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 from the date of signing these financial statements.

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 (Private) Limited**

*Secretaries*

Colombo  
24th April 2017

# 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 24th April 2017.

## 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 2017 of Indo-Malay PLC, a public limited liability company incorporated in Sri Lanka in 1906.

## 2. The Principal Activities of the Company

The Company's principal activities were cultivation of oil palm and managing and holding of an investment portfolio. As noted in the Chairman's Statement and Review of Industry and Operational Performance in page 3 and under Risk Management in page 5 of the Annual Report, during the financial year, the Company disposed of its Malaysian plantation assets and consequently exited from the core business segment of Oil Palm Plantation. Accordingly, the Company's branch operation in Malaysia has been discontinued and is being closed down. Hence, the principal activity of the Company is now managing and holding of an investment portfolio.

## 3. Sale of Malaysian Plantation property

As disclosed to the shareholders and to the market via circulars and interim financial statements, The Company after obtaining regulatory and shareholder approval, completed the sale of the Malaysian plantation assets to the buyer, Euro-Asia Brand Holding Company Sdn. Bhd. on 06th December 2016 for a consideration of RM 107.21 Mn (Approx. Rs. 3.66 Bn). Accordingly, the oil palm plantation segment was classified as discontinued operations in the Financial Statements enclosed.

The resulted net sales proceeds were distributed to shareholders as more fully disclosed in section 15 on page 17.

## 4. 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 and 4. These reports form an integral part of the Annual Report of the Board of Directors on the Affairs of the Company.

## 5. Financial Results

The Company recorded a net profit after tax of 1.93 Bn for the year. This included the profit from the disposal of the overseas plantation assets of Rs. 2.16 Bn

<i>For the year ended 31 March</i>		<b>2017</b>	2016
		<b>Rs.'000</b>	(Restated) Rs.'000
<b>Profits after Tax from Continuing Operations</b>	<b>a</b>	<b>75,784</b>	1,938
<b>Discontinued Operations</b>			
Profits for the year from operations (Net of Tax)		<b>31,217</b>	36,611
Profits from disposal of Overseas plantation assets (Net of Tax)		<b>2,160,986</b>	-
Transfer from translation reserve on Discontinued Overseas Branch operations		<b>(335,886)</b>	-
<b>Profits after Tax from Discontinued Operations</b>	<b>b</b>	<b>1,856,317</b>	36,611
<b>Profits after Taxation</b>	<b>a+b</b>	<b>1,932,101</b>	38,549
Profits brought forward from previous year		<b>103,800</b>	138,978
Adjustment for super gain tax		-	(22,073)
Profits available for Appropriation		<b>2,035,901</b>	155,454
Other Comprehensive Income		-	1,744
<b>Appropriations</b>			
Dividend paid		<b>(309,124)</b>	(53,398)
Consideration paid for Share Repurchase		<b>(3,126,638)</b>	-
Transaction cost paid on Share Repurchase		<b>(2,071)</b>	-
Realization of Revaluation Reserve		<b>1,447,269</b>	-
Unappropriated Profits carried forward		<b>45,337</b>	103,800

## 6. Auditors' Report

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

## 7. 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.

The Company adopted the amendments to LKAS 41 and LKAS 16 with effect from 1 April 2016. Under the amendments, biological assets that meet the definition

of bearer plants will no longer be within the scope of LKAS 41. Instead, bearer plants were measured under LKAS 16 at accumulated cost (before maturity) using the cost model (after maturity) up to the date of disposal. These amendments have been applied retrospectively.

With the disposal of the oil palm segment, certain accounting policies specific to the Oil palm segment will no longer be applicable for future financial periods.

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

### 8. 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 2017 are set out on pages 28 to 71.

### 9. Statement of Directors' Responsibilities

The Statement of Directors' Responsibilities for the Financial Statements is given on page 9 of this Annual Report.

### 10. Interests Register

#### 10.1 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.

#### 10.2 Remuneration of Directors

The Directors' remuneration of the Company for the financial year ended 31st March 2017 is given in Note 7 and Note 25.3 to the Financial Statements, on pages 54 and 70 respectively.

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

Aggregated remuneration paid to the Non-Executive Directors are disclosed under Note 7 on page 25.3 and Note 54 on page 70.

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

Directors' interests in contracts of the Company are disclosed in Note 25.4 on page 70 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 2017	31st March 2016
Mr. H. Selvanathan	-	-
Mr. M. Selvanathan	1	1
Mr. I. Paulraj	-	-
Mr. D.C.R. Gunawardena	-	-
Mr. P.C.P. Tissera	-	-
Mr. T. Rodrigo	-	-
Mr. S. Mahendrarajah (Director & Alternate to Mr. I. Paulraj)	75	75

**11. Corporate Donations**

There were no donations granted during the year.

**12. 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.

**12.1 Directors to Retire by Rotation**

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

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

Mr. I. Paulraj, Mr. T. Rodrigo and Mr. M. Selvanathan 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.

**13. AUDITORS**

The Company's Auditors during the year under review, were Messrs. Ernst & Young, Chartered Accountants.

A sum of Rs. 410,000/- was paid to them by the Company as audit fees for the year ended 31st March 2017 (2016: Rs. 692,000/-).

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 fee 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.

**13.1 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.

**14. 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). The requirement with regard to minimum public holding is noted in 14.1 below.

**14.1 Minimum Public Holding**

As per the directive issued by the Securities and Exchange Commission (SEC) of Sri Lanka dated 17th November 2016, a Listed Entity on the Main Board having a public holding below the specified requirement in terms of

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

the said directive, has to ensure that the public holding of such Entity is maintained at a defined public holding percentage of shares in the hands of a minimum number of 500 public shareholders on or before 30th June 2017. The Company does not at present satisfy the requirement relating to minimum public holding.

As explained in the Chairman's Statement in page 1, considering that there is no requirement for additional capital infusion to the Company and resultantly there being no plans for issuing of new shares nor a dilution by the majority shareholder, the Company would not be in compliance with the said requirements and the Company would report on the proposed course of action in consultation with the regulator.

### 14.2 Board of Directors

The following Directors held office during the period under review and their brief profiles are given on pages 6 to 8 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. S. Mahendrarajah (Director & 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 24th April 2017, 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.

### 14.3 Directors' Meetings

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

<b>Directors</b>	<b>Meetings Attended (out of 2)</b>
Mr. H. Selvanathan	1
Mr. M. Selvanathan	2
Mr. I. Paulraj	2
Mr. D.C.R.Gunawardana	2
Mr. P.C.P Tissera	2
Mr. T. Rodrigo	1
Mr. S. Mahendrarajah (Director & Alternate Director to Mr. I. Paulraj)	2

#### 14.4 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.

<b>Remuneration Committee Members</b>	<b>Executive/ Non-Executive/ Independent</b>
Mr. I. Paulraj (Chairman)	Non-Executive Director of CCPLC
Mr. D.C.R. Gunawardana	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

#### 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.

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.

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

The Remuneration Committee meets at least twice a year.

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

Aggregated remuneration paid to the Non-Executive Directors are disclosed under Note 7 on page 54 and Note 25.3 on page 70.

### 14.5 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.

### 14.6 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 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 Company is in compliance with Rule 9 of the listing rules of the CSE pertaining to related party transactions, during the financial year.

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

#### 14.6.1 Non-Recurrent Related Party Transactions

GAHL, the parent Company accepted an offer made by the Company to repurchase its shares which forms a non-recurrent RPT as per 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.

Further, The Company also accepted an offer made by Shalimar (Malay) PLC to repurchase its shares.

Both the above non recurrent related party transaction are disclosed under note 25 in the financial statement.

#### 14.6.2 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 2016 are disclosed under Note 25 on pages 68 and 69 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.

### 15. Distributions

The Company distributed the net sale proceeds of Rs. 3.33 Bn arising from the disposal of Malaysian property through a repurchase of shares and an interim dividend to the Shareholders as explained in Review of the Industry and Operation performance in pages 3 and 4 of the Annual Report.

#### (a) Share repurchase

Out of the Disposal Proceeds received, total sum of Rs. 3,126,638,046/- was distributed through a share repurchase during the year. The details are given in note 15.1 to the Financial Statements.

#### (b) Dividend

The company paid Rs. 205,053,120 (per share Rs.29.30 )as a first interim dividend out of the disposal proceeds arising from the disposal of the Malaysian property.

It should be noted that further to the letter sent to the non-resident shareholders, the Company was awaiting the approval of the Controller of Exchange of Sri Lanka with regard to the remittance of the first interim dividend of Rs. 180.43 Mn to the non-resident shareholders (including remittance to the main Shareholder, Goodhope Asia Holdings Limited). This approval was received on 20th April 2017 and consequently the dividend to non-resident shareholders were remitted.

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

Further, the company paid a second interim dividend of Rs. 104,070,582 (per share Rs.21.63 ) out of the profits of the company during the year.

### 16. Solvency Test

Taking into account the said distributions, 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 distributions. The Company's Auditors, Messrs. Ernst & Young have issued Certificates of Solvency confirming the same.

### 17. Stated Capital

The stated capital of the Company as at 31 March 2017 was Rs. 70,032,750 comprising of 4,811,400 (after cancellation of 2,187,000 shares consequent to the repurchase) as detailed in note 15.1 on page 63.

### 18. Shareholders' Funds

Total reserves of the Company as at 31st March 2017 was Rs. 5,487.88 Mn (2016: Rs. 6,585 Mn) comprising of retained earnings of Rs. 45.34 Mn (2016: Rs. 103.8 Mn) and other reserve of Rs. 5,442.54 Mn (2016: Rs. 6,481.20 Mn). Total reserves combined with Stated Capital as at 31st March 2017 was Rs. 5,557.91 Mn (2016: Rs. 6,655.04 Mn)

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

### 19. Capital Expenditure and Investments

The Company has not incurred any expenditure on purchases of property, plant & equipment, investments and development cost on biological assets during the year (2016: Rs. 0.37 Mn).

#### (a) Oil Palm Plantation segment

All assets were disposed during the year as discussed in section 3 above. The Movement of Assets are given in note 11 and note 12 to the Financial Statements.

#### (b) Investment Segment

The Company accepted a repurchase offer made by Shalimar (Malys ) PLC for 34,128 shares out of the total 153,576 shares held in that Company during the current year. The related gain on the shares sold is accordingly recognized in the statement of profit or loss.

### 20. Value of the Properties

The value of freehold land held by the company as at 31 March 2016 is reflected in the financial statements in page 57 to the financial statements.

### 21. Value of the Investment Portfolio

- (a) Quoted Investments - The Company's quoted investments are valued with references to published market prices of the Colombo Stock Exchange. During the year, the Company accepted the share repurchase offer made by Shalimar (Malay)

PLC and accordingly disposed of 34,128 shares in that Company as detailed in Note 4.1 to the financial statements.

- (b) **Unquoted Investments** – The Company obtained the services of PricewaterhouseCoopers Advisory Services 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 31 December 2016. The primary approach adopted was the Income Approach using discounted cash flows method. The methodology followed, key assumptions used and sensitivity analysis are disclosed under Note 13 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.

**22. 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.

**23. Going Concern**

The financial statements of the Company have been prepared on a going concern basis as the Company continues to hold its main investment in SDSB. The directors

have a reasonable expectation that the Company's investment segment operation will continue for the foreseeable future.

**24. 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 67 to the Financial Statements.

**25. Share Information**

The details relating to earnings, net assets, market value per share and information on share trading is given on pages 84 to 86 of this Annual Report.

**26. Annual Report**

The Board of Directors on 24th April 2017, 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 Exchange, Sri Lanka Accounting and Auditing Standards Monitoring Board and the Registrar General of Companies within the given time frames.

**27. Annual General Meeting**

The One Hundred and Eleventh Annual General Meeting of the Company will be held on the 26th day of May 2017 at 9.00 a.m at the 8th Floor, No. 65 C, Dharmapala Mawatha, Colombo 07.

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

The Notice of the Annual General Meeting is on page 89 of this Annual Report.

### 28. Twenty Major shareholders

<i>As at 31st March</i>	2017		2016	
	<b>No. of shares</b>	<b>%</b>	No. of shares	%
Goodhope Asia Holdings LTD	<b>4,182,867</b>	<b>86.94</b>	6,352,996	90.78
Mr. R. Chandra (Decd).	<b>148,052</b>	<b>3.08</b>	148,052	2.12
Mr. S. R. Dean	<b>64,540</b>	<b>1.34</b>	64,540	0.92
Mr. R. T. Stoneham.	<b>36,546</b>	<b>0.76</b>	36,546	0.52
Mrs. I. Raymond.	<b>33,746</b>	<b>0.70</b>	33,746	0.48
Ms. M. E. Turner.	<b>33,590</b>	<b>0.70</b>	33,590	0.48
Mr. F. W. Obeyesekere (Decd)	<b>24,882</b>	<b>0.52</b>	24,882	0.36
Mrs. B. F. Guzdar	<b>23,328</b>	<b>0.48</b>	23,328	0.33
Mr. C. S. A. Perera	<b>22,904</b>	<b>0.48</b>	22,904	0.33
Mrs. A. Ohman (Decd).	<b>19,440</b>	<b>0.40</b>	19,440	0.28
Mr. D. Thomson (Decd).	<b>15,552</b>	<b>0.32</b>	15,552	0.22
Mr. R. G. Bartholomew (Decd)	<b>15,552</b>	<b>0.32</b>	15,552	0.22
Mr. D. D. Dubash.	<b>15,552</b>	<b>0.32</b>	15,552	0.22
Mr. R. Prasada Singh (Decd).	<b>15,552</b>	<b>0.32</b>	15,552	0.22
Mr D. S. Cameron	<b>15,552</b>	<b>0.32</b>	15,552	0.22
Mr. N. J. P. Hewett	<b>13,372</b>	<b>0.28</b>	13,372	0.19
Mrs M. D. Abeyhuriya	<b>12,960</b>	<b>0.27</b>	12,960	0.19
Mr. J. M. Urquhart (Decd).	<b>9,330</b>	<b>0.19</b>	9,330	0.13
Admn.of The Estate of Ramiah (Decd)	<b>8,396</b>	<b>0.17</b>	8,396	0.12
Mrs. S. A. Perera	<b>8,076</b>	<b>0.17</b>	8,076	0.12

## 29. Internal Control and risk

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 page 5 of this Annual Report. Management will continue to monitor and manage these risks on a continuous basis.

## 30. Pending Litigation

There are no litigations currently pending against the Company.

## 31. Human Resources

With the disposal of the Malaysian Plantation Property, the Company does not have any employees as at 31 March 2017.

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*

24th April 2017

# 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 :

<b>Audit Committee Members</b>	<b>Executive/ Non-Executive/ Independent</b>
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 a 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:

<b>Meetings</b>	<b>Attended (out of 04)</b>
Mr. V.P. Malalasekera	04
Mr. D.C.R. Gunawardena	04
Mr. F. Mohideen	04

The Audit Committee meetings were attended by the Chief Financial Officer, Internal Auditor, 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 2017 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 Financial Statements include the sales proceeds received from the disposal of the Company's Malaysian property and the consequent gains, which are disclosed under discontinued operation in these financial statements.

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 no field audits at estate level were carried out since

the Plantation was to be sold during the financial year 2016/2017.

### Performance of the Investments held by the Company

The Company's investment in PT Agro Indomas (PTAI), held through Shalimar Developments Sdn. Bhd., is managed by the group's (GAHL) fully owned management arm in Indonesia, PT Agro Harapan Lestari. GAHL's Audit Committee covers audit obligations over Indonesian Plantation Operations incorporated in Indonesia, including PTAI.

### 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 2018, 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

Colombo  
24th April 2017

# Related Party Transactions Review Committee Report

In accordance with the Colombo Stock Exchange Listing Rules, the Related Party Transactions Review Committee (RPTRC) of Carson Cumberbatch PLC (CCPLC), the Parent Company of Goodhope Asia Holdings Limited, 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

## Meetings of the Related Party Transactions Review Committee

CCPLC-RPTRC held three (03) 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 03)	
Mr. V.P. Malalasekera	03
Mr. F. Mohideen	03
Mr. D.C.R. Gunawardena	03
Mr. H. Selvanathan	02
Mr. M. Selvanathan	02
Mr. S.K. Shah	03

## 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' (RPT 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 it is 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.

During the year, the Company disposed of its Malaysian Plantation Property and utilized a part of the net sale proceeds to repurchase its shares. The repurchase of shares from Goodhope Asia Holdings Limited, the Holding Company amounted to a Non-Recurrent Related Party Transaction as per the RPT Code. This Committee has reviewed and approved the repurchase transaction in accordance with the Code.

The self-declarations from the Directors and Key Management Personnel 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 Key Management Personnel so designated.

The Related Party Transactions of the Company for the period 1st April 2016 to 31st March 2017 have been 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. The approval of the shareholders have been obtained and announcements were made to the Colombo Stock Exchange where applicable.

(Sgd.)

**V.P. Malalasekera**

*Chairman – Related Party Transactions Review Committee*

**Carson Cumberbatch PLC**

Colombo  
24th April 2017

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## Financial Reports

Independent Auditors' Report	27
Statement of Profit or Loss	28
Statement of Comprehensive Income	29
Statement of Financial Position	30
Statement of Changes in Equity	31
Cash Flow Statement	32
Notes to the Financial Statements	33

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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 2017, 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 71)

### 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, 2017, 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

24th April 2017  
Colombo

Partners: W R H Fernando FCA FCMA, M P D Cooray I CA I CMA, R J de Saram ACA FCMA, Ms. N A De Silva FCA, Ms. Y A De Silva FCA, W K B S P Fernando FCA FCMA, Ms. K R M Fernando FCA ACMA, Ms. L K H L Fernando FCA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamawala FCA FCMA, I B (London), M A Jayasinghe FCA FCMA, Ms. A A Latharika FCA FCMA, Ms. G G S Manthan (a) FCA, M M S L Kumar ACA ACMA, B E W Jesuraja FCA FCMA

Principal: T P M Roberu FCMA FCA

A member firm of Ernst & Young Global Limited

## Statement of Profit or Loss

<i>For the Year Ended 31 March</i>		2017	2016
		*(Restated)	
	Note	Rs. '000	Rs. '000
<b>Continuing Operations</b>			
Revenue	3	<b>8,233</b>	1,801
Other Income and Gains	4	<b>68,149</b>	199
Profit Before Tax from Continuing Operations		<b>76,382</b>	2,000
Income Tax Expense	5	<b>(598)</b>	(62)
Profit for the Year from Continuing Operations		<b>75,784</b>	1,938
<b>Discontinued Operations</b>			
Profit for the Year from Operations (Net of Tax)		<b>31,217</b>	36,611
Profit from Disposal of Overseas Plantation Assets (Net of Tax)		<b>2,160,986</b>	-
Transfer of Translation Reserve on Discontinued Overseas Branch Operations		<b>(335,886)</b>	-
Total Profit for the Year from Discontinued Operations (Net of Tax)		<b>6 1,856,317</b>	36,611
<b>Profit for the Year</b>		<b>1,932,101</b>	38,549
<b>Earnings Per Share from Continuing and Discontinued Operations (Rs.)</b>			
<b>Earnings Per Share from Continuing Operations (Rs.)</b>	8	<b>285.11</b>	5.51
<b>Earnings Per Share from Continuing Operations (Rs.)</b>	8	<b>11.18</b>	0.28
<b>Earnings Per Share from Discontinued Operations (Rs.)</b>	8	<b>273.93</b>	5.23
<b>Dividend Per Share* (Rs.)</b>	8.1	<b>50.93</b>	5.03

The Accounting Policies and Notes from pages 33 to 71 form an integral part of these Financial Statements.

\*Prior period figures have been restated consequent to the adoption of LKAS 16 Property Plant and Equipment and LKAS 41 Agriculture with effect from 1st April 2016 as more fully explained in note 12 to the financial statements.

Further, with the disposal of the Malaysian Plantations Assets, the results of the comparative period too has been reclassified under discontinued operations as explained in Note 6 to the financial statements.

*Figures in brackets indicate deductions.*

# Statement of Comprehensive Income

<i>For the Year Ended 31 March</i>		<b>2017</b>	2016
	Note	Rs. '000	*(Restated) Rs. '000
<b>Profit for the year</b>		<b>1,932,101</b>	38,549
<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>(169,149)</b>	30,813
Transfer of translation reserve on discontinued Overseas Branch operations to the Statements of Profit or Loss	15	<b>335,886</b>	-
Gain on change in fair value of Available-for-sale Financial Assets	12	<b>308,157</b>	1,098,423
Gain on Sale of Financial Assets	4	<b>(66,287)</b>	-
<b>Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</b>		<b>408,607</b>	1,129,236
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>			
Actuarial Gain on Defined Benefit Plans		-	468
Income Tax Effect		-	(112)
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		-	356
<b>Other Comprehensive Income for the year (Net of Tax)</b>		<b>408,607</b>	1,129,592
<b>Total Comprehensive Income for the year (Net of Tax)</b>		<b>2,340,708</b>	1,168,141

The Accounting Policies and Notes from pages 33 to 71 form an integral part of these Financial Statements.

\*Prior period figures have been restated consequent to the adoption of LKAS 16 Property Plant and Equipment and LKAS 41 Agriculture with effect from 1st April 2016 as more fully explained in note 12 to the financial statements.

Further, with the disposal of the Malaysian Plantations Assets, the results of the comparative period too has been reclassified under discontinued operations as explained in Note 6 to the financial statements.

Figures in brackets indicate deductions.

# Statement Of Financial Position

As at 31st March		2017	2016	2015
			*(Restated)	*(Restated)
	Note	Rs. '000	Rs. '000	Rs. '000
<b>Assets</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	11	-	1,340,143	1,307,627
Bearer Plants	12	-	49,324	51,638
Other Non Current Financial Assets	13	<b>5,580,687</b>	5,350,963	4,252,540
<b>Total Non-Current Assets</b>		<b>5,580,687</b>	6,740,430	5,611,805
<b>Current Assets</b>				
Inventories		-	202	419
Trade Receivables	14	-	7,050	8,523
Advance and Prepayments		<b>264</b>	1,183	778
Income Tax Receivable		-	592	4,252
Cash and Bank Balances		<b>239,775</b>	15,169	21,735
<b>Total Current Assets</b>		<b>240,039</b>	24,196	35,707
<b>Total Assets</b>		<b>5,820,726</b>	6,764,626	5,647,512
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Stated Capital	15	<b>70,033</b>	70,033	70,033
Retained Earnings		<b>45,337</b>	103,800	138,978
Other Reserves	16	<b>5,442,542</b>	6,481,204	5,353,356
<b>Total Shareholders' Funds</b>		<b>5,557,912</b>	6,655,037	5,562,367
<b>Non-Current Liabilities</b>				
Deferred Tax Liability	17	-	13,484	13,354
Retirement Benefit Obligations	18	-	1,583	1,561
<b>Total Non-Current Liabilities</b>		-	15,067	14,915
<b>Current Liabilities</b>				
Trade and Other Payable	19	<b>241,752</b>	91,084	67,253
Provision and Accrued Expenses		<b>2,467</b>	3,438	2,977
Taxes Payable		<b>18,595</b>	-	-
<b>Total Current Liabilities</b>		<b>262,814</b>	94,522	70,230
<b>Total Equity &amp; Liabilities</b>		<b>5,820,726</b>	6,764,626	5,647,512
<b>Net Assets Per Ordinary Share (Rs.)</b>		<b>1,155.15</b>	950.94	794.81

The Accounting Policies and Notes from pages 33 to 71 form an integral part of these Financial Statements.

\*Prior period figures have been restated consequent to the adoption of LKAS 16 Property Plant and Equipment and LKAS 41 Agriculture with effect from 1st April 2016 as more fully explained in note 12.1 to the financial statements.

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.

Signed for and on behalf of the Managers.

Signed for and on behalf of the Board.

(Sgd.)

**M.R.Jiffrey**  
Director

(Sgd.)

**H. Selvanathan**  
Chairman

(Sgd.)

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

**Agro Harapan Lestari Sdn. Bhd.**

24th April 2017  
Colombo

# Statement of Changes In Equity

	Note	Stated Capital	Capital Accretion Reserve	Currency Translation Reserve	Available for Sale Reserve	Retained Earnings	Total Shareholders Funds
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April 2015 as previously reported		70,033	1,447,269	(196,162)	4,102,249	228,709	5,652,098
Effect of adoption of amendments to LKAS 41 & LKAS 16	12.1	-	-	-	-	(89,731)	(89,731)
Super Gain Tax Expense		70,033	1,447,269	(196,162)	4,102,249	138,978	5,562,367
Balance as at 1st April 2015 (restated)		70,033	1,447,269	(196,162)	4,102,249	116,905	5,540,294
Profit for the year - Continuing Operations		-	-	-	-	1,938	1,938
Profit for the year - Discontinued Operations		-	-	-	-	36,611	36,611
Other Comprehensive Income		-	-	29,425	1,098,423	1,744	1,129,592
Total Comprehensive Income		-	-	29,425	1,098,423	40,293	1,168,141
Final Dividend - 2014/15	8.1	-	-	-	-	(18,196)	(18,196)
Interim Dividend - 2015/16	8.1	-	-	-	-	(35,202)	(35,202)
Balance as at 31 March 2016 (restated)		70,033	1,447,269	(166,737)	5,200,672	103,800	6,655,037
Balance as at 1st April 2016 (restated)		70,033	1,447,269	(166,737)	5,200,672	103,800	6,655,037
Profit for the year - Continuing Operations		-	-	-	-	75,784	75,784
Profit for the year - Discontinued Operations		-	-	-	-	1,856,317	1,856,317
Exchange Differences on Translation of Financials of Foreign Operations	16	-	-	(169,149)	-	-	(169,149)
Transfer of translation reserve on Discontinued Overseas Branch operations to the Statements of Profit or Loss		-	-	335,886	-	-	335,886
Gain on Sale of Financial Assets	4.1	-	-	-	(66,287)	-	(66,287)
Gain on change in fair value of Available-for-sale Financial Assets	13	-	-	-	308,157	-	308,157
Other Comprehensive Income		-	-	166,737	241,870	-	408,607
Total Comprehensive Income /(Loss)		-	-	166,737	241,870	1,932,101	2,340,708
Realization of Revaluation Reserve due to Disposal of Malaysian Property	16	-	(1,447,269)	-	-	1,447,269	-
Share Repurchase	15.1	-	-	-	-	(3,126,638)	(3,126,638)
Transaction cost on Share Repurchase		-	-	-	-	(2,071)	(2,071)
First Interim dividend - 2016/17	8.1	-	-	-	-	(205,053)	(205,053)
Second Interim dividend - 2016/17	8.1	-	-	-	-	(104,071)	(104,071)
Balance as at 31 March 2017		70,033	-	-	5,442,542	45,337	5,557,912

The Accounting Policies and Notes from pages 33 to 71 form an integral part of these Financial Statements.

\* Prior period figures have been restated consequent to the adoption of LKAS 16 Property Plant and Equipment and LKAS 41 Agriculture with effect from 1st April 2016 as more fully explained in note 12.1 to the financial statements.

# Cash Flow Statement

<i>For the Year Ended 31 March</i>		2017	2016
		*(Restated)	
	Note	Rs. '000	Rs. '000
<b>Cash Flows from Operating Activities</b>			
<b>Profit before taxation from Continuing Operations</b>		<b>76,382</b>	2,000
<b>Profit before taxation from Discontinued Operations</b>		<b>1,867,125</b>	49,740
Adjustments for:			
Profit on Disposal of Discontinued Operation	6.1	<b>(2,160,986)</b>	-
Transfer of Translation Reserve on Discontinued Overseas Branch Operations	6.1	<b>335,886</b>	-
Gain on sale of financial assets	4	<b>(66,287)</b>	-
Unclaimed dividend Forfeited		<b>(1,862)</b>	(199)
Depreciation on Property, Plant and Equipment and bearer plants	11/12	<b>1,190</b>	4,165
Provision for retirement benefit obligations	18	<b>71</b>	223
Interest income	3	<b>(2,647)</b>	(306)
Interest Expense		<b>482</b>	421
Unrealized Exchange gain		<b>(4,790)</b>	-
Exchange differences in currency translation of Malaysian Operations		<b>(67,249)</b>	(4,444)
<b>Operating profit before working capital changes</b>		<b>(22,685)</b>	51,600
Decrease/(Increase) in inventories			
		<b>202</b>	217
Decrease/(Increase) in trade and other receivables			
		<b>7,969</b>	1,067
Decrease/Increase in trade payable and accruals			
		<b>(41,703)</b>	20,511
<b>Cash generated from operations</b>		<b>(56,217)</b>	73,395
Income tax paid			
		<b>(10,833)</b>	(7,789)
Super gain tax paid			
		<b>-</b>	(22,073)
<b>Net cash inflows from operating activities</b>		<b>(67,050)</b>	43,533
<b>Cash Flows from Investing Activities</b>			
Proceeds from disposal of Malaysian estate operations (net of expenses)			
		<b>3,438,876</b>	-
Purchase of Property, Plant and Equipment			
	11	<b>-</b>	(367)
Proceed from Sale of Shares			
		<b>78,432</b>	-
Interest income			
	3	<b>2,647</b>	306
<b>Net cash used in investing activities</b>		<b>3,519,955</b>	(61)
<b>Cash Flow from Financing Activities</b>			
Dividend paid (excluding unclaimed dividend)			
		<b>(99,109)</b>	(49,617)
Share buyback payments (including expenses)			
		<b>(3,128,708)</b>	-
Interest paid			
		<b>(482)</b>	(421)
<b>Net cash used in financing activities</b>		<b>(3,228,299)</b>	(50,038)
<b>Net (decrease)/increase in cash &amp; cash equivalents</b>		<b>224,606</b>	(6,566)
<b>Cash &amp; cash equivalents at the beginning of the year</b>		<b>15,169</b>	21,735
<b>Cash &amp; cash equivalents at the end of the year (Note A)</b>		<b>239,775</b>	15,169
<b>Note A</b>			
<b>Cash &amp; Cash Equivalents</b>			
Cash and bank balances			
		<b>211,061</b>	8,890
Short-term deposits			
		<b>28,714</b>	6,279
		<b>239,775</b>	15,169

Cash & bank balance includes Rs. 180.43 Mn of unclaimed dividend as explained in Note 19.1 to the financial statements.

\*Prior period figures have been restated consequent to the adoption of LKAS 16 Property Plant and Equipment and LKAS 41 Agriculture with effect from 1st April 2016 as more fully explained in note 12.1 to the financial statements.

The Accounting Policies and Notes from pages 33 to 71 form an integral part of these Financial Statements.

# 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.

### 1.2 Principal Activities and Nature of Operations

The Company's principal activities were cultivation of oil palm and managing and holding of an investment portfolio. As noted in the Chairman's statement and Review of Industry and Operational performance, during the financial year, the Company disposed of its Malaysian plantations assets and consequently exited from the Oil Palm Plantation Segment. Hence, the principal activity of the Company is now 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 Authorization for Issue

The Financial Statements of Indo-Malay PLC for the year ended 31

March 2017 was authorized for issue in accordance with a resolution of the board of directors on 24th April 2017.

## 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,

## 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 Adoption of Amendments to LKAS 41 (Agriculture) and LKAS 16 (Property, Plant and Equipment)

The Company adopted the amendments to LKAS 41 and LKAS 16 with effect from 1 April 2016. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of LKAS 41. Instead, bearer plants were measured under LKAS 16 at accumulated cost (before maturity) using the cost model (after maturity) up to the date of disposal. These amendments have been applied retrospectively.

Reconciliation of equity and reconciliation of total comprehensive income for the year ended 31 March 2016 are given in Note 12.1 to the financial statements.

### 2.1.4 Comparative Information

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except for the Note 6 and 12 disclosed below. Previous year's figures and phrases have been rearranged whenever necessary to conform to current presentation.

With the disposal of the oil palm segment, certain accounting policies (given under 2.3.1, 2.3.2, 2.3.4, 2.3.5, 2.4.1 and 2.6) specific to the Oil palm segment will no longer be applicable for the future financial periods.

## 2.2 Summary of Significant Accounting Policies

### 2.2.1 Conversion of Foreign Currencies

#### (a) Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees.

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

The functional currency of the investment operations in Sri Lanka is Sri Lankan 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 Lankan 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

## Notes to the Financial Statements

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.

### 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:

	<b>No. of years</b>
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 (oil palm plantation) basis annually in order to ensure that the book value reflects the market value. Any surplus or deficit arising therefrom 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 Bearer Plants**

Bearer Plants represent immature and mature palm oil plantations and are stated at cost less accumulated depreciation. Oil palm trees have an average life up to 25 years, with the first 30 to 36 months as immature and the remaining years as mature.

**a) Immature plantations**

Immature Plantations are stated at acquisition cost which includes the cost incurred for field preparation, planting, fertilizing and maintenance, capitalization of borrowing costs incurred on loans used to finance the developments of immature plantations and an

## Notes to the Financial Statements

allocation of other indirect costs based on planted hectares. No depreciation is provided during the immature period.

Carrying values of the Immature Plantation are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recovered.

### (b) Mature plantations

Mature plantations are measured at cost amount less accumulated depreciation and impairment losses.

Depreciation is provided on straight-line basis over estimated useful life of the Mature Plantations and recognized in Profit or Loss Statement.

The principal annual rate used is:

No. of years

Bearer Plants 22

Carrying values of the Mature Plantation are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recovered.

### 2.3.3 Financial instruments — Initial recognition and subsequent measurement

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

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 market place (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 assets that are quoted in an active market. Trade and

other receivables are initially recognized 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 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 income approach that estimates the fair value by discounting projected cash flows in a discrete projection period to present value.

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

## Notes to the Financial Statements

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 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 payable.

**Subsequent measurement**

Trade and other payable 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 Non-current assets held for sale and discontinued operations**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

## Notes to the Financial Statements

Property, plant and equipment and bearer plants are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the Statement of Financial Position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of Profit or Loss.

### 2.3.5 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 consumable is determined on a weighted average cost basis.

### 2.3.6 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 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".

The defined benefit costs comprise the following:

- Service cost
- Interest cost on the defined benefit liability
- Re-measurement of defined 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.

## Notes to the Financial Statements

### (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 Malaysian 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.

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 and bearer plants.

## 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.

## Notes to the Financial Statements

	Policy	Note
Property, plant & equipment valuation and depreciation	2.3.1	11
Deferred tax	2.2.2b	17
Impairment of assets	2.3.3 / 2.3.6	-
Employee benefit liabilities	2.4.1	18
Financial instruments	2.3.3	10/13 14/19
Bearer Plants	2.3.2	12

### 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 as 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

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 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:

	<b>Note</b>
Disclosures for valuation methods, significant estimates and assumptions	11/13
Quantitative disclosures of fair value measurement hierarchy	10
Investment in unquoted equity shares	10/ 13.1
Property, plant and equipment under revaluation model	11
Financial instruments	13

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

## Notes to the Financial Statements

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 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 reassessed 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.

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 and amendments and interpretations that are

issued but not yet effective up to the date of issuance of the Company's Financial Statements are disclosed below. 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) SLFRS 16 – Leases**

SLFRS 16 eliminates the current dual accounting model for lessees which distinguishes between On-Balance Sheet finance leases and Off-Balance Sheet operating leases. Instead there will be a single On-Balance Sheet accounting model that is similar to current finance lease accounting.

SLFRS 16 is effective for annual Reporting periods beginning on or after January 01, 2019.

The Company does not expect significant impact on its Financial Statements resulting from the application of the above Standards.

## Notes to the Financial Statements

### 3. REVENUE

<i>For the Year Ended 31 March</i>	<b>2017</b>	2016
	<b>Rs. '000</b>	Rs. '000
Dividend Income	<b>5,586</b>	1,495
Interest Income	<b>2,647</b>	306
	<b>8,233</b>	1,801

### 4. OTHER INCOME AND GAINS

<i>For the Year Ended 31 March</i>	<b>2017</b>	2016
	<b>Rs. '000</b>	Rs. '000
Gain on Sale of Financial Assets (Note 4.1) / (Note 13.1.(b))	<b>66,287</b>	-
Other income	<b>1,862</b>	199
	<b>68,149</b>	199

#### 4.1 Gain on Sale of Financial Assets

Following an offer made by Shalimar (Malay) PLC to repurchase shares, the Company disposed of 34,128 shares out of the total 153,576 shares held in this Company during the current year and the consequent gain realized on disposal of financial asset is recognized as an other income.

### 5. TAXATION

#### 5.1 Major components of Income tax expense

The major components of income tax expense of the continuing operations for the financial year ended 31st March 2017 and 2016 are:

<i>For the Year Ended 31 March</i>	<b>2017</b>	2016
	<b>Rs. '000</b>	Rs. '000
		*(Restated)

#### Statement of profit or loss

##### Current Income Tax

Tax on current year profit	<b>598</b>	9
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##### Deferred Income Tax

Origination / (Reversal) of temporary differences (Note 17)	-	53
Income tax expense recognised in Statement of Profit or Loss	<b>598</b>	62

##### Other Comprehensive Income

Deferred tax on actuarial gains and losses (Note 17)	-	112
Income tax charged directly to other comprehensive income	-	112

## 5.2 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 12 months period ended 31 March 2017 and 31 March 2016 are as follows:

<i>For the Year Ended 31 March</i>	<b>2017</b>	2016
	<b>Rs. '000</b>	Rs. '000
Profit before taxation	<b>76,382</b>	2,000
Tax at the domestic rates applicable to profits in the countries where the Company operates	<b>21,442</b>	560
<b>Adjustments:</b>		
Notional Tax Credit	<b>(199)</b>	(34)
Income not subject to tax		
Dividend income received from Shalima Malsy PLC (Note 3)	<b>(1,564)</b>	(418)
Realization of AFS Reserve on Share Repurchase (Note 4)	<b>(18,560)</b>	-
Other (Note 4)	<b>(521)</b>	(45)
Income tax expense recognised in profit or loss	<b>598</b>	62

## 5.3 Taxation of Profits

- a). In terms of Section 9 & 10 of the Inland Revenue Act No. 10 of 2006 of Sri Lanka, and amendments thereto, dividend and interest income received from Malaysia is exempt from income tax.
- b). Profits earned in Sri Lanka by the Company, other than Note 5.3 (a) above are liable to tax at a rate of 28% (2016 - 28%).

## 5.4 Dividend Tax

Dividend distribution consists of a distribution of operational profits, distribution from sale of Malaysian assets and a redistribution of dividend income. Redistribution of dividend income received from already taxed source would not be liable to dividend tax.

## 6. DISCONTINUED OPERATIONS

As disclosed to the shareholders and to the market via circulars and also the interim financial statements, with due approval from shareholders and regulatory authorities of both Malaysia and Sri Lanka, the Company completed the sale of the Malaysian plantation assets for a consideration of RM 107.21 Mn (approx. Rs. 3.66 Bn) during the year to the buyer, Euro-Asia Brand Holding Company Sdn. Bhd. and the possession of the property was handed over to the new owner on 06th December 2016.

Consequently, the plantation operation and the corresponding operating results up to the point of disposal together with the profit on disposal of the plantation assets have been classified and reported as a Discontinued Operation in accordance with the requirements of the Sri Lanka Financial Reporting Standards (SLRFS) in Note 6.1 to the Financial Statements.

## Notes to the Financial Statements

With the disposal of the plantation assets and the closure of the overseas branch, the corresponding translation reserve has been transferred to statement of profit or loss from the currency translation reserve.

The net earnings from the investments of the Company have been identified as those from Continuing Operations in these Financial Statements.

### 6.1 Results of Discontinued Operations

<i>For the Year Ended 31 March</i>	2017	2016 (Restated)
	Rs. '000	Rs. '000
Revenue from sale of FFB	64,391	125,151
Direct Operating Costs	(17,922)	(45,881)
Gross Profit	46,469	79,270
Other Income and Gains	7,341	-
Administrative Expenses	(11,303)	(29,109)
Finance Cost	(482)	(421)
<b>Profit before Tax from Operations</b>	<b>42,025</b>	<b>49,740</b>
Income Tax Expense	(10,808)	(13,129)
<b>Profit for the Year from Operations</b>	<b>31,217</b>	<b>36,611</b>
Profit from Disposal of Overseas Plantation Assets (Net of Tax)	2,160,986	-
Transfer of Translation Reserve on Discontinued Overseas Branch Operations	(335,886)	-
<b>Total Profit for the Year from Discontinued Operations</b>	<b>1,856,317</b>	<b>36,611</b>

### 6.2 Taxation of Profits - Discontinued Operations

#### 6.2.1 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 2017 and 31 March 2016 are as follows:

<i>For the Year Ended 31 March</i>	<b>2017</b>	2016
	<b>Rs. '000</b>	Rs. '000
Profit before tax	<b>42,025</b>	49,740
Tax at the domestic rates applicable to profits generated in the countries where the Company operates	<b>5,043</b>	5,969
<b>Adjustments:</b>		
Non-deductible expenses	<b>273</b>	1,669
Double tax credit for Malaysian Branch (Note 6.2.1(c))	<b>(3,073)</b>	(7,912)
Others-Taxation in Malaysian Branch (Note 6.2.1(a))	<b>9,196</b>	11,509
Deferred Tax (Note 17)	-	1,898
Income tax expense recognised in profit or loss	<b>10,808</b>	13,129

- (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% (2016 - 24%).
- (b) During the year ended 31st March 2017, 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% (2016 - 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 on profits from plantation in Malaysia.
- (d) Gains arising from disposal of the Malaysian property are liable to Real Property Gain Tax (RPGT) of 5% in Malaysia. Accordingly, RPGT of RM 5.21 Mn (Rs.178.71 Mn) was paid by the Company on the gain arising from the sale of the property.

### 6.3 Net Cash Flows from Discontinued Operations

<i>For the Year Ended 31 March</i>	<b>2017</b>	2016
	<b>Rs. '000</b>	Rs. '000
Net Cash Inflows from Operating Activities	<b>(61,804)</b>	64,112
Net Cash Inflows / (Outflows) from Investing Activities	<b>3,438,876</b>	(367)
Net Cash Outflows from Financing Activities	<b>(482)</b>	(421)
	<b>3,376,590</b>	63,324

## Notes to the Financial Statements

### 7 PROFIT AFTER TAX

is stated after charging all expenses including the following:

<i>For the Year Ended 31 March</i>	<b>2017</b>	2016
	<b>Rs. '000</b>	Rs. '000
Depreciation- Property Plant and Equipment (Note 11)	<b>400</b>	1,851
Depreciation- Bearer Plants (Note 12)	<b>790</b>	2,314
Management fee, performance incentive and sales commission (Note 25.1)	<b>9,059</b>	17,059
Professional fees	<b>3,806</b>	6,387
Auditors' remuneration	<b>410</b>	692
Directors' fees (Note 25.2)	<b>1,200</b>	1,150
Personnel costs (Note 7.1)	<b>10,729</b>	21,701

#### 7.1 Personnel Costs\*

<i>For the Year Ended 31 March</i>	<b>2017</b>	2016
	<b>Rs. '000</b>	Rs. '000
Salaries, wages and other staff related expenses	<b>10,201</b>	20,599
Defined contribution plans - EPF	<b>457</b>	879
Retirement benefit obligations (Note 18)	<b>71</b>	223
	<b>10,729</b>	21,701

With the disposal of the Malaysian plantation property, the Company does not have any employees as at 31 March 2017.

### 8. EARNINGS PER SHARE

The calculation of Earnings per ordinary share 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 Earning Per Share :

<i>For the year ended 31 March</i>	<b>2017</b>	2016
	<b>Rs. '000</b>	Rs. '000
<b>Numerator</b>		
Profit for the year from Continuing Operations (Rs.)	<b>75,784,440</b>	1,937,546
Profit for the year from Discontinued Operations (Rs.)	<b>1,856,317,115</b>	36,611,399
Profit attributable to ordinary shareholders (Rs.)	<b>1,932,101,555</b>	38,548,945
<b>Denominator</b>		
weighted average number of ordinary shares *(Note 15)	<b>6,776,704</b>	6,998,400
<b>Earnings Per Share from Continuing and Discontinued Operations (Rs.)</b>		
	<b>285.11</b>	5.51
<b>Earnings Per Share from Continuing Operations (Rs.)</b>	<b>11.18</b>	0.28
<b>Earnings Per Share from Discontinued Operations (Rs.)</b>	<b>273.93</b>	5.23

\*As explained in note 15.1, during the year, the Company repurchased 2,187,000 shares on 06th January 2017. Accordingly, the weighted average number of shares held during the year was considered to compute the EPS for the year ended 31 March 2017.

## 8.1 Dividend Paid or Proposed

<i>For the year ended 31 March</i>	<b>2017</b>	2016
	<b>Rs. '000</b>	Rs. '000

### Dividend paid on ordinary shares during the year

Final Dividend paid for 2015: Rs.2.60 per share	-	18,196
First Interim Dividend for 2017: Rs.29.30 per share (2016: Rs. 5.03 per share)	<b>205,053</b>	35,202
Second Interim Dividend for 2017: Rs.21.63 per share	<b>104,071</b>	-

### Dividend proposed

Final dividend was not declared for 2017 and 2016.

	<b>2017</b>	2016
Dividend per Share (Rs.)*	<b>50.93</b>	5.03

\*Dividend per share is calculated considering the dividend paid interim and proposed, divided by the number of shares in issue which ranked for those dividends.

## 9. FOREIGN CURRENCY TRANSLATION

The Accounting Policy on foreign currency translation is given in 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 31 March</i>	<b>2017</b>	2016
	<b>Rs.</b>	Rs.
Malaysian Ringgit (RM)	<b>34.28</b>	36.74
US Dollar	<b>151.99</b>	144.69

## Notes to the Financial Statements

10.

**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 2017 and 2016:

	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Assets measured at fair value:</b>					
<b>As at 31 March 2017</b>					
<b>Non Financial Assets</b>		-	-	-	-
Land (Note 11)		-	-	-	-
<b>Non Financial Assets as at 31 March 2017</b>					
<b>AFS financial assets (Note 13.1)</b>					
Quoted equity shares					
Shalimar (Malay) PLC	31 March 2017	206,239	206,239	-	-
Unquoted equity shares					
Shalimar Developments Sdn.Bhd	December 2016	5,374,448	-	-	5,374,448
<b>Non Financial Assets as at 31 March 2017</b>		<b>5,580,687</b>	<b>206,239</b>	<b>-</b>	<b>5,374,448</b>
<b>As at 31 March 2016</b>					
<b>Non Financial Assets</b>					
Land (Note 11)	March 2016	1,322,543	-	-	1,322,543
<b>Non Financial Assets as at 31 March 2016</b>		<b>1,322,543</b>	<b>-</b>	<b>-</b>	<b>1,322,543</b>
<b>AFS financial assets (Note 13.1)</b>					
Quoted equity shares					
Shalimar (Malay) PLC	31 March 2016	349,385	349,385	-	-
Unquoted equity shares					
Shalimar Developments Sdn.Bhd	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>

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 11 and 13 to the Financial Statements.

## 11. PROPERTY, PLANT &amp; EQUIPMENT

	Freehold Land	Freehold Buildings	Plant & Machinery	Furniture, Fittings and Equipment	Motor Vehicles	Roads & Bridges	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Cost/ Valuation</b>							
<b>As at 01 April 2016</b>	1,322,543	22,303	784	1,055	6,065	1,233	1,353,983
Additions	-	-	-	-	-	-	-
Translation adjustment	(93,966)	(1,585)	(56)	(75)	(431)	(87)	(96,200)
Disposals	(1,228,577)	(20,718)	(728)	(980)	(5,634)	(1,146)	(1,257,783)
<b>As at 31 March 2017</b>	-	-	-	-	-	-	-
<b>Depreciation</b>							
<b>As at 01 April 2016</b>	-	8,254	583	929	3,433	641	13,840
Charge for the year	-	120	10	7	258	6	400
Translation adjustment	-	(595)	(42)	(66)	(262)	(47)	(1,012)
Disposals	-	(7,779)	(551)	(870)	(3,429)	(600)	(13,228)
<b>As at 31 March 2017</b>	-	-	-	-	-	-	-
<b>Net Book Value</b>							
As at 31 March 2017	-	-	-	-	-	-	-
As at 31 March 2016	1,322,543	14,049	201	125	2,632	592	1,340,143

## Notes to the Financial Statements

### 11. PROPERTY, PLANT & EQUIPMENT (Contd.)

- (i) All property plant and equipment were located in Malaysia. During the financial year, the Company disposed of the Malaysian plantation assets (property, plant and equipment and biological assets) for a consideration of RM 107.21 Mn (approx. Rs. 3.66 Bn) as detailed in note 6.
- (ii) "The freehold land was revalued on 31st March 2016 based on existing use basis, by an independent valuer Encik W. M. Malik, a member of the Institution of Surveyors, Malaysia, a partner with W. M. Malik & Kamaruzaman.

Revaluation gain over the carrying value of the freehold land has been credited to the capital accretion reserve and included under other reserves.

**Valuation Technique**                      **Significant unobservable valuation input:**

Existing use basis

Indicative market value of comparable land

- (iii) The carrying value of the freehold land, if the assets were carried at historical cost would have been Rs. 0.60 Mn as at 31st March 2016.
- (iv) During the financial year, the Company had not acquired or paid for property, plant and equipment (2016: Rs. 0.37 mn).

### 12. BEARER PLANTS

<i>As at 31 March</i>	<b>2017</b>	2016
	<b>Rs. '000</b>	(Restated) Rs. '000
Balance at the beginning of the year (Note 12.1)	<b>49,324</b>	51,638
Charge for the year	<b>(790)</b>	(2,314)
Disposals	<b>(48,534)</b>	-
Balance at the end of the year	<b>-</b>	49,324

#### 12.1 Adoption of Amendments to LKAS 41 (Agriculture) and LKAS 16 (Property, Plant & Equipment)

Upto 31st March 2016, the Company had fair valued biological assets in line with LKAS 41.

With effect from 1st April 2016 the Company adopted the amendments to LKAS 41 and LKAS 16 in keeping with the requirement to do so.

Accordingly, bearer plants were recognised at accumulated cost less depreciation (as a PPE) up to the date of classified as assets held for sale and have been applied retrospectively.

The corresponding adjustments relating to the reversal of the accumulated fair value gains, the corresponding foreign currency translation difference and the depreciation adjustment together with the related deferred taxation have been made via retained earnings ( Refer Note 12.1.1).

As explained in note 6, these Malaysian plantation assets were disposed during the financial year.

## 12.1.1 Reconciliation of Equity

	As at 31st March 2016		As at 1st April 2015 (Transition date)	
	As previously reported	*Adoption of Amendment to LKAS 41 and LKAS 16	As previously reported	Adoption of A* amendment to LKAS 41 and LKAS 16
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant & equipment	1,340,143	-	1,307,627	-
Biological assets	188,426	(188,426)	169,705	(169,705)
Bearer Plants	-	49,324	-	51,638
Non-current financial assets	5,350,963	-	4,252,540	-
<b>Total Non- Current Assets</b>	<b>6,879,532</b>	<b>(139,102)</b>	<b>5,729,872</b>	<b>(118,067)</b>
<b>Current Assets</b>				
Inventories	202	-	419	-
Trade receivables	7,050	-	8,523	-
Advances 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>-</b>	<b>35,707</b>	<b>-</b>
<b>Total Assets</b>	<b>6,903,728</b>	<b>(139,102)</b>	<b>5,765,579</b>	<b>(118,067)</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Stated capital	70,033	-	70,033	-
Retained earnings	203,735	(99,935)	228,709	(89,731)
Other reserves	6,486,987	(5,783)	5,353,356	-
<b>Total Shareholders' Funds</b>	<b>6,760,755</b>	<b>(105,718)</b>	<b>5,652,098</b>	<b>(89,731)</b>
<b>Non-Current Liabilities</b>				
Deferred tax liabilities	46,868	(33,384)	41,690	(28,336)
Retirement benefit obligations	1,583	-	1,561	-
<b>Total Non Current Liabilities</b>	<b>48,451</b>	<b>(33,384)</b>	<b>43,251</b>	<b>(28,336)</b>
<b>Current Liabilities</b>				
Trade and other payables	91,084	-	67,253	-
Provision and accrued expenses	3,438	-	2,977	-
<b>Total Current Liabilities</b>	<b>94,522</b>	<b>-</b>	<b>70,230</b>	<b>-</b>
<b>Total Liabilities</b>	<b>142,973</b>	<b>(33,384)</b>	<b>113,481</b>	<b>(28,336)</b>
<b>Total Equity and Liabilities</b>	<b>6,903,728</b>	<b>(139,102)</b>	<b>5,765,579</b>	<b>(118,067)</b>

\* Refer note 12.1 to the Financial Statements.

## Notes to the Financial Statements

### 12.1.2 Reconciliation of Total Comprehensive Income

	Year Ended 31.03.2016			
	As previously reported	*Adoption of Amendment to LKAS 41 and LKAS 16	**Reclassification due to Discontinued Operation	As restated
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Revenue</b>	126,952	-	(125,151)	1,801
Direct operating costs	(43,567)	(2,314)	45,881	-
<b>Gross profit</b>	83,385	(2,314)	(79,270)	1,801
Gain arising from changes in fair value of Biological Assets	12,938	(12,938)	-	-
Other income and gains	199	-	-	199
Administrative expenses	(29,109)	-	29,109	-
Finance Cost	(421)	-	421	-
<b>Profit before income tax</b>	66,992	(15,252)	(49,740)	2,000
Income tax expense	(16,851)	3,660	13,129	(62)
Profit for the year from Continuing operations	50,141	(11,592)	(36,611)	1,938
Profit after tax for the year from discontinued operations	-	-	36,611	36,611
<b>Profit for the year</b>	50,141	(11,592)	-	38,549
<b>Other Comprehensive Income</b>				
<b>Other Comprehensive Income/(Loss) to be reclassified to profit or loss in subsequent periods</b>				
Exchange Differences on translation of Financials of Foreign Operations	35,208	(4,395)	-	30,813
Gain on Change in Fair Value of Available-For-Sale Financial Assets	1,098,423	-	-	1,098,423
<b>Net other Comprehensive Income to be reclassified to profit or loss in subsequent periods</b>	1,133,631	(4,395)	-	1,129,236
<b>Other Comprehensive Income/(Loss) not to be reclassified to profit or loss in subsequent periods</b>				
Actuarial Gain on Defined Benefit Plan	468	-	-	468
Income tax effect	(112)	-	-	(112)
<b>Net other Comprehensive Income not to be reclassified to profit or loss in subsequent periods</b>	356	-	-	356
<b>Other Comprehensive Income for the year, net of tax</b>	1,133,987	(4,395)	-	1,129,592
<b>Total Comprehensive Income for the year, net of tax</b>	1,184,128	(15,987)	-	1,168,141

\* Refer note 12.1 to the Financial Statements.

\*\* Refer note 6 to the Financial Statements.

### 13. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

#### 13.1 Other Non Current Financial Assets

<i>As at 31 March</i>		2017	2016
		Rs. '000	Rs. '000
<b>Available for sale investments</b>			
Unquoted equity shares	(13.1.a)	<b>5,374,448</b>	5,001,578
Quoted equity shares	(13.1.b)	<b>206,239</b>	349,385
<b>Total available for sale investments</b>		<b>5,580,687</b>	5,350,963
<b>Total other financial assets - Non Current</b>		<b>5,580,687</b>	5,350,963

##### 13.1.a Available-for-sale investment — Unquoted Equity Shares

The Company holds a 13.33% equity investment (2016: 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 13.2 below.

##### 13.1.b Available-for-sale investment — Quoted Equity Shares

The Company holds a non-controlling interests of 2.21% (2016: 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. During the year, as explained in note 4.1, Company sold 34,128 shares held in Shalimar (Malay) PLC consequent to repurchase offer made by that Company.

#### 13.2 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.

	Carrying amount		Fair value	
	2017	2016	2017	2016
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets				
Available for sale financial investments	<b>5,580,687</b>	5,350,963	<b>5,580,687</b>	5,350,963
<b>Total</b>	<b>5,580,687</b>	5,350,963	<b>5,580,687</b>	5,350,963

The Company obtained the services of PricewaterhouseCoopers Advisory Services 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 31 December 2016. The primary approach adopted was the Income Approach using discounted cash flows method.

## Notes to the Financial Statements

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 is 26 years (including the Immature period).
- (b) Considered one planting cycle (i.e. no replanting at the end of the economic life).
- (c) CPO ex-mill prices are projected at USD 525/MT in 2016/17 and stabilise at USD 724/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%.
- (f) Indonesian Corporate Taxation rate of 25%. p.a.
- (g) Inflation assumed at approximately 4% to 5% p.a.

### 13.3 Sensitivity of the key assumptions used:

The significant unobservable inputs used in the above fair value measurement categorised within Level 3 of the fair value hierarchy (Note 10) together with a quantitative sensitivity analysis are as shown below:

The below values are based on 13.33% equity stake in SDSB and base case is at WACC of 12.5%.

Assets	WACC		CPO ex – mill price		Yield	
	1% Increase Rs. '000	1% Decrease Rs. '000	5% Increase Rs. '000	5% Decrease Rs. '000	5% Increase Rs. '000	5% Decrease Rs. '000
Effect of Fair Value of unquoted equity shares in SDSB designated as AFS	(902)	969	2,238	(2,238)	1,737	(1,737)

- 13.4 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.

**14. TRADE RECEIVABLES**

<i>As at 31 March</i>	<b>2017</b>	2016
	<b>Rs. '000</b>	Rs. '000
Trade Debtors	-	7,050
	-	7,050

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

	Total	Neither past due nor impaired	Past due but not impaired			
			<30 days	30 -60 days	61 - 90 days	> 90 days
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
2017	-	-	-	-	-	-
2016	7,050	7,050	-	-	-	-

**15. STATED CAPITAL**

<i>As at 31 March</i>	<b>2017</b>	2016
	<b>Rs. '000</b>	Rs. '000
<b>Issued and Fully Paid</b>		
<b>Ordinary</b>		
4,811,400 Ordinary Shares (2016 : 6,998,400)	<b>70,033</b>	70,033
	<b>70,033</b>	70,033

- 15.1** As explained in Note 6 and further to the market disclosure made and obtaining the shareholder and regulatory approval, the Company disposed of its plantation assets in Malaysia and distributed the net sales proceeds to the shareholders. Share repurchase offer was made to the shareholders as a primary means of distribution. Accordingly, the Company offered maximum of 2,187,000 shares for repurchase on the basis of 05 shares for every 16 shares held at a price per share of Rs.1,429.60/- The repurchase offer was opened from 29th December 2016 to 06th January 2017. The Company also obtained the approval of the shareholders on 16th November 2016 for the payment of consideration to the shareholders for the repurchase offer, as a major transaction in terms of section 185 of the Companies Act, No 07 of 2007.

Accordingly, the Company repurchased 2,187,000 shares which was the maximum number of shares offered for repurchase which comprised of 1,993,530 entitled shares and 193,470 additional shares and the Company distributed Rs. 3,126.54 mn to the shareholders on account of the share repurchase. The repurchased shares have been cancelled and consequently the number of ordinary shares of the Company outstanding as at 31st March 2017 is 4,811,400.

## Notes to the Financial Statements

### 16. OTHER RESERVES

<i>As at 31 March</i>	<b>2017</b>	2016 (Restated)
	<b>Rs. '000</b>	Rs. '000
Currency Translation Reserve	-	(166,737)
Available for Sale Reserve	<b>5,442,542</b>	5,200,672
Capital Accretion Reserve	-	1,447,269
	<b>5,442,542</b>	6,481,204

#### Currency translation Reserve

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. Upon disposal of Malaysian property, this reserve has been transferred to retained earnings through Statement of Profit or Loss.

#### Available for sale reserve

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

#### Capital accretion reserve

Included surplus arising from revaluation of property, plant and equipment. Upon the disposal of the Malaysian property, this reserve has been transferred to retained earnings.

The movements of all the above reserves are given in the Statement of Changes in Equity.

### 17. DEFERRED INCOME TAX

<i>As at 31 March</i>	<b>2017</b>	2016 (Restated)
	<b>Rs. '000</b>	Rs. '000
<b>Deferred Tax Liability</b>		
Deferred Tax on Property, Plant & Equipment	-	-
Deferred Tax on Bearer Plants	-	-
	-	-
<b>Deferred Tax Assets</b>		
Defined Benefit Plans - Through Statement of Profit or Loss	-	(492)
Defined Benefit Plans - Through Other Comprehensive Income	-	112
Provision for Ex-Gratia	-	-
	-	(380)
Effect of Exchange Rate movement	-	13,864
Net Deferred Tax Liability	-	13,484

**18. RETIREMENT BENEFIT OBLIGATIONS**

## Retirement Benefits Obligation-Gratuity

<i>As at 31 March</i>	<b>2017</b>	2016
	<b>Rs. '000</b>	Rs. '000
Beginning of the year	<b>1,583</b>	1,561
Charge for the year (Note 17.1)	<b>71</b>	223
Recognised in Other Comprehensive Income	-	(468)
Exchange Loss	<b>(113)</b>	267
Transferred at Disposal (Note 6)	<b>(1,541)</b>	-
End of the year	-	1,583

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:

	2016
Discount Rate	4%
Salary Increment Rate	3%
Withdrawal Rate	10%

**18.1 Charge for the year**

<i>For the year ended 31 March</i>	<b>2017</b>	2016
	<b>Rs. '000</b>	Rs. '000
Interest Cost	-	151
Current Service Cost	<b>71</b>	72
	<b>71</b>	223

## Notes to the Financial Statements

### 19. TRADE AND OTHER PAYABLES

<i>As at 31 March</i>		<b>2017</b>	<b>2016</b>
		<b>Rs. '000</b>	<b>Rs. '000</b>
Trade Creditors		-	4,852
Unclaimed Dividend	(Note 19.1)	<b>241,750</b>	50,349
<b>Amounts due to Related Companies</b>	<b>Relationship</b>		
Shalimar (Malay) PLC	Fellow Subsidiary	-	5,268
Indo Malay PLC	Fellow Subsidiary	-	15,932
Selinsing PLC	Fellow Subsidiary	-	13,329
GST Payable		<b>2</b>	1,354
		<b>241,752</b>	<b>91,084</b>

- 19.1** This amount includes Rs. 180.43 Mn of dividends relating to non-resident shareholders pending approval of the Controller of Exchange of Sri Lanka as at 31st March 2017. This approval was received on 20th April 2017 and consequently the dividend to non-resident shareholders were remitted.

### 20. SEGMENTAL REPORTING

For Management purpose, the Company is organised into the following two business segments.

#### (A) Industry

	Oil Palm (Discontinued Operations)		Investments		Company	
	2017	2016	2017	2016	2017	2016
	*(Restated)		*(Restated)		*(Restated)	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Revenue</b>						
External revenue	<b>64,391</b>	125,151	<b>8,233</b>	1,801	<b>72,624</b>	126,952
	<b>64,391</b>	125,151	<b>8,233</b>	1,801	<b>72,624</b>	126,952
<b>Result</b>						
Segment result	<b>1,867,125</b>	49,740	<b>76,382</b>	2,000	<b>1,943,507</b>	51,740
Taxation	<b>(10,808)</b>	(13,129)	<b>(598)</b>	(62)	<b>(11,406)</b>	(13,191)
	<b>1,856,317</b>	36,611	<b>75,784</b>	1,938	<b>1,932,101</b>	38,549
<b>Other Information</b>						
Segment assets	-	1,398,981	<b>5,820,726</b>	5,365,645	<b>5,820,726</b>	6,764,626
Segment liabilities	-	57,904	<b>262,814</b>	51,685	<b>262,814</b>	109,589
Depreciation	<b>1,190</b>	4,165	-	-	<b>1,190</b>	4,165
Retirement benefits (charge)	<b>71</b>	223	-	-	<b>71</b>	223

## (B) Geographical

	Malaysia (Discontinued Operations)		Sri Lanka		Company	
	2017	2016	2017	2016	2017	2016
	*(Restated)		*(Restated)		*(Restated)	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	<b>64,391</b>	125,151	<b>8,233</b>	1,801	<b>72,624</b>	126,952
Non-current assets	-	1,389,467	<b>5,580,687</b>	5,350,963	<b>5,580,687</b>	6,740,430

\*Prior period figures have been restated upon adoption of Amendments to LKAS 16 Property, Plant and Equipment and LKAS 41 Agriculture, as explained in Note 12.1.

Further, with the disposal of the Malaysian Plantations Assets, the results of the comparative period too has been reclassified under discontinued operations as explained in Note 6 to the financial statements.

**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**

There were no 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.

## Notes to the Financial Statements

## 25. RELATED PARTY DISCLOSURES

### 25.1 Transactions with related companies-2017

Name of the Company	Relationship	Nature of Transaction	Terms	Transaction Value During the year Rs.'000	Amount Outstanding as at 31.03.2017 Rs.'000
<b>Recurrent Transactions</b>					
1. Carson Management Services (Pvt) Ltd.	Group Company	Secretarial expenses	Note (a)	(721)	-
2. Good Hope Investment Pvt Ltd	Fellow Subsidiary	Data processing fee	Note (b)	(426)	-
3. AHL Business Solutions (Pvt) Ltd.	Fellow Subsidiary	IT support fee	Note (c)	(1,169)	-
4. Agro Harapan Lestari Sdn. Bhd. (AHL SB)	Fellow Subsidiary	Management fees, Sales Commissions and Performance Incentives	Note (d)	(9,059)	-
		Total		(11,375)	

#### Aggregate value of related party transactions as a % of net revenue is

9%

Name of the Company	Relationship	Nature of Transaction	Terms	Transaction Value During the year Rs.'000	Amount Outstanding as at 31.03.2017 Rs.'000
<b>Non - Recurrent Transactions</b>					
1. Goodhope Asia Holdings Ltd.	Immediate Parent	Share repurchase	Note 15.1	(3,102,416)	-
2. Shallmar (Malay) PLC	Fellow Subsidiary	Temporary Cash Advances Sale of Financial Assets Interest Expenses	Note (e) Note 4.1	277 78,433 (64)	-
3. Good Hope PLC	Fellow Subsidiary	Temporary Cash Advances Interest Expenses	Note (e)	2,854 (188)	-
4. Sellinsing PLC	Fellow Subsidiary	Interest Expenses	Note (e)	(228)	-

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) - AHL SB functioned as Managers to operate the Company's oil palm plantation business activities in Malaysia until the date of disposal of plantation assets 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 / income on the "temporary cash advances" given/received are at the prevailing market rates in Malaysia. These advances have been fully settled during the year.

## 25.2 Transactions with related companies-2016

Name of the Company	Relationship	Nature of Transaction	Terms	Transaction Value During the year Rs. '000	Amount Outstanding as at 31.03.2016 Rs. '000
<b>Recurrent Transactions</b>					
1. Carson Management Services (Pvt) Ltd.	Group Company	Secretarial expenses	Note (a)	(549)	-
2. Good Hope Investment Pvt Ltd	Fellow Subsidiary	Data processing fee	Note (b)	(677)	(333)
3. AHL Business Solutions (Pvt) Ltd.	Fellow Subsidiary	IT support fee	Note (c)	(1,628)	-
4. Agro Harapan Lestari Sdrh. Bhd. (AHL SB)	Fellow Subsidiary	Management fees, Sales Commissions and Performance Incentives	Note (d)	(17,059)	(1,642)
Total				(19,913)	

### Aggregate value of related party transactions as a % of net revenue is

14%

Name of the Company	Relationship	Nature of Transaction	Terms	Transaction Value During the year Rs. '000	Amount Outstanding as at 31.03.2017 Rs. '000
<b>Non - Recurrent Transactions</b>					
1. Goodhope Asia Holdings Ltd.	Immediate Parent	Temporary Cash Advances	Note (e)	19,252	-
2. Shallmar (Malay) PLC	Fellow Subsidiary	Temporary Cash Advances Interest Expenses	Note (e)	(15,232) (270)	(5,268)
3. Good Hope PLC	Fellow Subsidiary	Temporary Cash Advances Interest Expenses	Note (e)	(39,108) (58)	(15,932)
4. Sellinsing PLC	Fellow Subsidiary	Temporary Cash Advances Interest Expenses	Note (e)	(49,793) (93)	(13,329)

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) - AHL SB functioned as Managers to operate the Company's oil palm plantation business activities in Malaysia until the date of disposal of plantation assets 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 / income on the "temporary cash advances" given/received are at the prevailing market rates in Malaysia.

## Notes to the Financial Statements

### 25.3 Compensation to key management personnel

	2017	2016
	Rs. '000	Rs. '000
Emoluments/Fees	1,200	1,150

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 Note 14.1 on pages 13 and 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.

- 25.4** 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 as the Company continued to hold its main investment in SDSB. The directors have a reasonable expectation that the Company's investment segment operation will continue for the foreseeable future.

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial assets comprise of cash and short term deposits. The Company also holds available-for-sale investments.

The Company is exposed to the following areas of risk.

(a) **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. 5,374 mn (2016: Rs. 5,002 mn). Sensitivity analysis of these investments have been provided in Note 13.3.

**(b) Foreign Exchange Risk**

A currency risk is generated through the translation of foreign currency denominated investment to Sri Lankan Rupee for the purpose of financial reporting in Sri Lankan Rupees.

## Five Year Summary

<i>for the year ended 31st March</i>	2017	2016	2015	2014	2013
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Operating Results</b>					
<b>Continuing Operations</b>					
<b>Revenue</b>	<b>8,233</b>	1,801	1,931	104,939	51,080
Profit before taxation from Continuing Operations	<b>76,382</b>	2,000	(735)	101,386	44,679
Taxation	<b>(598)</b>	(62)	(69)	(259)	(478)
<b>Profit for the Year from Continuing Operations</b>	<b>75,784</b>	<b>1,938</b>	<b>(804)</b>	<b>101,127</b>	<b>44,201</b>
<b>Discontinued Operations</b>					
Profit for the Year from Discontinued Operations	<b>42,025</b>	49,740	67,829	93,116	123,001
Profits from disposal of Overseas plantation assets	<b>2,160,986</b>	-	-	-	-
Transfer from translation reserve on discontinued Overseas Branch operations	<b>(335,886)</b>	-	-	-	-
<b>Profit before taxation from Continuing Operations</b>	<b>1,867,125</b>	49,740	67,829	93,116	123,001
Taxation	<b>(10,808)</b>	(13,129)	(21,293)	(25,979)	(34,546)
<b>Profit for the Year from Discontinued Operations</b>	<b>1,856,317</b>	36,611	46,536	67,137	88,455
<b>Total Profit for the year</b>	<b>1,932,101</b>	38,549	45,732	168,264	132,656

<i>for the year ended 31st March</i>	2017	2016	2015	2014	2013
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Statement of Financial Position</b>					
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	-	1,340,143	1,307,627	1,459,695	1,484,900
Bearer Plants	-	49,324	51,638	53,952	54,434
Non-current financial assets	<b>5,580,687</b>	5,350,963	4,252,540	3,650,307	3,876,347
<b>Current Assets</b>	<b>240,039</b>	24,196	35,707	80,706	44,242
<b>Total Assets</b>	<b>5,820,726</b>	6,764,626	5,647,512	5,244,660	5,459,923
<b>Equity and Liabilities</b>					
Stated capital	<b>70,033</b>	70,033	70,033	70,033	70,033
Reserves	<b>5,487,879</b>	6,585,004	5,492,334	5,097,187	5,347,646
	<b>5,557,912</b>	6,655,037	5,562,367	5,167,220	5,417,679
<b>Non-Current Liabilities</b>					
Deferred tax liability	-	13,484	13,354	14,105	14,029
Retirement benefit obligations	-	1,583	1,561	1,862	2,104
	-	15,067	14,915	15,967	16,133
<b>Current Liabilities</b>	<b>262,814</b>	94,522	70,230	61,473	26,111
<b>Total Equity &amp; Liabilities</b>	<b>5,820,726</b>	6,764,626	5,647,512	5,244,660	5,459,923

<i>for the year ended 31st March</i>	2017	2016	2015	2014	2013
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Cash Flow Statements</b>					
Continuing Operations					
Net cash (outflows)/inflows from operating activities	5,193	(20,579)	1,501	103,668	47,943
Net cash (outflows)/inflows from investing activities	81,080	306	358	1,013	2,525
Net cash used in financing activities	(3,238,257)	(49,617)	(90,642)	(142,335)	(282,368)
<b>Net (decrease)/increase in cash &amp; cash equivalents from Continuing Operations</b>	<b>3,141,984</b>	<b>(69,890)</b>	<b>(88,783)</b>	<b>(37,654)</b>	<b>(231,900)</b>
Discontinued Operations					
Net Cash Flows from Discontinued Operations	3,376,590	63,324	46,712	69,385	82,960
<b>Net (decrease)/increase in cash &amp; cash equivalents</b>	<b>224,606</b>	<b>(6,566)</b>	<b>(42,071)</b>	<b>31,731</b>	<b>148,940</b>

<i>for the year ended 31st March</i>	2017	2016	2015	2014	2013
<b>Ratios and Statistics</b>					
Return on ordinary shareholders' funds (%)	34.76	0.58	0.82	3.26	2.45
Current ratio (times)	0.91	0.26	0.51	1.31	1.69
Quick asset ratio (times)	0.91	0.25	0.50	1.31	1.68
Gross profit margin (%) (a)	75.32	63.86	65.44	79.38	76.15
Net profit margin (%) (a) / (h)	162.22	30.37	31.95	62.17	54.27
Combined Earnings per ordinary share (EPS) (Rs.) (b)	285.11	5.51	6.53	24.04	18.96
EPS from Continuing Operations	11.18	0.28	(0.11)	14.45	6.32
EPS from Discontinued Operations	273.93	5.23	6.65	9.59	12.64
Dividend per ordinary share (Rs.) (c)	50.93	5.03	2.60	22.43	40.08
Dividend payout (%)	17.86	91.32	39.79	93.29	211.45
Net assets per ordinary share (Rs.) (d)	1,155.15	950.94	794.81	738.34	774.13
Market value per share (Rs.)	1,429.60	1,659.00	1,666.70	1,640.00	1,321.00
P/E ratio (times)	5.01	301.18	255.06	68.21	69.69
Market capitalisation (Rs.'000)	6,878,377	11,610,346	11,664,233	11,477,376	9,244,886

## Five Year Summary

<i>For the year ended 31st March</i>	<b>2017</b>	2016	2015	2014	2013
<b>Plantation Operations (Discontinued Operations)</b>					
Mature area (Ha.)	-	280.78	280.78	278.15	278.15
Immature area (Ha.)	-	-	-	-	2.63
Net sales average (RM)	<b>602.24</b>	454.40	476.98	505.80	540.99
Crop (MT)	<b>3,021</b>	8,016	7,510	8,074	8,532
Yield per Ha. (Tonnes) (e)	<b>10.76</b>	28.55	26.46	28.44	30.34
Cost of Production per Tonne of FFB (RM)	<b>160.34</b>	158.24	160.35	163.17	158.27

- (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.
- (f) Figures in previous years have been rearranged where ever necessary to conform to the discontinued Operations disclosed under Note 06 to the Financial Statements.
- (g). Prior period figures have been restated upon adoption of Amendments to LKAS 16 Property, Plant and Equipment and LKAS 41 Agriculture, as explained in Note 12.1 to the Financial Statements.
- (h). Net profit margin is calculated by dividing operational profits of both continued and discontinued operations by total revenue.

## Statement of Value Added

	2017	%	2016	%
	Rs. '000		Rs. '000	
<b>Revenue</b>	<b>72,624</b>		126,952	
Other income & gains	<b>75,490</b>		199	
	<b>148,114</b>		127,151	
Bought in materials and services	<b>125,871</b>		(47,800)	
	<b>273,985</b>		79,351	
<b>Distributed as follows:</b>				
<b>To Employees</b>				
as remuneration	<b>10,729</b>	3.92%	21,701	27.35%
<b>To Government</b>				
as taxation	<b>11,406</b>	4.16%	14,954	18.85%
<b>To Providers as capital</b>				
as ordinary dividends	<b>309,124</b>	112.83%	53,398	67.29%
<b>Retained in the Business</b>				
as depreciation	<b>1,190</b>	0.43%	4,165	5.25%
as deferred tax	-	0.00%	(1,762)	-2.22%
as retained profits	<b>(58,464)</b>	-21.34%	(13,105)	-16.52%
	<b>273,985</b>	100%	79,351	100%

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

\*Prior period figures have been restated upon adoption of Amendments to LKAS 16 Property, Plant and Equipment and LKAS 41 Agriculture, as explained in Note 12.1 to the Financial Statements.

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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>Year Ended 31 March</i>	<b>2017</b>	2016
	<b>US\$</b>	*(Restated) US\$
<b>Continuing Operations</b>		
Revenue	<b>55,774</b>	12,952
Other Income and Gains	<b>461,672</b>	1,431
<b>Profit Before Tax from Continuing Operations</b>	<b>517,446</b>	14,383
Income Tax Expense	<b>(4,051)</b>	(446)
<b>Profit from Continuing Operations</b>	<b>513,395</b>	13,937
<b>Discontinued Operations</b>		
Profit for the Year from Operations (Net of Tax)	<b>211,478</b>	263,294
Profit on Disposal of Overseas Plantation Assets (Net of Tax)	<b>14,639,507</b>	-
Transfer of Translation Reserve on Discontinued Overseas Branch Operations	<b>(2,275,445)</b>	-
<b>Total Profit for the Year from Discontinued Operations (Net of Tax)</b>	<b>12,575,540</b>	263,294
<b>Profit for the Year</b>	<b>13,088,935</b>	277,231

*Figures in brackets indicate deductions.*

\*Prior period figures have been restated consequent to the adoption of LKAS 16 Property Plant and Equipment and LKAS 41 Agriculture with effect from 1st April 2016 as more fully explained note 12 to the financial statements.

Further, with the disposal of the Malaysian Plantations Assets, the results of the comparative period too has been reclassified under discontinued operations as explained in Note 6 to the financial statements.

# Statement of Financial Position

<i>As at 31 March</i>	<b>2017</b>	2016
		*(Restated)
	<b>US\$</b>	US\$
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	-	9,262,488
Bearer Plants	-	340,894
Other Non Current Financial Assets	<b>36,718,670</b>	36,983,537
<b>Total Non-Current Assets</b>	<b>36,718,670</b>	46,586,919
<b>Current Assets</b>		
Inventories	-	1,395
Trade Receivables	-	48,731
Advance and Prepayments	<b>1,737</b>	8,179
Income Tax Receivable	-	4,092
Cash and Bank Balances	<b>1,577,623</b>	104,810
<b>Total Current Assets</b>	<b>1,579,360</b>	167,207
<b>Total Assets</b>	<b>38,298,030</b>	46,754,126
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Stated Capital	<b>880,554</b>	880,554
Retained Earnings	<b>298,293</b>	717,396
Other Reserves	<b>35,389,967</b>	44,398,754
<b>Total Shareholders' Funds</b>	<b>36,568,813</b>	45,996,704
<b>Non-Current Liabilities</b>		
Deferred Tax Liability	-	93,192
Retirement Benefit Obligations	-	10,936
<b>Total Non-Current Liabilities</b>	-	104,128
<b>Current Liabilities</b>		
Trade and Other Payables	<b>1,590,631</b>	629,533
Provision and Accrued Expenses	<b>16,238</b>	23,761
Taxes Payables	<b>122,348</b>	-
<b>Total Current Liabilities</b>	<b>1,729,217</b>	653,294
<b>Total Equity &amp; Liabilities</b>	<b>38,298,030</b>	46,754,126

\*Prior period figures have been restated consequent to the adoption of LKAS 16 Property Plant and Equipment and LKAS 41 Agriculture with effect from 1st April 2016 as more fully explained in note 12.1 to the financial statements.

# Notes to the Financial Statements

## 1. BASIS OF CONVERSION

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

The translation of the Financial Statements into US Dollar was affected on the following exchange rates.

	2017 Rs.	2016 Rs.
Income Statement	147.61	139.05
Monetary assets and liabilities	151.99	144.69
Non-current assets and liabilities	151.99	144.69

## 2. RETAINED EARNINGS

	2017 US\$	2016 *(Restated) US\$
Balance as at 1st April	717,396	2,157,562
Effect of adoption of amendments to LKAS 41 & LKAS 16	-	(1,196,491)
	717,396	961,071
Super Gain Tax Expense	-	(153,915)
Adjusted Balance as at 1st April	717,396	807,156
Profit for the year - Continuing Operations	513,395	13,937
Profit for the year - Discontinued Operations	12,575,540	263,294
Other Comprehensive Income /(Loss)	-	12,053
Realization of revaluation reserve due to disposal of Malaysian Property	9,111,535	-
Share repurchase	(20,572,017)	-
Transaction cost on share repurchase	(13,646)	-
Ordinary Dividend	(2,033,910)	(379,045)
<b>Balance as at 31 March</b>	<b>298,293</b>	<b>717,396</b>

## 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 (Discontinued)		Investment		Company	
	2017	2016	2017	2016	2017	2016
	*(Restated)				*(Restated)	
	US\$	US\$	US\$	US\$	US\$	US\$
<b>Revenue</b>						
External Revenue	<b>436,214</b>	906,109	<b>55,774</b>	12,750	<b>491,988</b>	918,859
	<b>436,214</b>	906,109	<b>55,774</b>	12,750	<b>491,988</b>	918,859
<b>Result</b>						
Segment result	<b>12,648,759</b>	357,713	<b>517,447</b>	14,383	<b>13,166,205</b>	372,096
Taxation	<b>(73,218)</b>	(94,419)	<b>(4,051)</b>	(446)	<b>(77,269)</b>	(94,866)
	<b>12,575,540</b>	263,294	<b>513,395</b>	13,937	<b>13,088,936</b>	277,231

#### Other Information

Segment Assets	-	9,670,395	<b>38,298,030</b>	37,083,731	<b>38,298,030</b>	46,754,126
Segment Liabilities	-	400,210	<b>1,729,217</b>	357,212	<b>1,729,217</b>	757,422
Capital Expenditure	-	-	-	-	-	-
Depreciation	<b>8,062</b>	29,953	-	-	<b>8,062</b>	29,953
Retirement Benefits Charge	<b>481</b>	1,712	-	-	<b>481</b>	1,712

#### (b) Geographical

	Malaysia		Sri Lanka		Company	
	2017	2016	2017	2016	2017	2016
	US\$	US\$	US\$	US\$	US\$	US\$
Revenue	<b>436,214</b>	906,109	<b>55,774</b>	12,750	<b>491,988</b>	918,859
Non-Current assets	-	9,603,382	<b>36,718,670</b>	36,983,537	<b>36,718,670</b>	46,586,919

\*Prior period figures have been restated consequent to the adoption of LKAS 16 Property Plant and Equipment and LKAS 41 Agriculture with effect from 1st April 2016 as more fully explained in note 12.1 to the financial statements.

## Five Year Summary

<i>for the year ended 31st March</i>	2017	2016	2015	2014	2013
	US\$	US\$	US\$	US\$	US\$
<b>Operating Results</b>					
<b>Continuing Operations</b>					
<b>Revenue</b>	<b>55,774</b>	12,952	14,718	803,392	393,286
Profit before taxation from Continuing Operations	<b>517,447</b>	14,383	(5,602)	776,190	344,002
Taxation	<b>(4,051)</b>	(446)	(526)	(1,983)	(3,680)
<b>Profit for the Year from Continuing Operations</b>	<b>513,395</b>	<b>13,937</b>	<b>(6,128)</b>	<b>774,208</b>	<b>340,322</b>
<b>Discontinued Operations</b>					
Profit for the Year from Discontinued Operations	<b>284,697</b>	357,713	516,989	717,471	947,036
Profits from disposal of Overseas plantation assets	<b>14,639,507</b>	-	-	-	-
Transfer from translation reserve on discontinued Overseas Branch operations	<b>(2,275,445)</b>	-	-	-	-
<b>Profit before taxation from Discontinued Operations</b>	<b>12,648,759</b>	357,713	516,989	717,471	947,036
Taxation	<b>(73,218)</b>	(94,419)	(162,294)	(199,440)	(265,984)
<b>Profit for the Year from Discontinued Operations</b>	<b>12,575,540</b>	263,294	354,695	518,031	681,052
<b>Total Profit for the year</b>	<b>13,088,935</b>	277,231	348,567	1,292,239	1,021,374

<i>for the year ended 31st March</i>	2017	2016	2015	2014	2013
	US\$	US\$	US\$	US\$	US\$
<b>Statement of Financial Position</b>					
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	-	9,262,488	9,808,183	11,165,723	11,702,262
Bearer Plants	-	340,894	387,324	412,698	428,986
Non-current financial assets	<b>36,718,670</b>	36,983,537	31,897,240	27,922,489	30,548,877
<b>Current Assets</b>	<b>1,579,360</b>	167,207	267,829	617,349	348,664
<b>Total Assets</b>	<b>38,298,030</b>	46,754,126	42,360,576	40,118,259	43,028,789
<b>Equity and Liabilities</b>					
Stated capital	<b>880,554</b>	880,554	880,554	880,554	880,554
Reserves	<b>35,688,259</b>	45,116,150	40,841,371	38,645,293	41,815,316
	<b>36,568,813</b>	45,996,704	41,721,925	39,525,847	42,695,870
<b>Non-Current Liabilities</b>					
Deferred tax liability	-	93,192	100,165	107,894	110,560
Retirement benefit obligations	-	10,936	11,709	14,243	16,581
	-	104,128	111,874	122,137	127,142
<b>Current Liabilities</b>	<b>1,729,217</b>	653,294	526,778	470,275	205,777
<b>Total Equity &amp; Liabilities</b>	<b>38,298,030</b>	46,754,126	42,360,576	40,118,259	43,028,789

## Five Year Summary

<i>for the year ended 31st March</i>	2017	2016	2015	2014	2013
	US\$	US\$	US\$	US\$	US\$
<b>Cash Flow Statements</b>					
<b>Continuing Operations</b>					
Net cash (outflows)/inflows from operating activities	34,167	(142,650)	11,259	768,765	366,173
Net cash (outflows)/inflows from investing activities	533,456	2,115	2,685	7,512	19,285
Net cash used in financing activities	(21,237,035)	(342,919)	(679,883)	(1,055,506)	(2,156,633)
<b>Net (decrease)/increase in cash &amp; cash equivalents from Continuing Operations</b>	<b>(20,669,412)</b>	<b>(483,454)</b>	<b>(665,939)</b>	<b>(279,229)</b>	<b>(1,771,175)</b>
<b>Discontinued Operations</b>					
Net Cash Flows from Discontinued Operations	22,147,181	528,834	350,375	514,535	633,621
<b>Net (decrease)/increase in cash &amp; cash equivalents</b>	<b>1,477,768</b>	<b>(45,380)</b>	<b>(315,594)</b>	<b>235,303</b>	<b>(1,137,504)</b>

<i>for the year ended 31st March</i>	2017	2016	2015	2014	2013
<b>Ratios and Statistics</b>					
Return on ordinary shareholders' funds (%)	34.76	0.58	0.82	3.26	2.45
Current ratio (times)	0.91	0.26	0.51	1.31	1.69
Quick asset ratio (times)	0.91	0.25	0.50	1.31	1.68
Gross profit margin (%) (a)	75.32	63.86	65.44	79.38	76.15
Net profit margin (%) (a) / (h)	162.22	30.37	31.95	62.17	54.27
Combined Earnings per ordinary share (EPS) (US\$) (b)	1.93	0.04	0.05	0.19	0.15
EPS from Continuing Operations	0.08	0.002	(0.001)	0.11	0.05
EPS from Discontinued Operations	1.86	0.04	0.05	0.07	0.10
Dividend per ordinary share (US\$) (c)	0.35	0.03	0.02	0.17	0.32
Dividend payout (%)	17.86	91.32	39.79	93.29	211.45
Net assets per ordinary share (US\$) (d)	7.83	6.57	5.96	5.65	6.10
Market value per share (US\$)	9.41	11.47	12.50	12.54	10.41
P/E ratio (times)	5.01	301.18	255.06	68.21	69.69
Market capitalisation (US\$ '000)	45,255	80,246	87,491	87,795	72,857

- (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.
- (f) Figures in previous years have been rearranged where ever necessary to conform to the discontinued Operations disclosed under Note 06 to the Financial Statements.
- (g) Prior period figures have been restated upon adoption of Amendments to LKAS 16 Property, Plant and Equipment and LKAS 41 Agriculture, as explained in Note 12.1 to the Financial Statements.
- (h) Net profit margin is calculated by dividing operational profits of both continued and discontinued operations by total revenue.

# 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 2017 was Rs. 1,429.60 per share (2016: Rs. 1,659.00 per share).

## 3. Shareholders

<i>As at 31st March</i>	<b>2017</b>	2016
No. of Ordinary Shareholders	<b>336</b>	345

The number of ordinary shares held by non – residents as at 31st March 2017 was 4,672,200 which amount to 97.11% of the total number of ordinary shares.

### Resident/Non-Resident Shareholders as at 31st March 2017

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	297	9,910	0.21	1	1	0.00	298	9,911	0.21
1,001 - 10,000	12	49,104	1.02	9	58,398	1.21	21	107,502	2.23
10,001 - 100,000	4	80,186	1.67	11	282,882	5.88	15	363,068	7.55
100,001 - 1,000,000	-	-	-	1	148,052	3.08	1	148,052	3.08
Above 1,000,000	-	-	-	1	4,182,867	86.94	1	4,182,867	86.94
<b>Grand Total</b>	<b>313</b>	<b>139,200</b>	<b>2.89</b>	<b>23</b>	<b>4,672,200</b>	<b>97.11</b>	<b>336</b>	<b>4,811,400</b>	<b>100.00</b>

### Categorisation of Shareholders as at 31st March 2017

	No. of Shareholders	No. of Shares	%
Individuals	308	627,980	13.05
Institutions	28	4,183,420	86.95

### Public Shareholding

Percentage of ordinary shares held by the public as at 31st March 2017 was 13.06% and the number of public shareholders was 323.

## 4. Market Performance - Ordinary Shares

<i>For the year ended 31st March</i>	<b>2017</b>	2016
Highest - (Rs.)	<b>1,978.90</b>	2,000
Lowest - (Rs.)	<b>1,100.00</b>	1,350
Volume Traded (Shares)	<b>920</b>	1,223
No. of Trades	<b>168</b>	102
Value of Shares Traded (Rs.'000)	<b>1,295</b>	2,014

## 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. 6,878.38 Mn as at 31st March 2017 (2016: Rs. 11,610.35 Mn).

## 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

## 7. Indonesian Property

PT Agro Indomas (PTAI), the Company's investment made through Shalimar Developments Sdn. Bhd. (Investment vehicle in Malaysia) is located in Kalimantan province, Indonesia.

The Indonesian investment, PT Agro Indomas is managed through the group's (GAHL) fully owned management arm in Indonesia. The Indonesia operation consists of 26,861 hectares of plantation with processing facilities of 225 MT/hr within the plantations.

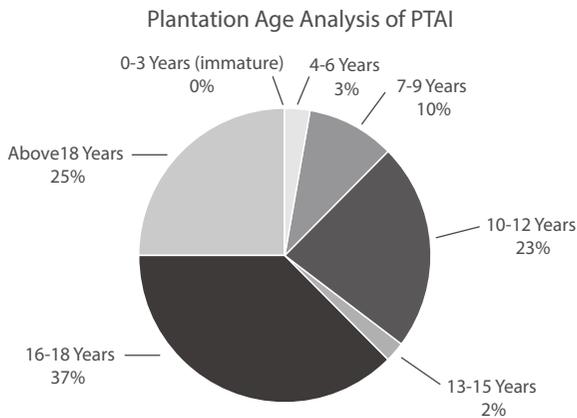
**Information to Shareholders and Investors**

**7. Indonesian Property (Contd.)**

	2017	2016	2015	2014	2013
Crop Production (MT)	407,349	454,564	458,711	454,110	540,691
CPO (MT)	96,038	117,087	118,247	100,462	125,875
PK (MT)	21,914	27,172	27,977	23,118	29,150
CPO Ex Mill Price (US\$)	517	464	677	704	706
FFB Yield (MT per Hectare)	20.40	22.77	22.90	22.91	27.28
CPO / Ha (MT)	4.11	4.94	5.90	4.89	5.59
Milling Capacity (MT per Hour)	225	225	225	225	180
Value of biological assets and property, plant & equipment (US\$ Mn)	Note 2	193.6	193.70	195.08	190.36

**Note 1** - The Indonesian operations was significantly impacted by the el-nino weather patterns witnessed during the previous year and had recorded two consecutive years of adverse weather effects, resulting in reduced crop production. The performance of this investment has reflected similar crop production recorded by other listed entities in the region.

**Note 2** - Up to 31st March 2016, the PT Agro Indomas had fair valued biological assets in line IAS 41. With effect from 1st April 2016 PTAI adopted the amendments to IAS 41 and IAS 16. Accordingly, Biological assets have been recognised at accumulated cost less depreciation (as a PPE). Consequently, accumulated biological gains of USD 65.18 Mn (net of tax) have been reversed to the retained earnings during the year under review. The valuation of SDSB as carried out by independent professional valuers as explained in note 13. 2 reflect the fair value of the investment which also considers the fair value of PTAI.



Oil palm trees have an average life up to 25 years, with the first 30 to 36 months as immature and the remaining years as mature. PTAI also follows the same accounting policies applicable to Oil Palm Plantation segment of the group as disclosed in Notes to the financial statement in pages 33 to 49.

# 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.

## Discontinued Operations

Operations of an entity that either has been disposed of, or is classified as held for sale

## 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

RM - 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 ELEVENTH ANNUAL GENERAL MEETING of INDO-MALAY PLC will be held on Friday, the 26th day of May 2017, at 9.00 a.m. at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 07, for the following purposes:

1. To receive and adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2017, together with the Report of the Auditors thereon.
2. To re-elect Mr. H. Selvanathan who retires by rotation in terms of Articles 85 & 86 of the Articles of Association of the Company.
3. 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 eighty 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".

4. 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 seven 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".

5. To re-appoint Mr. M. Selvanathan as a Director of the Company who is 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. M. Selvanathan who is seventy 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".

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.

By Order of the Board

(Sgd.)

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

Director

**Carsons Management Services (Pvt) Limited**

Secretaries

Colombo

24th April 2017

## Notes

1. 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.
2. The completed Form of Proxy must be deposited at the Registered Office of the Company at No.61, Janadhipathi Mawatha, Colombo 1 not later than 4.45 p.m. on 24th May 2017.
3. 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.
4. The transfer books of the Company will remain open.
5. 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 Friday, the 26th day of May 2017 at 9.00 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 2017, together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. H. Selvanathan 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-appoint Mr. I. Paulraj who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. 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"/>
5. To re-appoint Mr. M. Selvanathan who is 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 Seventeen.

.....  
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 2017.

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

H. Selvanathan (Chairman)  
M. Selvanathan  
I. Paulraj  
T. Rodrigo  
D. C. R. Gunawardena  
P. C. P. Tissera  
S. Mahendrarajah (Director /Alternate Director to Israel Paulraj)

## BANKERS

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

## AUDITORS IN SRI LANKA

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, Pusal 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  
+ 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 & CONTROLLING ENTITY

Bukit Darah PLC

Designed & produced by

**emagewise**

Printed by Printage (Pvt) Ltd



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A CARSON CUMBERBATCH COMPANY

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