



**Goodhope**

A CARSON CUMBERBATCH COMPANY

Shalimar (Malay) PLC Annual Report 2013/14

## Financial Calendar

Financial Year End 31st March 2014

### Announcement of Results

First Quarter ended 30th June 2013 14th August 2013

Second Quarter ended 30th September 2013 14th November 2013

Third Quarter ended 31st December 2013 13th February 2014

### Dividend Declaration

Interim 3rd January 2014

Final\* 23rd April 2014

**105th Annual General Meeting** 29th May 2014

*\* Subject to approval from Shareholders*

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# Chairman's Statement

## Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and audited Financial Statements of Shalimar (Malay) PLC for the year ended 31st March 2014, and welcome you to the One Hundred and Fifth Annual General Meeting of the Company.

The year under review saw palm oil prices stabilizing towards the end of the year, although prices fluctuated at the beginning of the financial year 2013/14. A general tightening of production was seen, particularly in Indonesia which reported a year-on-year drop in palm oil production in decades. Whilst this provided support for palm oil prices to move up, it had an impact on crop production of palm oil companies.

The low production trend impacted the production within the Company's plantations in Malaysia as well as other plantations within the vicinity. Further, as your Company's plantations are at its peak yielding cycle, the yield is also expected to even out as the palms mature. A more detailed assessment of the crop and price performance is provided in the Review of Industry and Operational Performance presented together with this Annual Report.

Your Company recorded a profit before tax of Rs. 248 mn for the year ended 31st March 2014, after taking into consideration other operating income, as compared to Rs. 223.97 mn recorded in the year to 31st March 2013. The net profit after tax for the period under review was Rs. 211.35 mn as compared to Rs. 178.94 mn recorded in the previous financial year.

Palm oil prices are expected to demonstrate stability given the current low global production of palm oil and an expectation of a potential El-Nino. In addition, palm oil prices will also

be supported by higher consumption and enhanced bio diesel mandates especially that in Indonesia, although targeted blending levels has still not materialized.

As your Company's plantation mature there will be biological correction taking place and the Company will undertake stringent measures to sustain the yield patterns and ensure its costs are managed within sustainable levels.

I would like to bring to the notice of the shareholders of the recent Directive issued by the Securities & Exchange Commission of Sri Lanka (SEC) on 20th December 2013 titled the "Rules on Minimum Public Float as a Continuous Listing Requirement", which requires a specified percentage of shares to be held by a minimum number of 'public' shareholders. All listed companies are required to be fully compliant with this Rule by 31st December 2016. As the shareholders are aware, the Company is not compliant with this Rule as at date.

In this connection, I also wish to draw the attention of the shareholders to the Voluntary Offer for all the shares of the minority shareholders made in March 2011. Since the Voluntary Offer did not result in the acquisition of the entirety of the balance minority shareholding, the Company continued to remain a listed entity, with a 'public float' of less than that is now required by the above Rule. It is pertinent to note that the said Voluntary Offer document itself indicated to the shareholders the rationale and the need for the Company's continued listing on the CSE would be assessed.

As you would appreciate, compliance with the above SEC Rule would conflict with the very objective of the aforesaid Voluntary Offer exercise.

Furthermore, subsequent to the Voluntary Offer, the majority shareholder of the Company i.e. Goodhope Asia Holdings Ltd has continued to buy shares in the Company, in respect of which the required intimations in terms of the listing rules have been and are being made.

Taking into consideration the above factors and the fact that there has already been a Voluntary Offer made in the past, the majority shareholder does not have any intention of diluting its holding nor does the Company intend to issue further shares in order to conform to the said Rule, and as such the Company is considering the option of de-listing from the Colombo Stock Exchange which would be done in consultation with the Regulator and required shareholder approval.

I would like to take this opportunity to extend my gratitude to all business associates, financiers, and the regulatory authorities in Sri Lanka and Malaysia for their continued support.

I would be failing in my duties if I don't extend the appreciation of the Board of Directors of the Company to the shareholders for their continued support and confidence placed in the Directors. I also wish to thank our management and staff in Malaysia and in Sri Lanka for all their hard work and dedication towards improving the performance of the Company. Last but not least, I would like to extend my appreciation to my fellow Board Members for their support and guidance throughout the year, and to the members of the Audit Committee and Remuneration Committee for their invaluable efforts.

*(Sgd.)*

**H. Selvanathan**

*Chairman*

23rd April 2014

# Review of Industry and Operational Performance

## Palm Oil Industry Scenario

Palm oil prices which started at relatively low levels, improved as the year progressed, as it became evident that there was a drop in production particularly in Indonesia and thereby global stocks of palm oil would also reduce in tandem. Palm oil prices moved up particularly during the second half of the financial year ending 31st March 2014.

The current expectation by the industry analysts is that the CPO prices will continue to hold well during the coming year. The positive outlook stems from the expected tightening in CPO production, whereby Indonesian production recorded a drop on year-on-year basis for the first time in decades. Further, there is an expectation of a potential El-Nino during the coming year.

Demand for palm oil is projected to be stable as consumption of palm oil based products is expected to increase; particularly

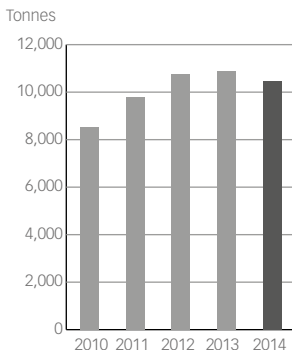
the demand for bio-diesel with enhanced bio-diesel mandates in Indonesia as well as demand from other countries. However, the use of palm oil for bio-diesel is directly linked to the crude oil prices (brentt) and the subsidies provided for bio-diesel production by the respective governments.

Accordingly, the current industry sentiment on palm oil prices is considered to be relatively positive and palm oil prices are hence expected to trade at current levels and perhaps increase towards the second half of the coming year.

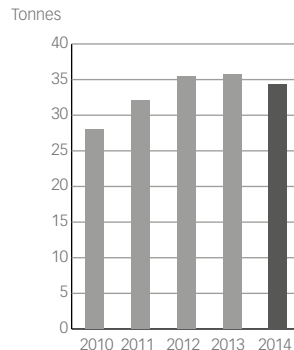
## Overview of Financial Performance and Operational Performance

The Company recorded a profit after tax of Rs. 211.35 mn during the year under review, as compared to Rs. 178.94 mn recorded in the previous year. Profit before tax was Rs. 248 mn as compared to Rs. 223.97 mn recorded in the previous year.

### Crop Production



### Yield Per Hectare



## Review of Industry and Operational Performance

The FFB production during the current year was affected by a general decline in palm oil production due to dry weather conditions. Further, given the relatively higher crop performance during the previous years and biological stress on palms, the yields tend to even out particularly considering that most of the palms are reaching its peak production cycle. Accordingly, the crop production during the year was 4% less than the previous year, although within the internal crop expectations given the factors explained above.

The Company will continue with its stringent agronomy and plantation management regime complimented with improved supervision and management of the plantations. Training is provided to plantation management and workers on adopting best plantation management practices, and in identifying and managing pests and diseases. Fertilization is carried out towards sustaining the peak yields recorded and emphasis is laid on good agronomy practices, pest and disease management, water and drainage management and improved harvesting standards.

The Company has been able to maintain cost of production at sustainable levels through cost control measures as well as through a focus on improving productivity levels. The challenge would be to sustain the cost of production over the next few years as the palms mature and move out of the peak yielding cycle.

Another emerging challenge facing the industry is the availability of workers within

the plantations, given stringent conditions being imposed by the government in the recruitment of foreign workers. However, we do not see this as a hindrance to our operations over the next few years as we have been able to obtain relevant renewals for foreign workers.

As at 31st March 2014, total plantation hectareage was 304.5 which was classified as mature. All the areas previously replanted have now reached mature stage and yielding crop.

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

23rd April 2014

# Risk Management

The Company's overall risk management objective is to ensure that it creates value for its shareholders, whilst minimising potential adverse effects on its performance. The established risk management framework is aligned to that of its parent company and clearly defined policies and guidelines are approved by the Board.

The integrated risk framework ensures the 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 mitigation actions. The following key risk profile is identified.

## Commodity Price Risk

The price of Crude Palm Oil (CPO) is derived based on international market forces. The sale of oil palm Fresh Fruit Bunches (FFB) is the prime source of cash inflow for the Company; however we have minimal influence on market fluctuations as a price taker.

Our end product is FFB, hence no price hedging is done.

## Environmental Risk

Unfavourable global and local weather patterns, resulting in adverse weather conditions, natural and man-made disasters including fires and haze from fires, droughts, floods, pestilence and crop disease could affect the quantity or quality of FFB we are able to harvest.

The Company seeks to invest in sound fertilizer applications and agronomy practices

to safeguard the operational yields that may be impacted due to adverse weather patterns. Furthermore, we have taken adequate measures to ensure proper water management in flood prone areas so that long term benefits can be reaped.

The Company adheres to a strict zero burning policy at our plantations; however, we are still susceptible to fires, other damages to plantations and government actions due to the burning conducted by third parties.

We attempt to indemnify such negative consequences by way of insurance where possible.

Potential crop production is affected by diseases such as Ganoderma, leaf eating insects and Bagworms ultimately impacting yields. The Company has set in place mechanisms to monitor pest attacks, and palms affected by Ganoderma are mounded in order to prolong its productive life. The Company will also replant areas significantly impacted by Ganoderma considering its future yield potential. Additionally, the Company constantly invests in agronomy and plantation management practices to mitigate the impact that would be caused by any sudden up-rise of these diseases.

## Labour Risk

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

## Risk Management

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

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

### Operational Risk

The Malaysian plantations have a significant dependence on third party millers due to the sale of FFB as we do not own CPO processing mills considering the volume of the operations – which gives us minimal influence as a price taker. We continue to negotiate for better rates and terms whilst seeking alternative millers to reduce the bargaining power of existing mill owners.

### Biological Asset Risk

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

## Financial Risks

### Foreign Exchange Risk

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

### Credit Risk

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

### Liquidity Risk

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

## Agro Harapan Lestari Sdn. Bhd.

### Managers

23rd April 2014



## Profile of the Directors

### Hariharan Selvanathan

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

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

He holds a Bachelor of Commerce Degree.

### Manoharan Selvanathan

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

He has served as the Chairman of The Ceylon Chamber of Commerce and the Indo Lanka

Chamber of Commerce & Industry and also as the President of the Rotary Club of Colombo North. At present he is the Honorary Consul of the Republic of Chile in Sri Lanka.

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

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

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

### Israel Paulraj

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

He served as Past Chairman of the Federation of Exporters Associations of Sri Lanka and the Coconut Products Traders Association. He was a Member of the Executive Committee of The Ceylon Chamber of Commerce and National Chamber of Commerce of Sri Lanka Shippers Council. He served on the Board of Arbitrators of The Ceylon Chamber of Commerce. He has served as Hony. General Secretary of the Central Council

## Profile of the Directors

of Social Services, Hony. Treasurer of the Christian Conference in Asia, President of the Church of Ceylon Youth Movement and Hony. Treasurer of the National Christian Council of Sri Lanka. He has also served as Chairman of the Incorporated Trustees of the Church of Ceylon.

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

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

### Chandima Gunawardena

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

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

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

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

### Chandana Tissera

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

He has previously served on the Board of Union Assurance PLC and counts over 29 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.

### **Nalake Fernando**

Nalake Fernando is a Director of the Property Management Companies of the Carson Cumberbatch Group - Equity One PLC and Equity Two PLC. He is also a Director of Carsons Management Services (Private) Limited and in some of the Boards of the Malaysian Plantation Companies of the Carsons Group. He was the Country representative for Sri Lanka with Dalekeller & Associates Ltd, Designers and Skidmore Ownings & Merrill Architects. He was also a Director of SKC Management Services Ltd.

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

### **Kenneth Sellayah**

Kenneth Sellayah is a Director of Good Hope PLC and Prime Property Management Services (Pvt) Ltd. He is also a former Director of Shaw Wallace & Hedges Ltd, General Manager of Ceylon Trading Co. Ltd, Director of several of its subsidiaries and Managing Director of Scanships Ltd. He served as Chairman of the Coconut and General Products Exporters Association and the Exports Section of The Ceylon Chamber of Commerce.

He is a former Director of CPC (Lanka) Ltd, CPC Agrifoods Ltd and a Member of several Committees of The Ceylon Chamber of Commerce. He is a Member of the Institute of Exports, UK and the Chartered Management Institute, UK.

## Statement of Directors' Responsibilities

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

According to the Companies Act No. 7 of 2007 and the Sri Lanka Accounting & Auditing Standards Act No. 15 of 1995, Directors are required to prepare Financial Statements for each financial year, giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss 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, and
- reasonable and prudent judgments and estimates have been made.

The Directors are responsible for ensuring that the Company maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company in order to ensure that the Financial Statements of the Company meet with the requirements of the Sri Lanka Accounting & Auditing Standards Act No. 15 of 1995 and the Companies Act No. 7 of 2007. They are also responsible for

taking reasonable measures to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of an appropriate system of internal controls with a view to prevent, detect and rectify frauds and other irregularities.

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

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

By Order of the Board,

*(Sgd.)*

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

*Director*

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

*Secretaries*

23rd April 2014

# 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 23rd April 2014.

## 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 2014 of Shalimar (Malay) PLC, a public limited liability Company incorporated in Sri Lanka in 1909.

## 2. The Principal Activities of the Company

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

## 3. Review of Operations

The review of the Company's operations during the year, with comments on financial results is stated in the Chairman's Statement on page 1 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.

## 4. Financial Results

The Company recorded a net profit after tax of Rs. 211.35 mn for the year. An abridgement of the Company's performance is presented in the table below.

## 5. Auditors' Report

The Auditors' Report on the Financial Statements is given on page 23 of this Annual Report.

## 6. Significant Accounting Policies

The Accounting policies adopted in the preparation of the Financial Statements are given on pages 29 to 42 in the Notes to the Financial Statements.

*For the year ended 31st March*

	<b>2014</b>	2013
	<b>Rs. '000</b>	Rs. '000
Profit after taxation	<b>211,345</b>	178,941
Profit brought forward from previous year	<b>343,469</b>	467,115
Profit available for appropriation	<b>554,814</b>	646,056
Other comprehensive income	<b>481</b>	-
<b>Appropriation</b>		
Dividend paid	<b>(234,713)</b>	(302,587)
Unappropriated profits carried forward	<b>320,582</b>	343,469

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

### 7. Financial Statements

The Company has prepared its Financial Statements, in compliant with Sri Lanka Accounting Standards (SLFRS/LKAS).

The Financial Statements of the Company comprising of the Income Statement, 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 2014 are set out in pages 24 to 58.

### 8. Statement of Directors' Responsibilities

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

### 9. Interests Register

#### 9.1 Directors' Interests

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

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

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

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

#### 9.2 Remuneration of Directors

The Directors' remuneration for the financial year ended 31st March 2014 is given in Note 5 and Note 22.2 to the Financial Statements on pages 43 and 55 respectively.

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

Directors' interests in contracts of the Company are disclosed in Note 22.3 on page 57 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 2014	1st April 2013
Mr. H. Selvanathan	-	-
Mr. M. Selvanathan	1	1
Mr. I. Paulraj	-	-
Mr. D.C.R. Gunawardena	-	-
Mr. A.K. Sellayah	-	-
Mr. P.C.P. Tissera	-	-
Mr. K.C.N. Fernando	-	-

## 10. Corporate Donations

There were no donations granted during the year.

## 11. Directors

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

### 11.1 Directors to Retire by Rotation

In terms of Articles 87 & 88 of the Articles of Association of the Company, Mr. K.C.N. Fernando retires by rotation and being eligible, offers himself for re-election.

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

Mr. I. Paulraj and Mr. A.K. Sellayah 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.

## 12. Auditors

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

A sum of Rs. 654,000 was paid to them by the Company as audit fees for the year ended 31st March 2014 (2013: Rs. 637,000).

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

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

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

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

## 13. Related Party Transactions Exceeding 10% of the Equity or 5% of the Total Assets of the Company

The Company did not have any transactions that exceeded 10% of the shareholders equity or 5% of the total assets. The transactions carried out by the Company with its related parties during the year ended 31st March 2014 are disclosed in Note 22.1 on page 55 and 56 to the Financial Statements.

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

### 14. Corporate Governance

The Board has ensured that the Company has complied with the Corporate Governance Rules as per the Listing Rules of the Colombo Stock Exchange (CSE).

#### 14.1 Board of Directors

The following Directors held office as at the reporting date and their brief profiles are given on pages 7 to 9 of this Annual Report.

Directors	Executive/Non-Executive/Independent
Mr. H. Selvanathan	Executive
Mr. M. Selvanathan	Executive
Mr. I. Paulraj	Non-Executive/Independent *
Mr. A.K. Sellayah	Non-Executive/Independent**
Mr. D.C.R. Gunawardena	Non-Executive
Mr. P.C.P. Tissera	Executive
Mr. K.C.N. Fernando	Executive

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 23rd April 2014, in order to enable the Board of Directors to determine the Independence/Non-Independence of the Non-Executive Directors.

Accordingly, the Board has determined the following Non-Executive Directors as Independent Directors on the Board.

\*The Board has determined that Mr. I. Paulraj is an Independent Director in spite of being on the Board for more than nine years and being a Director of many other Companies within the Carson Cumberbatch Group, of which a majority of other Directors of the Company are also Directors, since he is not directly involved in the management of the Company.

\*\*The Board has determined that Mr. A. K. Sellayah is an Independent Director in spite of being on the Board for more than nine years and 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 Managers of the Company are Agro Harapan Lestari Sdn. Bhd.

#### 14.2 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 Ultimate Parent Company functions as the Remuneration Committee of the Company and comprises of the following members.



Members	Executive/ Non-Executive/ Independent
Mr. I. Paulraj (Chairman)	Non-Executive/ Independent Director of CCPLC
Mr. M. Moonesinghe*	Non-Executive/ Independent Director of CCPLC
Mr. D.C.R. Gunawardena	Non-Executive Director of CCPLC
Mr. R. Theagarajah**	Non-Executive/ Independent Director of CCPLC

*\*Resigned from the CCPLC Board with effect from 31st March 2014 and accordingly from the Remuneration Committee with effect from 31st March 2014.*

*\*\*Appointed with effect from 1st April 2014*

### 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.

The Remuneration Committee meets at least twice a year.

Aggregated remuneration paid to the Non-Executive Directors are disclosed under Note 5 on page 43 and Note 22.2 on page 57.

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

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

### 14.3 Audit Committee

As per the rule 7.10.6 of the Listing Rules of the Colombo Stock Exchange the Audit Committee of CCPLC, the Ultimate Parent Company functions as the Audit Committee of the Company and comprises of the following members.

Audit Committee Members	Executive/ Non-Executive/ Independent
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 page 20 and 21 of this Annual Report.

### 15. Directors' Meetings

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

Directors	Meetings Attended (out of 3)
Mr. H. Selvanathan	3
Mr. M. Selvanathan	2
Mr. I. Paulraj	3
Mr. D.C.R. Gunawardena	3
Mr. A.K. Sellayah	3
Mr. P.C.P. Tissera	3
Mr. K.C.N. Fernando	3

### 16. Dividend

Subject to the approval of the shareholders at the Annual General Meeting, the Board of Directors recommend a final dividend of Rs. 11.38 per share for the year ended 31st March 2014. However, in accordance with Sri Lanka Accounting Standard LKAS 10 - Events after the Reporting Period, this proposed final dividend has not been recognized as a liability as at 31st March 2014. This would result in a total outflow of Rs. 78.98 mn subject to approval at the forthcoming Annual General Meeting.

Further, the Company has paid an interim dividend of Rs.19.59 per share resulting in a total outflow of Rs. 135.96 mn during the year.

### 17. Solvency Test

Taking into account the said distribution, the Directors are satisfied that the Company would meet the solvency test requirement under Section 56 (2) of the Companies Act No. 7 of 2007 immediately after the distribution. The Company's Auditors, Messrs. Ernst & Young have issued a Certificate of Solvency confirming the same.

### 18. Stated Capital

The Stated Capital of the Company as at 31st March 2014 was Rs. 69,400,800 comprising of 6,940,080 ordinary shares. There was no change in the Stated Capital of the Company during the year.

**19. Shareholders' Funds**

Total reserves of the Company as at 31st March 2014 was Rs. 5,141.08 mn (2013: Rs. 5,489.26 mn) comprising of Retained Earnings of Rs. 320.58 mn (2013; Rs. 343.47 mn) and Other reserves of Rs. 4,820.5 mn (2013; Rs. 5,145.8 mn). Total reserves combined with Stated Capital as at 31st March 2014 was Rs. 5,210.48 mn (2013: Rs. 5,558.67 mn). The movements are shown in the Statement of Changes in Equity given on page 27.

**20. Capital Expenditure and Investments**

The total expenditure on acquisition of property, plant & equipment during the year amounted to Rs. 0.66 mn (2013: Rs. 10.54 mn).

The movements in property, plant & equipment and investments during the year are set out in Notes 9 and 10 on pages 46 to 48 respectively.

**21. Value of the Properties**

The value of freehold land reflected in the Financial Statements as at 31st March 2014 is Rs. 1,481.76 mn compared to Rs. 1,515.79 mn in 2013. The details of freehold land valuation is given in Note 9 on page 46 to the Financial Statements.

**22. Value of Biological Assets**

Biological assets are stated at fair value. The Company obtains the services of an independent professional valuer to establish the fair value of biological assets. Accordingly the fair value of biological assets as

at 31st March 2014 was Rs. 219.52 mn (2013: Rs. 211.11 mn) as disclosed under Note 10 on page 47 to the Financial Statements.

**23. Value of the Investment**

The fair value of the Company's investment as at 31st March 2014 was Rs. 3,458.34 mn (2013: Rs. 3,741.26 mn) The fair value and the basis of valuation are disclosed under Note 11 on pages 48 to 50 to the Financial Statements.

**24. 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.

**25. Going Concern**

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

**26. 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 20 on page 54 to the Financial Statements.

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

### 27. Share Information

The details relating to earnings, net assets, market value per share and information on share trading is given on pages 69 to 71 of this Annual Report.

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

### 28. Annual Report

The Board of Directors on 23rd April 2014, 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

### 29. Annual General Meeting

The One Hundred and Fifth Annual General Meeting of the Company will be held on the 29th day of May 2014 at 3.00 p.m at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 7. The Notice of Annual General Meeting is on page 74 of this Annual Report.

### 30. TWENTY MAJOR SHAREHOLDERS

As at 31st March Name of Shareholders	2014		2013	
	No. of shares	%	No. of shares	%
Goodhope Asia Holdings Ltd	<b>5,597,736</b>	<b>80.66</b>	5,586,996	80.50
Selinsing PLC	<b>744,984</b>	<b>10.73</b>	744,984	10.73
Good Hope PLC	<b>215,136</b>	<b>3.10</b>	215,136	3.10
Indo-Malay PLC	<b>153,576</b>	<b>2.21</b>	153,576	2.21
Estate of Mr. F.C. Fellowes Gordon (Decd.)	<b>92,533</b>	<b>1.33</b>	92,533	1.33
Mr. A. Gobikrishna	<b>82,533</b>	<b>1.19</b>	92,533	1.33
Mr. K.C. Vignarajah	<b>25,756</b>	<b>0.37</b>	24,340	0.35
Mrs. S. Vignarajah	<b>4,759</b>	<b>0.07</b>	4,700	0.07
Mr. J.A.A. Chandrasiri	<b>2,500</b>	<b>0.04</b>	2,500	0.04
Mr. N.K. Punchihewa	<b>2,500</b>	<b>0.04</b>	2,500	0.04
Dr. D. Jayantha	<b>2,100</b>	<b>0.03</b>	2,100	0.03
Best Real Invest Co Services (Private) Limited	<b>1,651</b>	<b>0.02</b>	1,645	0.02
Mr. M.M.A. Ameen	<b>1,200</b>	<b>0.02</b>	1,200	0.02
Miss. K.R. Vignarajah	<b>800</b>	<b>0.01</b>	800	0.01
Dr. R.D. Kahandawa Arachchi	<b>700</b>	<b>0.01</b>	700	0.01
Mr. I.G.K.R.K. Jayaweera	<b>607</b>	<b>0.01</b>	637	0.01
Mr. H.W. Senaweera	<b>605</b>	<b>0.01</b>	605	0.01
Mrs. N.K.L. Munavir	<b>557</b>	<b>0.01</b>	557	0.01
Mrs. F.H. Ameen	<b>500</b>	<b>0.01</b>	500	0.01
Mr. P.K.D.F. Pittigala	<b>500</b>	<b>0.01</b>	500	0.01

- As at 23rd April 2014, Goodhope Asia Holding Group holds 6,795,070 (97.91%) shares of the Company.

### 31. **Internal Control and Risk Management**

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

### 32. **Pending litigation**

There are no litigations currently pending against the Company.

### 33. **Human Resources**

The Company has no employees other than the plantation workers in its Malaysian operations, since the business and operation of the Company are managed by Agro Harapan Lestari Sdn. Bhd. The Company has had no material issues pertaining to employees and industrial relations during the year ended 31st March 2014.

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*

23rd April 2014

# Audit Committee Report

## Audit Committee

As provided by the Colombo Stock Exchange Listing Rules, the Audit Committee of Carson Cumberbatch PLC (CCPLC), the ultimate Parent Company functions as the Audit Committee of the Company.

The Members of the Audit Committee are as follows:

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

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

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

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

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

## Meetings of the Audit Committee

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

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

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

The Audit Committee Meetings were attended by the Chief Financial Officer- Plantations, Oils and Fats Sector, internal auditors, as well as the senior management staff members.

The Committee met the External Auditors twice during the year, i.e. to discuss the audit scope and to deliberate the draft Financial Report and Accounts. The Audit Committee also met the External Auditors, Messrs. Ernst & Young and discussed the draft Financial Report and Accounts, 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 Shalimar (Malay) PLC have been reviewed by the Audit Committee Members at Audit Committee Meetings. The draft financial statements of Shalimar (Malay) PLC for the year ended 31st March 2014 were also reviewed at a Meeting of the Audit Committee Members, together with the External Auditors, Messrs. Ernst & Young, prior to release of same to the Regulatory Authorities and to the shareholders. The Audit Committee Members were provided with confirmations and declarations as required, by the Managers, Agro Harapan Lestari Sdn Bhd that the said financial statements were prepared in accordance with the Sri Lanka Accounting Standards (SLFRS) 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, financial audits are carried out annually, whilst field audits at estate level are planned and implemented every alternate year, which are carried out by the Plantation Sector Internal Audit Team. Accordingly, the Plantation Sector Internal Audit carried out a review as per the approved plan covering the plantation aspects for the current financial year.

### **External Audit**

The Members of the Audit Committee have determined that Messrs. Ernst & Young, Chartered Accountants were independent on the basis that they did not carry out any special assignment on the operations of the Company. The Committee has reviewed the external audit plan as well as management letters 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 2015, subject to the approval of the shareholders of Shalimar (Malay) PLC at the Annual General Meeting.

*(Sgd.)*

**V.P. Malalasekera**

*Chairman – Audit Committee*

**Carson Cumberbatch PLC**

23rd April 2014

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## **Financial Reports**

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# Independent Auditors' Report



Ernst & Young  
Chartered Accountants  
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## TO THE SHAREHOLDERS OF SHALIMAR (MALAY) PLC

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Shalimar (Malay) PLC ("Company"), which comprise the Statement of Financial Position as at 31 March 2014, and the Income Statement, 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 notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### *Scope of Audit and Basis of Opinion*

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

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

### *Opinion*

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2014 and the financial statements give a true and fair view of the financial position of the Company as at 31 March 2014 and 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*

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

**Ernst & Young**  
Chartered Accountants

23rd April, 2014  
Colombo

## Income Statement

<i>For the year ended 31st March</i>		<b>2014</b>	2013
	Note	<b>Rs. '000</b>	Rs. '000
<b>Revenue</b>	3	<b>319,030</b>	292,349
Direct operating costs		<b>(55,922)</b>	(62,844)
<b>Gross Profit</b>		<b>263,108</b>	229,505
Gain arising from changes in fair value of biological assets	10	<b>14,122</b>	22,030
Other income and gains	4	<b>454</b>	151
Administrative expenses		<b>(29,685)</b>	(27,713)
<b>Profit Before Tax</b>	5	<b>247,999</b>	223,973
Income tax expense	6	<b>(36,654)</b>	(45,032)
<b>Profit for the Year</b>		<b>211,345</b>	178,941
<b>Earnings per Share (Rs.)</b>	7	<b>30.45</b>	25.78
<b>Dividend per Share * (Rs.)</b>	7.1	<b>30.97</b>	40.83

Accounting Policies and Notes from pages 29 to 58 form an integral part of these Financial Statements.

*Figures in brackets indicate deductions.*

*\* Includes interim dividend and final dividend proposed for the year*

## Statement of Comprehensive Income

<i>For the year ended 31st March</i>		<b>2014</b>	2013
	Note	<b>Rs. '000</b>	Rs. '000
<b>Profit for the Year</b>		<b>211,345</b>	178,941
<b>Other Comprehensive Income</b>			
Actuarial gain/(loss) on defined benefit plan	16	<b>642</b>	-
Income tax effect	15.1	<b>(161)</b>	-
		<b>481</b>	-
Exchange differences on translation of foreign operations	14	<b>(42,378)</b>	(54,457)
Gain on revaluation of freehold land	9	-	12,587
Gain/(loss) on available-for-sale financial assets	11 & 14	<b>(282,924)</b>	157,195
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>(324,821)</b>	115,325
<b>Total comprehensive income/(loss) for the year, net of tax</b>		<b>(113,476)</b>	294,266

The Accounting Policies and Notes from pages 29 to 58 form an integral part of these Financial Statements.

*Figures in brackets indicate deductions.*

# Statement of Financial Position

As at	Note	31st March 2014 Rs. '000	31st March 2013 Rs. '000
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	9	1,508,754	1,544,088
Biological assets	10	219,516	211,105
Non-current financial assets	11	3,458,337	3,741,261
<b>Total Non-Current Assets</b>		<b>5,186,607</b>	<b>5,496,454</b>
<b>Current Assets</b>			
Inventories		342	274
Trade and other receivables	12	19,611	11,338
Advance and prepayments		175	883
Cash and cash equivalents		77,864	127,156
<b>Total Current Assets</b>		<b>97,992</b>	<b>139,651</b>
<b>Total Assets</b>		<b>5,284,599</b>	<b>5,636,105</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Stated capital	13	69,401	69,401
Retained earnings		320,583	343,469
Other reserves	14	4,820,496	5,145,798
<b>Total Shareholders' Funds</b>		<b>5,210,480</b>	<b>5,558,668</b>
<b>Non-Current Liabilities</b>			
Deferred tax liability	15	57,381	54,281
Retirement benefit obligations	16	2,358	3,129
<b>Total Non-Current Liabilities</b>		<b>59,739</b>	<b>57,410</b>
<b>Current Liabilities</b>			
Trade and other payables	17	10,872	15,024
Provision and accrued expenses		2,660	1,382
Taxation payable		848	3,621
<b>Total Current Liabilities</b>		<b>14,380</b>	<b>20,027</b>
<b>Total Equity &amp; Liabilities</b>		<b>5,284,599</b>	<b>5,636,105</b>
<b>Net assets per ordinary share (Rs.)</b>		<b>750.78</b>	<b>800.95</b>

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

(Sgd.)

**C. S. Karunasena**

Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. The Accounting Policies and Notes from pages 29 to 58 form an integral part of these Financial Statements

Signed for and on behalf of the Managers,

(Sgd.)

**M.R. Jiffrey**

Director

**Agro Harapan Lestari Sdn. Bhd.**

23rd April, 2014

Colombo

Signed for and on behalf of the Board,

(Sgd.)

**H. Selvanathan**

Chairman

(Sgd.)

**P. C. P. Tissera**

Director

# Statement of Changes in Equity

	Note	Stated	Capital	Currency	Available	Retained	Total Share
		Capital	Accretion	Translation	for - sale	Profits	holders
		Rs. '000	Reserve	Reserve	reserve	Rs. '000	Funds
			Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Balance as at 1st April 2012</b>		69,401	1,511,306	26,935	3,492,232	467,115	5,566,989
Profit for the year		-	-	-	-	178,941	178,941
Other comprehensive income/(loss)		-	12,587	(54,457)	157,195	-	115,325
Total comprehensive income/(loss)		-	12,587	(54,457)	157,195	178,941	294,266
Final dividend - 2011/12	7.1	-	-	-	-	(117,981)	(117,981)
Interim dividend - 2012/13	7.1	-	-	-	-	(184,606)	(184,606)
<b>Balance as at 31st March 2013</b>		69,401	1,523,893	(27,522)	3,649,427	343,469	5,558,668
<b>Balance as at 1st April 2013</b>		69,401	1,523,893	(27,522)	3,649,427	343,469	5,558,668
<b>Profit for the Year</b>		-	-	-	-	211,345	211,345
<b>Other Comprehensive Income/(Loss)</b>		-	-	(42,378)	(282,924)	481	(324,821)
<b>Total Comprehensive Income/(Loss)</b>		-	-	(42,378)	(282,924)	211,826	(113,476)
<b>Final Dividend - 2012/13</b>	7.1	-	-	-	-	(98,756)	(98,756)
<b>Interim Dividend - 2013/14</b>	7.1	-	-	-	-	(135,956)	(135,956)
<b>Balance as at 31st March 2014</b>		69,401	1,523,893	(69,900)	3,366,503	320,583	5,210,480

The Accounting Policies and Notes from pages 29 to 58 form an integral part of these Financial Statements.  
Nature of the reserves are described in Note 14 to the Financial Statements.

Figures in brackets indicate deductions.

# Cash Flow Statement

<i>For the year ended 31st March</i>		<b>2014</b>	2013
	Note	<b>Rs. '000</b>	Rs. '000
<b>Cash Flows from Operating Activities</b>			
<b>Profit before taxation</b>		<b>247,999</b>	223,973
Adjustments for:			
Depreciation on property, plant and equipment	9	<b>1,313</b>	1,275
Provision for retirement benefit obligations	16	<b>318</b>	627
Interest income		<b>(4,163)</b>	(3,183)
Gain from changes in fair value of biological assets		<b>(14,122)</b>	(22,030)
Exchange differences in currency translation		<b>(2,090)</b>	1,160
<b>Operating profit before working capital changes</b>		<b>229,255</b>	201,822
Decrease/(Increase) in inventories		<b>(68)</b>	98
Decrease/(Increase) in trade and other receivables		<b>(7,565)</b>	5,278
Increase/(Decrease) in trade payables and accruals		<b>(2,613)</b>	9,578
<b>Cash generated from/(used in) Operations</b>		<b>219,009</b>	216,776
Tax paid		<b>(36,460)</b>	(45,029)
Retirement benefits obligations paid	16	<b>(375)</b>	(572)
<b>Net Cash (Outflows)/Inflows from Operating Activities</b>		<b>182,174</b>	171,175
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment	9	<b>(656)</b>	(10,536)
Interest income		<b>4,163</b>	3,183
<b>Net Cash from Investing Activities</b>		<b>3,507</b>	(7,353)
<b>Cash Flow from Financing Activities</b>			
Dividend paid		<b>(234,973)</b>	(302,625)
<b>Net Cash used in Financing Activities</b>		<b>(234,973)</b>	(302,625)
<b>Net (Decrease)/Increase in Cash &amp; Cash Equivalents</b>		<b>(49,292)</b>	(138,803)
<b>Cash &amp; Cash Equivalents at the Beginning of the Year</b>		<b>127,156</b>	265,959
<b>Cash &amp; Cash Equivalents at the End of the Year (Note A)</b>		<b>77,864</b>	127,156
<b>Note A</b>			
<b>Cash &amp; Cash Equivalents</b>			
Cash and bank balances		<b>43,465</b>	40,706
Short-term deposits		<b>34,399</b>	86,450
		<b>77,864</b>	127,156

The Accounting Policies and Notes from pages 29 to 58 form an integral part of these Financial Statements.

*Figures in brackets indicate deductions.*

# Notes to the Financial Statements

## 1. CORPORATE INFORMATION

### 1.1 General

Shalimar (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 1 and the principal place of business is situated at Ladang Shalimar, 45700, Bukit Rotan, Selangor Darul Ehsan, Malaysia.

### 1.2 Principal Activities and Nature of Operations

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

### 1.3 Parent Entity and Ultimate Parent Entity

The Company’s parent entity is Goodhope Asia Holdings Ltd incorporated in Singapore. In the opinion of the Directors, the Company’s ultimate operating parent is Carson Cumberbatch PLC which is incorporated in Sri Lanka.

### 1.4 Date of Authorization for Issue

The Financial Statements of Shalimar (Malay) PLC for the year ended 31 March 2014 was authorized for issue in accordance with a resolution of the board of directors on 23rd April 2014.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 General Accounting Policies

#### 2.1.1 Statement of Compliance

The Financial Statements of Shalimar (Malay) PLC comprises the Statement of Financial Position and the Income Statement, 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 Accounts of Sri Lanka.

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

- Biological assets are measured at fair value

## 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 revalued

### 2.1.3 Comparative Information

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

The Company applied LKAS 19-Employee Benefits (Revised in 2013) in the current period. Accordingly Actuarial Gain or Loss is recognized in full in Other Comprehensive Income whereas it was previously recognized in full in the Income Statement. However the Financial Statements for the previous year have not been restated as the effect is immaterial.

## 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 Income Statement.

### (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 Income Statement are translated at the average exchange rate for the period. The exchange differences arising on 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 arise from the initial recognition of an asset or liability

in a transaction that affects neither the accounting profit nor the taxable profit.

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

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

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

Deferred tax assets and liabilities are set off if a legally enforceable right exists to set off current tax assets

## Notes to the Financial Statements

against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 2.2.3 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 2.2.4 Events after the Reporting Period

The materiality of the events after the reporting date is considered and appropriate adjustments or disclosures are made in the Financial Statements.

### 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 realized 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 and Depreciation

#### (a) Valuation

Property, plant & equipment are stated at cost or valuation, net of accumulated impairment and accumulated depreciation, provided on the basis stated in (c) below.

#### (b) 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.

#### (c) 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.

#### **(d) 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".

#### **(e) Revaluation of Land**

Revaluation of the freehold land in Malaysia is carried out at least once in every five years in order to ensure that the book values reflect the market value. Any surplus or deficit arising there from is adjusted through the Capital Accretion Reserve.

### **2.3.2 Biological Assets**

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

The Company obtains the services of an Independent Professional Valuer to establish the fair value of biological assets. Accordingly, the biological assets of the Company have been valued by KJPP Rengganis, Hamid & Partners of Indonesia.

## Notes to the Financial Statements

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

### 2.3.3 Financial Assets and Liabilities - Initial Recognition and Subsequent Measurement

Financial assets within the scope of LKAS 39 are classified 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 recognized initially at fair value plus (in the case of assets not at fair value through profit or loss) directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized 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 investments.

#### 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 that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction cost. After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate method (EIR), less impairment. The losses arising from impairment are recognized in the Income Statement as a part of administration costs.

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

Available-for-sale financial investments include quoted and unquoted investments. 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 recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the Income Statement in finance costs and removed from the available-for-sale reserve.

#### **Derecognition**

A financial asset is derecognized when:

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

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

#### **(c) Financial Assets carried at amortized Cost**

For financial assets carried at amortized 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

## Notes to the Financial Statements

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

### (d) 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 recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

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

#### Subsequent Measurement

Trade and other payables are measured at amortized cost.

#### Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

### 2.3.4 Inventories

Inventories, except for fresh fruit bunches, are stated at cost or net realizable value whichever is lower, after making due allowance for

obsolete and slow moving items. Fresh fruit bunches are stated at since realized values.

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

### 2.3.5 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 the Cash Flow Statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

### 2.3.6 Impairment of Non Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such indication exists, or when annual impairment testing for a financial asset or group

of financial assets is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell 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 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 recognized when the Company has a legal or constructive

## Notes to the Financial Statements

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 "Project Unit Credit Method". An actuarial valuation of the gratuity liability of the Company as at 31st March 2014 was undertaken by Actuarial and Management Consultants (Pvt) Ltd, a firm of professional actuaries. The result of such valuation was incorporated in these Financial Statements.

The Company's accounting policy for defined benefit plans is to recognise actuarial gains and losses in the

period in which they occur in full in Other Comprehensive Income and current service cost in the Income Statement.

Further, this liability is not externally funded.

#### (b) Defined Contribution Plans - EPF

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

Employer's contribution to Provident Fund covering the employees is recognized as an expense in the Income Statement 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 Income Statement

### 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 recognized 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 Income Statement, 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.

## Notes to the Financial Statements

### 2.7 Related Party Disclosures

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

### 2.8 Critical Accounting Estimates Judgments and Assumptions

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 along with the relevant note references.

	Policy	Note
Property, plant & equipment valuation and depreciation	2.3.1	09
Deferred Tax	2.2.2 (b)	15
Impairment of assets	2.3.3 / 2.3.6	-
Employee benefit liabilities	2.4.1	16
Determination and conversion of foreign currencies	2.2.1	8
Financial assets & liabilities	2.3.3	11/12/17
Biological assets valuation	2.3.2	10

## 2.9 Standards Issued But Not Yet Effective

The following SLFRS have been issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in the future and have not been applied in preparing these financial statements. Those SLFRS will have an effect on the accounting policies currently adopted by the Company and may have an impact on the future financial statements.

### (i) SLFRS 9 -Financial Instruments:

#### Classification and Measurement

SLFRS 9, as issued reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets and liabilities. This standard was originally effective for annual periods commencing on or after 01st January 2015. However, the original effective date has been deferred and revised effective date is yet to be announced.

### (ii) SLFRS 13 -Fair Value Measurement

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements. This standard will be effective for annual periods beginning on or after 01st January 2014. However use of fair value measurement principles contained in this standard are currently recommended.

In addition to the above, following standards will also be effective for annual periods commencing on or after 01st January 2014.

SLFRS 10 -Consolidated Financial Statements

SLFRS 11 -Joint Arrangements

SLFRS 12 -Disclosure of Interests in Other Entities

The above package of three standards will impact the recognition, measurement and disclosures aspects currently contained in LKAS 27-Consolidated and separate financial statements, LKAS 28- Investments in associates, LKAS 31-Interest in joint ventures

## Notes to the Financial Statements

and SIC-12 and SIC 13 which are on consolidation of special purpose entities (SPEs) and jointly controlled entities respectively.

Establishing a single control model that applies to all entities including SPEs and removal of the option to proportionate consolidate jointly controlled entities are the significant changes introduced under SLFRS 10 and SLFRS 11 respectively.

SLFRS 12 establishes a single standard on disclosures related to interests in other entities. This incorporates new disclosures as well as disclosures currently required under (as per ones previously captured in earlier versions of) LKAS 27, LKAS 28 and LKAS 31.

The Company will adopt these standards when they become effective. Pending the completion of detailed review, the financial impact is not reasonably estimable as at the date of publication of these financial statements.

<i>For the year ended 31st March</i>		<b>2014</b>	2013
		<b>Rs. '000</b>	Rs. '000
<b>3. REVENUE</b>			
<b>Oil Palm:</b>			
Sales of fresh fruit bunches		<b>215,614</b>	246,637
<b>Investment:</b>			
Dividend income		<b>99,252</b>	42,529
Interest income		<b>4,164</b>	3,183
		<b>319,030</b>	292,349
<b>4. OTHER INCOME AND GAINS</b>			
Other Income		<b>454</b>	151
		<b>454</b>	151
<b>5. PROFIT BEFORE TAX</b>			
<b>is stated after charging all expenses including the following:</b>			
Depreciation (Note 9)		<b>1,313</b>	1,275
Management and professional fees		<b>15,078</b>	15,863
Auditors' remuneration			
Audit fee for the current year		<b>654</b>	637
Directors' fees (Note 22.2)		<b>900</b>	900
Personnel costs (Note 5.1)		<b>23,674</b>	23,910
<b>5.1 Personnel Costs</b>			
Salaries, wages and other staff related expenses		<b>22,320</b>	22,228
Defined contribution plans - EPF		<b>1,036</b>	1,055
Retirement benefit obligations (Note 16)		<b>318</b>	627
		<b>23,674</b>	23,910
<b>6 TAXATION</b>			
<b>6.1 Major components of income tax expense</b>			

The major components of income tax expense for the financial year ended 31st March 2014 and 2013 are:

<i>For the year ended 31st March</i>		<b>2014</b>	2013
		<b>Rs. '000</b>	Rs. '000
<b>Income Statement:</b>			
<b>Current income tax</b>			
- Current year income tax expense		<b>33,687</b>	41,133
<b>Deferred income tax</b>			
- Origination/(reversal) of temporary differences (Note 15)		<b>2,967</b>	3,899
Income tax expense recognized in the income statement		<b>36,654</b>	45,032
<b>Other Comprehensive Income</b>			
Deferred tax on actuarial gains and losses (Note 15.1)		<b>161</b>	-
Income tax charged directly to other comprehensive income		<b>161</b>	-

## Notes to the Financial Statements

### 6.2 Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the year ended 31st March 2014 and 31st March 2013 are as follows:

<i>For the year ended 31st March</i>	<b>2014</b>	2013
	<b>Rs. '000</b>	Rs. '000
Profit before tax	<b>247,999</b>	223,973
Tax at applicable rates to profits (Notes 6.3 (b) & 6.3 (e))	<b>30,519</b>	27,115
<b>Adjustments:</b>		
Non-deductible expenses	<b>979</b>	726
Income not subject to tax		
(Including biological gains (Note 6.3 (d) & Note 10)	<b>(13,642)</b>	(7,776)
Double tax credit for Malaysian Branch (Note 6.3 (c))	<b>(16,597)</b>	(19,474)
Others-Taxation in Malaysian Branch (Note 6.3 (a))	<b>32,428</b>	40,542
Deferred Tax (Note 15)	<b>2,967</b>	3,899
<b>Income tax expense recognized in profit or loss</b>	<b>36,654</b>	45,032

### 6.3 Taxation of Profits

- (a) The provision for taxation on profits from plantation activities is based on the Company's liability to income tax in Malaysia. Profits from plantation activities is liable to tax in Malaysia at a rate of 25% (2013: 25%).
- (b) During the year ended 31st March 2014, as provided for under Section 46 of the Inland Revenue Act No. 10 of 2006, these profits are liable to tax in Sri Lanka at 12% (2013: 12%).
- (c) In terms of the Double Tax Treaty Agreement entered into between Sri Lanka and Malaysia, the Company is entitled to claim credit for tax paid in Malaysia, when calculating the Company's tax liability in Sri Lanka on profits from the plantation in Malaysia.
- (d) In terms of Section 9 & 10 of the Inland Revenue Act No. 10 of 2006, and amendments thereto, interest and dividend income received from Malaysia is exempt from income tax.
- (e) Profits of the Company, other than such referred to in Note 6.3 (b) and (d) are liable to tax at a rate of 28% (2013: 28%).

### 6.4 Dividend Tax

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

## 7. EARNINGS PER SHARE

The calculation of earnings per ordinary share of Rs. 30.45 (2013: Rs. 25.78) is based on the profit after taxation over the weighted average number of ordinary shares in issue during the year.

Given below is the computation of Earnings Per Share:

<i>For the year ended 31st March</i>	<b>2014</b>	2013
<b>Numerator</b>		
Profit for the year (Rs.)	<b>211,345,541</b>	178,940,669
Profit attributable to ordinary shareholders (Rs.)	<b>211,345,541</b>	178,940,669
<b>Denominator</b>		
Number of ordinary shares (Note 13)	<b>6,940,080</b>	6,940,080
Earnings Per Share (Rs.)	<b>30.45</b>	25.78
<i>For the year ended 31st March</i>	<b>2014</b>	2013
	<b>Rs. '000</b>	Rs. '000

### 7.1. Dividend Paid or Proposed

#### Dividend paid during the year

Interim dividend for 2014: Rs. 19.59 per share (2013: Rs. 26.60 per share)	<b>135,956</b>	184,606
Final Dividend for 2013: Rs.14.23 per share (2012: Rs. 17.00 per share)	<b>98,756</b>	117,981

#### Dividend proposed for approval at AGM (not recognized as a liability as at 31st March)

2014: 11.38 per share (2013: Rs.14.23 per share)	<b>78,978</b>	98,757
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<i>For the year ended 31st March</i>	<b>2014</b>	2013
Dividend Per Share (Rs.) *	<b>30.97</b>	40.83

\*Dividend per share is calculated by considering interim dividend paid and final dividend proposed for the year under review.

## 8. FOREIGN CURRENCY TRANSLATION

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

<i>As at 31st March</i>	<b>2014</b>	2013
	<b>Rs.</b>	Rs.
Malaysian Ringgit	<b>40.05</b>	40.97
US Dollar	<b>130.73</b>	126.87

## Notes to the Financial Statements

## 9. PROPERTY, PLANT &amp; EQUIPMENT

	Freehold Land Rs. '000	Freehold Buildings Rs. '000	Plant & Machinery Rs. '000	Furniture, Fittings and Equipment Rs. '000	Motor Vehicles Rs. '000	Capital Work in progress Rs. '000	Total Rs. '000
<b>Cost/Valuation</b>							
As at 1st April 2013	1,515,794	25,525	1,163	1,455	8,853	10,535	1,563,325
Additions	-	-	-	58	598	-	656
Disposals / Transfers	-	10,341	-	-	-	(10,341)	-
Translation adjustment for the year	(34,037)	(502)	(26)	(147)	(220)	(194)	(35,126)
<b>As at 31st March 2014</b>	<b>1,481,757</b>	<b>35,364</b>	<b>1,137</b>	<b>1,366</b>	<b>9,231</b>	<b>-</b>	<b>1,528,855</b>
<b>Depreciation</b>							
As at 1st April 2013	-	8,736	868	972	8,661	-	19,237
Charge for the year	-	1,048	56	52	157	-	1,313
Translation adjustment for the year	-	(210)	(20)	(23)	(196)	-	(449)
<b>As at 31st March 2014</b>	<b>-</b>	<b>9,574</b>	<b>904</b>	<b>1,001</b>	<b>8,622</b>	<b>-</b>	<b>20,101</b>
<b>Net Book Value</b>							
<b>As at 31st March 2014</b>	<b>1,481,757</b>	<b>25,790</b>	<b>233</b>	<b>365</b>	<b>609</b>	<b>-</b>	<b>1,508,754</b>
As at 31st March 2013	1,515,794	16,789	295	483	192	10,535	1,544,088

(i) The carrying value of the freehold land, if the asset was carried at historical cost would be Rs. 22 mn (2013: Rs. 22 mn).

(ii) Property, plant & equipment includes fully depreciated assets having a gross carrying amount of Rs.14.40 mn (2013: Rs.14.37 mn)

(iii) The freehold land in Malaysia was revalued on an existing use basis on 31st March 2013 by an independent valuer Encik W.M. Malik, a member of the Institution of Surveyors, Malaysia, a partner with W.M. Malik and Kamaruzaman. The Company has obtained a confirmation of the value of freehold land as at 31st March 2014 from the same valuer, and the carrying value approximates its fair value.

(iv) All property, plant & equipment are located in Malaysia.

(v) During the year company acquired and paid for property plant and equipment to the aggregate value of Rs 0.66 mn (2013: Rs.10.54 mn).



<i>As at</i>	<b>31st March 2014 Rs. '000</b>	31st March 2013 Rs. '000
<b>10. BIOLOGICAL ASSETS</b>		
Carrying value at the beginning of the year	<b>211,105</b>	195,598
Currency translation differences	<b>(5,711)</b>	(6,523)
	<b>205,394</b>	189,075
Gain arising from changes in fair value	<b>14,122</b>	22,030
Carrying value at the end of the year	<b>219,516</b>	211,105

Biological assets represent mature palm oil plantations in Malaysia. As market determined prices or values are not readily available for plantations in its present condition, the Company uses present value of expected future cash flows from the asset, discounted at current market determined pre-tax rate in establishing the fair value.

The Company obtains the services of an independent professional valuer to establish the fair value of the biological assets. Accordingly, the biological assets of the Company have been valued as at 31st March 2013 and 31st March 2014 by KJPP Rengganis, Hamid & Partners of Indonesia. These valuations are performed in accordance with international valuations standards using the following key assumptions:

- (a) Projected economic production life of palm oil plants is 22 years (2013: 22 years) after maturity.
- (b) Discount rate per annum of 8.27% in 2014 (2013: 8.25%).
- (c) This valuation is based on market FFB Price. FFB price for the first year is estimated at RM 542 per ton. FFB price is projected for second year is RM 508 per ton. The third year is estimated at RM 514 per ton. The fourth year is estimated at RM 510 per ton. The fifth year is estimated at RM 505 per ton. The remaining years are estimated at RM 505 per ton.

Gains or losses arising on initial recognition of plantations at fair value less costs to sell and from the changes in fair values less costs to sell of plantations at each reporting date are included in the Income Statement for the respective period. The deferred tax impact on recognition of biological assets has been charged to the Income Statement (Refer Note 15).

## Notes to the Financial Statements

Analysis of biological assets are as follows:

	2014 Rs. '000	2013 Rs. '000
<b>Plantation Values</b>		
Mature	219,516	211,105
	<b>219,516</b>	<b>211,105</b>

	Ha	Ha
<b>Plantation Area</b>		
Mature	304.50	304.50
	<b>304.50</b>	<b>304.50</b>

<i>As at</i>	31st March 2014 Rs. '000	31st March 2013 Rs. '000

### 11. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

#### 11.1 Non-Current Financial Assets

Available-for-sale investments		
Unquoted equity shares (11.1.a)	3,458,337	3,741,261
	-	
<b>Total available-for-sale investments</b>	<b>3,458,337</b>	<b>3,741,261</b>
<b>Total financial assets: Non-Current</b>	<b>3,458,337</b>	<b>3,741,261</b>

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

The Company holds a 13.33% equity investment (2013: 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.

The value of the Company's unquoted investment in SDSB has been determined based on the fair value of SDSB's investment in PTAI. In arriving at such fair value, property, plant and equipment and biological assets have been valued with reference to market based information by an independent professional valuer as at 31st December 2013.

The decline in the reported value of the Unquoted equity shares above is due to the effects of translation of the underlined fair value from its functional currency, Malaysian Ringgit to the reporting currency Sri Lankan Rupee and has been recognized in Available-for-Sale Reserve.

## 11.2 Fair Values

Set out below is a comparison by class of the carrying amounts and fair values of the Company's financial assets & liabilities that are carried in the Financial Statements.

As at	Carrying amount		Fair value	
	31st March 2014	31st March 2013	31st March 2014	31st March 2013
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Financial Assets</b>				
Trade and other receivables	19,611	11,338	19,611	11,338
Cash and short-term deposits	77,864	127,156	77,864	127,156
Available-for-sale investments	3,458,337	3,741,261	3,458,337	3,741,261
<b>Total</b>	<b>3,555,812</b>	<b>3,879,755</b>	<b>3,555,812</b>	<b>3,879,755</b>
<b>Financial Liabilities</b>				
Trade and other payables	10,872	15,024	10,872	15,024
<b>Total</b>	<b>10,872</b>	<b>15,024</b>	<b>10,872</b>	<b>15,024</b>

## 11.3 Fair Value Hierarchy (Determination of Fair Values)

The Company uses the following hierarchy for determining and disclosing the fair value of financial assets & liabilities by valuation technique as depicted in the table below.

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

## Notes to the Financial Statements

### 11.3 Fair value Hierarchy (Determination of fair values)

#### Financial assets measured at fair value

<i>As at</i>	<b>31st March</b>			
	<b>2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>Rs. '000</b>	<b>Rs. '000</b>	<b>Rs. '000</b>	<b>Rs. '000</b>

Available-for-sale financial assets				
Equity shares	<b>3,458,337</b>	-	-	<b>3,458,337</b>

<i>As at</i>	<b>31st March</b>			
	<b>2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>Rs. '000</b>	<b>Rs. '000</b>	<b>Rs. '000</b>	<b>Rs. '000</b>

Available-for-sale financial assets				
Equity shares	3,741,261	-	-	3,741,261

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

### 12. TRADE AND OTHER RECEIVABLES

Trade debtors	<b>19,256</b>	11,338
Other debtors	<b>355</b>	-
	<b>19,611</b>	11,338

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

	Total	Past due but not impaired			
		Current dues		Past due but not impaired	
		<30 days	30 - 60 days	61 - 90 days	> 90 days
	Rs.	Rs.	Rs.	Rs.	Rs.

<b>At 31 March 2014</b>	<b>19,256</b>	<b>19,256</b>	-	-	-
At 31 March 2013	11,338	11,338	-	-	-

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

### 13. STATED CAPITAL

Issued and fully paid ordinary shares		
6,940,080 ordinary shares	<b>69,401</b>	69,401
	<b>69,401</b>	69,401

As at	<b>31st March 2014 Rs. '000</b>	31st March 2013 Rs. '000
<b>14. OTHER RESERVES</b>		
Currency translation reserve	<b>(69,900)</b>	(27,522)
Available-for-sale reserve	<b>3,366,503</b>	3,649,427
Capital accretion reserve	<b>1,523,893</b>	1,523,893
	<b>4,820,496</b>	5,145,798

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

**Available-for-sale reserve** represents the excess between the fair value and cost of available-for-sale financial assets.

**Capital accretion reserve** includes surplus arising from revaluation of property, plant and equipment.

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

	Statement of			
	Financial Position		Income Statement	
	31st March 2014 Rs. '000	31st March 2013 Rs. '000	31st March 2014 Rs. '000	31st March 2013 Rs. '000

**15. DEFERRED INCOME TAX**

**Deferred Tax Liability**

Deferred tax on property, plant & equipment	<b>3,633</b>	2,801	<b>832</b>	9
Deferred tax on biological assets	<b>54,879</b>	52,776	<b>2,103</b>	3,879
	<b>58,512</b>	55,577	<b>2,935</b>	3,888

**Deferred Tax Assets**

Defined benefit plans - Through Income Statement	<b>(751)</b>	(782)	<b>31</b>	11
Defined benefit plans - Through Other Comprehensive Income	<b>161</b>	-	-	-
Provision for ex-gratia	<b>(11)</b>	(12)	<b>1</b>	-
	<b>(601)</b>	(794)	<b>32</b>	11
Effect of exchange rate movement	<b>(530)</b>	(502)	-	-
Deferred income tax expense/(income)	-	-	<b>2,967</b>	3,899
Net deferred tax liability	<b>57,381</b>	54,281		

## Notes to the Financial Statements

	2014	2013
	Rs. '000	Rs. '000

### 15.1 Reconciliation of Deferred Tax Charge / (Reversal)

Deferred Tax Charge/ (Reversal) reported in the Income Statement	2,967	3,899
Deferred Tax Reversal reported in Other Comprehensive Income	161	-
	<b>3,128</b>	3,899

<i>As at</i>	31st March 2014 Rs. '000	31st March 2013 Rs. '000
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### 16. RETIREMENT BENEFIT OBLIGATIONS

Beginning of the year	3,129	3,173
Charge for the year (Note16.1)	318	627
Actuarial gain - Recognized in Other Comprehensive Income	(642)	-
Payments made during the year	(375)	(572)
Exchange Loss	(72)	(99)
End of the year	<b>2,358</b>	3,129

Messrs. Actuarial & Management Consultants (Pvt) Ltd., Independent Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31st March 2014. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

<i>As at</i>	31st March 2014 Rs. '000	31st March 2013 Rs. '000
Discount Rate	4%	4%
Salary Increase Rate	3%	3%
Withdrawal Rate	10%	9%

The above liability is not externally funded.

	2014	2013
	Rs. '000	Rs. '000

### 16.1 Charge for the year

Interest Cost	122	127
Current Service Cost	196	500
	<b>318</b>	627

	Expected Future Salaries		Discount Rate	
	0.5% increase	0.5% decrease	1% increase	1% decrease
	Rs. '000	Rs. '000	Rs. '000	Rs. '000

### 16.2 Sensitivity of the principal assumptions used

The Change in Present value of Defined Benefit Obligation	35	(35)	(189)	219
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### 16.3 The average future working life of the defined benefit obligation at the end of the reporting period is 9 years.

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

### 17. TRADE AND OTHER PAYABLES

Trade and other creditors	<b>10,438</b>	14,329
Unclaimed dividend	<b>434</b>	695
	<b>10,872</b>	15,024

### 18. SEGMENTAL REPORTING

For management purpose, the Company is organized into the following two business units based on their products and services and two reportable segments have been identified as indicated below.

#### (A) Industry

	Oil Palm		Investments		Company	
	2014	2013	2014	2013	2014	2013
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Revenue</b>						
External revenue	<b>215,614</b>	246,637	<b>103,416</b>	45,712	<b>319,030</b>	292,349
	<b>215,614</b>	246,637	<b>103,416</b>	45,712	<b>319,030</b>	292,349

#### Result

Segment result	<b>147,439</b>	184,788	<b>100,560</b>	39,185	<b>247,999</b>	223,973
Taxation	<b>(35,729)</b>	(44,441)	<b>(925)</b>	(591)	<b>(36,654)</b>	(45,032)
	<b>111,710</b>	140,347	<b>99,635</b>	38,594	<b>211,345</b>	178,941

#### Other Information

Segment assets	<b>1,790,535</b>	1,894,845	<b>3,494,064</b>	3,741,260	<b>5,284,599</b>	5,636,105
Segment liabilities	<b>72,514</b>	75,415	<b>1,605</b>	2,022	<b>74,119</b>	77,437
Capital expenditure	<b>656</b>	10,536	-	-	<b>656</b>	10,536
Depreciation	<b>1,313</b>	1,275	-	-	<b>1,313</b>	1,275
Retirement benefits charge	<b>318</b>	627	-	-	<b>318</b>	627

## Notes to the Financial Statements

### (B) Geographical

	Malaysia		Sri Lanka		Company	
	2014	2013	2014	2013	2014	2013
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	215,614	246,637	103,416	45,712	319,030	292,349
Non-Current Assets	1,728,270	1,755,193	3,458,337	3,741,261	5,186,607	5,496,454

#### 19. CONTRACTS FOR CAPITAL EXPENDITURE

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

#### 20. EVENTS AFTER THE REPORTING DATE

After satisfying the solvency test in accordance with Section 57 of the Companies Act No. 7 of 2007, the Directors recommended the payment of final dividend of Rs. 11.38 per share for the year ended 31st March 2014. However, in accordance with Sri Lanka Accounting Standard No. 10 (LKAS-10) Events After the Reporting Period, this proposed final dividend has not been recognized as a liability as at 31st March 2014. This would result in a total outflow of Rs. 78.98 mn subject to approval at the forthcoming Annual General Meeting.

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

#### 21. CONTINGENT LIABILITIES AND ASSETS PLEDGED

The Malaysian plantation property of Indo-Malay PLC and part of the property of Selinsing PLC were pledged as security to Standard Chartered Bank, Singapore (lender) to secure a financing facility under Goodhope Asia Holdings Ltd (the Company's parent). The above credit line from the lender was also secured by charges created over other assets and plantation properties of the Group in Indonesia.

Further, in order to minimize the impact of an eventual claim on the Company, an internal arrangement was established among the four Malaysian Plantation Companies (Indo-Malay PLC, Selinsing PLC, Good Hope PLC, and Shalimar (Malay) PLC) to limit the exposure to 25% of such a claim.

On 4th November 2013, the Company's parent made arrangements with the lender to release these securities. Accordingly, the Company's exposure to contingent liability from the internal arrangement too ceases to exist.

There are no other contingent liabilities or assets pledged as at the reporting date of 31st March 2014.



## 22. RELATED PARTY DISCLOSURES

### 22.1 Transactions with Related Companies - 2014

Name of the Company	Relationship	Nature of Transaction	Transaction Value During the year Rs.'000	Amount Outstanding as at 31.03.2014 Rs.'000
Agro Harapan Lestari Sdn. Bhd. (AHL SB)	Fellow Subsidiary	Management fee, Sales commission and performance incentive	(22,940)	-
Shallimar Developments Sdn. Bhd. (SDSB)	Fellow Subsidiary	Dividend income	99,252	-
Indo-Malay PLC	Fellow Subsidiary	Dividend paid	(5,194)	-
Selinsing PLC	Fellow Subsidiary	Dividend paid	(25,195)	-
Goodhope Asia Holdings Ltd	Immediate Parent	Dividend paid	(188,953)	-
Carsons Management Services (Pvt) Ltd	Group Company	Secretarial expenses	(408)	-
AHL Business Solutions (Pvt) Ltd	Fellow Subsidiary	Data processing fee IT support fee	( 873) (3,134)	-
Good Hope PLC	Fellow Subsidiary	Dividend paid	(7,276)	-
Equity One PLC	Group Company	Service Charges	(8)	-
<b>TOTAL amounts due to Related Parties</b>				-
<b>TOTAL amounts due from Related Parties</b>				-

The all related party transactions have been conducted on an arms' length basis.

## Notes to the Financial Statements

**22. RELATED PARTY DISCLOSURES**  
**22.1 Transactions with Related Companies -2013**

Name of the Company	Relationship	Nature of Transaction	Transaction Value During the year Rs.'000	Amount Outstanding as at 31.03.2013 Rs.'000
Agro Harapan Lestari Sdn. Bhd. (AHL SB)	Fellow Subsidiary	Management fee, Sales commission and performance incentive	(15,215)	-
Shalimar Developments Sdn. Bhd. (SDSB)	Fellow Subsidiary	Dividend income	42,529	-
Indo-Malay PLC	Fellow Subsidiary	Dividend paid	(6,026)	-
Selinsing PLC	Fellow Subsidiary	Dividend paid Tractor rental income	(29,233) (151)	-
Good Hope PLC	Fellow Subsidiary	Dividend paid	(8,442)	-
Goodhope Asia Holdings Ltd	Immediate Parent	Dividend paid	(243,528)	-
Carson Management Services (Pvt) Ltd	Group Company	Secretarial expenses	(427)	-
AHL Business Solutions (Pvt) Ltd	Fellow Subsidiary	Data processing fee IT support fee	(1,346) (416)	-
Equity one PLC	Group Company	Accommodation Charges	(9)	-
<b>TOTAL amounts due from Related Parties</b>				

The all related party transactions have been conducted on and arms' length basis.

**22.2 Compensation to Key Management Personnel**

	2014 Rs. '000	2013 Rs. '000
Emoluments/Fees	900	900

Key management personnel of the Company to whom the above fee relates, are Non-Executive members of its Board of Directors. Details of Non-Executive Directors are given in note 14.1 on page 14 under Annual Report of the Board of Directors on the Affairs of the Company.

- 22.3** No material transactions have taken place during the year with the parties/entities in which key management personnel or their close family members have control, joint control or significant influence, which require disclosure in these Financial Statements other than those disclosed under Notes 22.1 and 22.2 above.

**23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's principal financial liabilities, comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has trade and other receivables, and cash and short term deposits that arise directly from its operations. The Company is exposed to commodity price risk, foreign exchange risk, credit risk and liquidity risk.

**(a) Commodity Price Risk**

The Company's primary source of cash inflows are from the sale of Fresh Fruit Bunches (FFB). As the FFB prices (Net Sales Average-NSA) are determined by the international market prices for Crude Palm Oil (CPO) the Company may be adversely affected by unfavourable price fluctuations. The Company's end product is FFB and hence no price hedging is done.

As at 31st March 2014, had the price of FFB been 5% higher/lower with all other variables being constant, profit before tax would have increased/decreased by Rs.10.78 mn (2013: Rs.12.33 mn).

## Notes to the Financial Statements

### (b) Foreign Exchange Risk

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

#### Foreign Currency sensitivity

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

	2% increase Rs. '000	2% decrease Rs. '000
Effect on equity of the company	(69,689)	69,689

### (c) Credit Risk

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

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

### (d) Liquidity Risk

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

## Five Year Summary

<i>For the year ended 31st March</i>	SLFRS			SLAS	
	2014 Rs.'000	2013 Rs.'000	2012 Rs.'000	2011 Rs.'000	2010 Rs.'000
<b>Operating Results</b>					
<b>Revenue</b>	<b>319,030</b>	292,349	289,960	260,213	124,230
<b>Profit Before Taxation</b>	<b>247,999</b>	223,973	279,133	193,866	63,449
Taxation	<b>(36,654)</b>	(45,032)	(57,935)	(40,846)	(15,305)
<b>Profit for the Year</b>	<b>211,345</b>	178,941	221,198	153,020	48,144
<b>As at 31st March</b>					
	2014 Rs.'000	2013 Rs.'000	2012 Rs.'000	2011 Rs.'000	2010 Rs.'000
<b>Statement of Financial Position</b>					
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	<b>1,508,754</b>	1,544,088	1,571,396	1,426,456	1,345,316
Biological assets	<b>219,516</b>	211,105	195,598	-	-
Non-current financial assets	<b>3,458,337</b>	3,741,261	3,584,066	91,834	91,834
	<b>5,186,607</b>	5,496,454	5,351,060	1,518,290	1,437,150
<b>Current Assets</b>	<b>97,992</b>	139,651	283,829	218,412	137,009
<b>Total Assets</b>	<b>5,284,599</b>	5,636,105	5,634,889	1,736,702	1,574,159
<b>Equity and Liabilities</b>					
Stated capital	<b>69,401</b>	69,401	69,401	69,401	69,401
Reserves	<b>5,141,079</b>	5,489,267	5,497,588	1,629,683	1,469,956
	<b>5,210,480</b>	5,558,668	5,566,989	1,699,084	1,539,357
<b>Non-Current Liabilities</b>					
Deferred tax liability	<b>57,381</b>	54,281	50,005	17,940	18,248
Retirement benefit obligations	<b>2,358</b>	3,129	3,173	2,236	2,036
	<b>59,739</b>	57,410	53,178	20,176	20,284
<b>Current Liabilities</b>	<b>14,380</b>	20,027	14,721	17,442	14,518
<b>Total Equity &amp; Liabilities</b>	<b>5,284,599</b>	5,636,105	5,634,889	1,736,702	1,574,159
<b>Cash Flow Statements</b>					
Net cash (outflows)/inflows from operating activities	<b>182,174</b>	171,175	205,121	175,164	52,667
Net cash (outflows)/inflows from investing activities	<b>3,507</b>	(7,353)	60,106	(10,793)	268,260
Net cash used in financing activities	<b>(234,973)</b>	(302,625)	(150,007)	(69,401)	(270,566)
Net (decrease)/increase in cash & cash equivalents	<b>(49,292)</b>	(138,803)	115,220	94,970	50,361

Amounts in the above Five Year Summary applicable for 2014, 2013 and 2012 are based on SLFRS whilst 2011 and 2010 are based on SLAS.

## Five Year Summary

	SLFRS			SLAS	
	2014	2013	2012	2011	2010
<b>Ratios and Statistics</b>					
Return on ordinary shareholders' funds (%)	<b>4.06</b>	3.22	3.97	9.01	3.13
Current ratio (times)	<b>6.81</b>	6.97	19.28	9.71	6.06
Quick asset ratio (times)	<b>6.79</b>	6.96	19.26	9.69	6.02
Gross profit margin (%)*	<b>82.47</b>	78.51	81.57	81.82	67.57
Net profit margin (%)*	<b>66.25</b>	61.21	76.29	58.81	38.75
Earnings per ordinary share (Rs.)**	<b>30.45</b>	25.78	31.87	22.05	6.94
Dividend per ordinary share (Rs.) (a)	<b>30.97</b>	40.83	24.50	14.00	10.00
Dividend payout (%)	<b>101.71</b>	158.38	76.87	63.49	144.09
Net assets per ordinary share (Rs.)***	<b>750.78</b>	800.95	802.15	244.82	221.81
Market value per share (Rs.)	<b>1,250</b>	879.60	899.90	829.00	640.00
P/E ratio (times)	<b>41.05</b>	34.11	28.23	37.60	92.26
Market capitalisation (Rs.'000)	<b>8,675,100</b>	6,104,494	6,245,378	5,753,326	4,441,651
<b>Plantation Operations</b>					
Mature area (Ha.)	<b>304.5</b>	304.50	304.50	304.50	304.50
Immature area (Ha.)	-	-	-	-	-
Net sales average (MYR)	<b>508.47</b>	540.60	647.30	633.01	440.68
Crop (Tonnes)	<b>10,451</b>	10,891	10,775	9,785	8,511
Yield per Ha. (Tonnes) (b)	<b>34.32</b>	35.77	35.39	32.13	27.95
Cost of Production per Tonne of FFB (MYR)	<b>131.87</b>	137.74	134.83	135.38	143.36

Amounts in the above Five Year Summary applicable for 2014, 2013 and 2012 are based on SLFRS whilst 2011 and 2010 are based on SLAS.

\* Gross profit margin and Net profit margin consist of dividend income received from its investment.

\*\* 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.

\*\*\* Net assets per ordinary share is calculated by dividing shareholders' funds by the number of ordinary shares.

(a) Based on proposed dividend and interim dividend paid.

(b) The yield is computed by taking into account the average mature hectares during the year.

## Statement of Value Added

	2014 Rs. '000	%	2013 Rs. '000	%
<b>Revenue</b>	<b>319,030</b>		292,349	
Other income & gains	<b>14,576</b>		22,181	
	<b>333,606</b>		314,530	
Bought in materials and services	<b>(59,978)</b>		(65,372)	
	<b>273,628</b>		249,158	
<b>Distributed as follows:</b>				
<b>To Employees</b>				
as remuneration	<b>23,674</b>	<b>8.65</b>	23,910	9.60
<b>To Government</b>				
as taxation	<b>33,687</b>	<b>12.31</b>	41,133	16.34
<b>To Providers of capital</b>				
as ordinary dividends	<b>234,712</b>	<b>85.78</b>	302,587	121.44
<b>Retained in the Business</b>				
as depreciation	<b>1,313</b>	<b>0.48</b>	1,275	0.51
as deferred tax	<b>3,128</b>	<b>1.14</b>	3,899	1.73
as retained profits	<b>(22,886)</b>	<b>(8.36)</b>	(123,646)	(49.62)
	<b>273,628</b>	<b>100</b>	249,158	100

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

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## **US\$ Financials**

Preparation of  
US Dollar Financials

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

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

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# Income Statement

<i>For the year ended 31st March</i>	<b>2014 US\$</b>	2013 US\$
<b>Revenue</b>	<b>2,471,654</b>	2,248,995
Direct operating costs	<b>(429,408)</b>	(485,046)
<b>Gross Profit</b>	<b>2,042,246</b>	1,763,949
Gain arising on change in fair value of biological assets	<b>108,491</b>	171,152
Other income and gains	<b>3,450</b>	1,164
Administrative expenses	<b>(228,193)</b>	(215,736)
<b>Profit Before Tax</b>	<b>1,925,994</b>	1,720,529
Income tax expense	<b>(281,489)</b>	(346,890)
<b>Profit for the Year</b>	<b>1,644,505</b>	1,373,639

*Figures in brackets indicate deductions.*

## Statement of Financial Position

<i>As at</i>	<b>31st March 2014 US\$</b>	31st March 2013 US\$
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	<b>11,540,994</b>	12,168,714
Biological assets	<b>1,679,156</b>	1,663,685
Non-current financial assets	<b>26,454,043</b>	29,484,289
<b>Total Non-Current Assets</b>	<b>39,674,193</b>	43,316,688
<b>Current Assets</b>		
Inventories	<b>2,619</b>	2,162
Trade and other receivables	<b>147,299</b>	89,323
Advance and prepayments	<b>4,050</b>	6,961
Cash and cash equivalents	<b>595,609</b>	1,002,094
<b>Total Current Assets</b>	<b>749,577</b>	1,100,540
<b>Total Assets</b>	<b>40,423,770</b>	44,417,228
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Stated capital	<b>868,000</b>	868,000
Retained earnings	<b>4,632,504</b>	4,805,213
Other reserves	<b>34,356,294</b>	38,133,760
<b>Total Shareholders Funds</b>	<b>39,856,798</b>	43,806,973
<b>Non-Current Liabilities</b>		
Deferred tax liability	<b>438,928</b>	427,783
Retirement benefit obligations	<b>18,039</b>	24,664
<b>Total Non-Current Liabilities</b>	<b>456,967</b>	452,447
<b>Current Liabilities</b>		
Trade and other payables	<b>83,166</b>	118,416
Provision and accrued expenses	<b>20,354</b>	10,890
Taxation payable	<b>6,485</b>	28,502
<b>Total Current Liabilities</b>	<b>110,005</b>	157,808
<b>Total Equity &amp; Liabilities</b>	<b>40,423,770</b>	44,417,228

# 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 Dollars was affected based on the following exchange rates:

		2014	2013
		Rs.	Rs.
Income Statement	Average rate	<b>130.62</b>	129.88
Monetary assets and liabilities	Closing rate	<b>130.73</b>	126.89
Non-current assets and liabilities	Closing rate	<b>130.73</b>	126.89

Gains or losses on conversions are accounted for in the other reserves.

## 2. RETAINED EARNINGS

		2014	2013
		US\$	US\$
Beginning of the year		<b>4,805,213</b>	5,777,770
Profit for the year		<b>1,644,505</b>	1,373,639
Other comprehensive income		<b>3,687</b>	-
Ordinary dividend		<b>(1,820,901)</b>	(2,346,196)
		<b>4,632,504</b>	4,805,213

## Notes to the Financial Statements

## 3. SEGMENTAL REPORTING

For management purpose, the Company is organized into the following two business segments.

## (A) INDUSTRY

	Oil Palm		Investments		Company	
	2014 US\$	2013 US\$	2014 US\$	2013 US\$	2014 US\$	2013 US\$
<b>Revenue</b>						
External revenue	1,653,774	1,902,104	817,880	346,891	2,471,654	2,248,995
	<b>1,653,774</b>	<b>1,902,104</b>	<b>817,880</b>	<b>346,891</b>	<b>2,471,654</b>	<b>2,248,995</b>
<b>Result</b>						
Segment result	1,130,105	1,424,391	795,889	296,138	1,925,994	1,720,529
Taxation	(274,372)	(342,328)	(7,117)	(4,562)	(281,489)	(346,890)
	<b>855,733</b>	<b>1,082,063</b>	<b>788,772</b>	<b>291,576</b>	<b>1,644,505</b>	<b>1,373,639</b>
<b>Other Information</b>						
Segment assets	13,696,442	14,228,346	26,727,328	30,188,882	40,423,770	44,417,228
Segment liabilities	554,694	594,322	12,278	15,933	566,972	610,255
Capital expenditure	5,005	81,121	-	-	5,005	81,121
Depreciation	10,085	9,875	-	-	10,085	9,875
Retirement benefits charge	2,352	4,645	-	-	2,352	4,645

## (B) GEOGRAPHICAL

	Malaysia		Sri Lanka		Company	
	2014 US\$	2013 US\$	2014 US\$	2013 US\$	2014 US\$	2013 US\$
Revenue	1,653,774	1,902,104	817,880	346,891	2,471,654	2,248,995
Non-current assets	13,220,150	13,832,399	26,454,043	29,484,289	39,674,193	43,316,688

## Five Year Summary

<i>For the year ended 31st March</i>	SLFRS			SLAS	
	2014	2013	2012	2011	2010
	US\$	US\$	US\$	US\$	US\$
<b>Operating results</b>					
<b>Revenue</b>	<b>2,471,654</b>	2,248,995	2,600,746	2,318,960	1,087,447
<b>Profit before taxation</b>	<b>1,925,994</b>	1,720,529	2,469,449	1,726,801	555,400
Taxation	<b>(281,489)</b>	(346,890)	(519,442)	(365,109)	(133,972)
<b>Profit for the year</b>	<b>1,644,505</b>	1,373,639	1,950,007	1,361,692	421,428
<b>Statement of Financial Position</b>					
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	<b>11,540,994</b>	12,168,714	12,069,093	12,914,951	11,801,018
Biological assets	<b>1,679,156</b>	1,663,685	1,502,287	-	-
Non-current financial assets	<b>26,454,043</b>	29,484,289	27,527,378	843,288	805,562
	<b>39,674,193</b>	43,316,688	41,098,758	13,758,239	12,606,580
<b>Current assets</b>	<b>749,577</b>	1,100,540	2,179,950	1,977,291	1,201,833
<b>Total Assets</b>	<b>40,423,770</b>	44,417,228	43,278,708	15,735,530	13,808,413
<b>Equity and Liabilities</b>					
Stated capital	<b>868,000</b>	868,000	868,000	868,000	868,000
Reserves	<b>38,988,798</b>	42,938,973	41,889,208	14,527,124	12,635,135
	<b>39,856,798</b>	43,806,973	42,757,208	15,395,124	13,503,135
<b>Non-Current Liabilities</b>					
Deferred tax liability	<b>438,928</b>	427,783	384,072	162,434	160,068
Retirement benefit obligations	<b>18,039</b>	24,664	24,376	20,247	17,860
	<b>456,967</b>	452,447	408,448	182,681	177,928
<b>Current Liabilities</b>	<b>110,005</b>	157,808	113,052	157,725	127,350
<b>Total Equity &amp; Liabilities</b>	<b>40,423,770</b>	44,417,228	43,278,708	15,735,530	13,808,413
<b>Cash Flow Statements</b>					
Net cash (out flows)/inflows from operating activities	<b>1,389,351</b>	1,364,897	2,000,675	1,579,548	462,691
Net cash (out flows)/inflows from investing activities	<b>27,219</b>	(58,370)	(10,852)	(97,718)	2,353,158
Net cash used in financing activities	<b>(1,823,054)</b>	(2,347,133)	(1,311,713)	(605,666)	(2,373,386)
Net (decrease)/increase in cash & cash equivalents	<b>(406,484)</b>	(1,040,606)	678,110	876,164	442,463

Amounts in the above Five Year Summary applicable for 2014, 2013 and 2012 are based on SLFRS whilst 2011 and 2010 are based on SLAS.

## Five Year Summary

	SLFRS			SLAS	
	2014	2013	2012	2011	2010
<b>Ratios and Statistics</b>					
Return on ordinary shareholders' funds (%)	<b>4.13</b>	3.14	4.56	8.84	3.12
Current ratio (times)	<b>6.81</b>	6.97	19.28	9.73	6.06
Quick asset ratio (times)	<b>6.79</b>	6.96	19.26	9.70	6.03
Gross profit margin (%)*	<b>82.63</b>	78.44	81.64	81.81	67.57
Net profit margin (%)*	<b>66.53</b>	61.08	74.98	58.72	38.76
Earnings per ordinary share (US\$)**	<b>0.24</b>	0.20	0.28	0.20	0.06
Dividend per ordinary share (US\$)	<b>0.24</b>	0.32	0.22	0.13	0.09
Dividend payout (%)	<b>100.00</b>	160.00	78.58	65.00	150.00
Net assets per ordinary share (US\$)***	<b>0.63</b>	6.31	6.16	2.22	1.95
Market value per share (US\$)	<b>5.74</b>	6.93	6.91	7.50	5.61
P/E ratio (times)	<b>9.56</b>	35.02	24.59	38.22	92.26
Market capitalization (US\$'000)	<b>40.35</b>	48,109	47,956	52,051	38,962

Amounts in the above Five Year Summary applicable for 2014, 2013 and 2012 are based on SLFRS whilst 2011 and 2010 are based on SLAS.

\* Gross profit margin and Net profit margin consist of dividend income received from its investment.

\*\* 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.

\*\*\* Net assets per ordinary share is calculated by dividing shareholders' funds by the number of ordinary shares.

(a) Based on proposed dividend and interim dividend paid.

(b) The yield is computed by taking into account the average mature hectares during the year.

# Information to Shareholders and Investors

## 1. Stock Exchange Listing

Shalimar (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 Shares as at 31st March 2014 was Rs. 1,250 per share (2013: Rs. 879.60 per share).

## 3. Shareholders

<i>As at 31st March</i>	<b>2014</b>	2013
No. of Ordinary Shareholders	<b>302</b>	276

The number of ordinary shares held by non-residents as at 31st March 2014 was 5,691,069 which amounts to 82% of the total number of ordinary shares.

### Resident/non-resident Shareholders as at 31st March 2014

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	228	12,316	0.18	1	800	0.01	289	13,116	0.19
1,001 - 100,000	6	14,710	0.21	-	-	-	6	14,710	0.21
100,001 - 100,000	2	108,289	1.56	1	92,533	1.33	3	200,822	2.89
100,001 - 1,000,000	3	1,113,696	16.05	-	-	-	3	1,113,696	16.05
Above 1,000,000	-	-	-	1	5,597,736	80.66	1	5,597,736	80.66
<b>Grand Total</b>	<b>299</b>	<b>1,249,011</b>	<b>18.00</b>	<b>3</b>	<b>5,691,069</b>	<b>82.00</b>	<b>302</b>	<b>6,940,080</b>	<b>100.00</b>

### Categorization of Shareholders as at 31st March 2014

	No. of Shareholders	No. of Shares	%
Individuals	277	226,650	3.27
Institutions	25	6,713,430	96.73

Percentage of ordinary shares held by the public as at 31st March 2014 was 3.29%

## Information to Shareholders and Investors

### 4. Market Performance - Ordinary Shares

Highest (Rs.)	<b>1,250</b>	1,300
Lowest (Rs.)	<b>750</b>	751
Volume Traded (Shares)	<b>14,214</b>	10,618
No. of Trades	<b>236</b>	322
Value of Shares Traded (Rs. '000)	<b>15,280</b>	9,670

### 5. Market Capitalization

Market capitalization of the Company, which is the number of ordinary shares multiplied by the market value of a share, was Rs. 8,675.10 mn as at 31st March 2014 (2013: Rs. 6,104.50 mn).

### 6. Proposed Final Dividends - Ordinary

The Directors recommend a final dividend of Rs. 11.38 per share for the year ended 31st March 2014.

### 7. Record of Scrip Issues

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

Year ended 31st March	Issue	Basis	No. of Ordinary Shares Capital	Cumulative Ordinary Shares Rs.
1998	-	-	270,000	2,700,000
1999	Bonus	10.9:1	2,943,000	32,130,000
2002 April	Bonus	1:5	642,600	38,554,000
2003 May	Bonus	1:5	771,120	46,263,260
2004 March	Bonus	1:2	2,313,360	69,400,800
<b>Total Shares in Issue</b>			<b>6,940,080</b>	

### 8. Malaysian Property

**8.1** The gross area of the Oil Palm plantation is 304.5 ha.

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

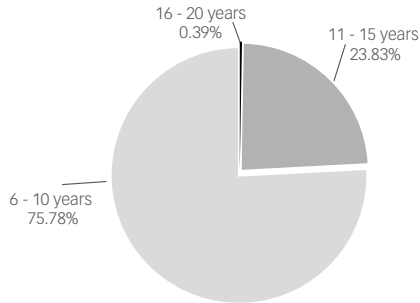
**8.3** The carrying value of the property, plant & equipment as at the reporting date was Rs. 1,508.75 mn (2013: 1,544.09) on an existing use basis.

### 9. Mature and Immature Plantation Age Analysis

Year	0 - 5	6 - 10	11 - 15	16 - 20	21 - 25		
Hectares	-	230.75	72.57	1.18	-	-	304.50



### Plantation Age Analysis of the company



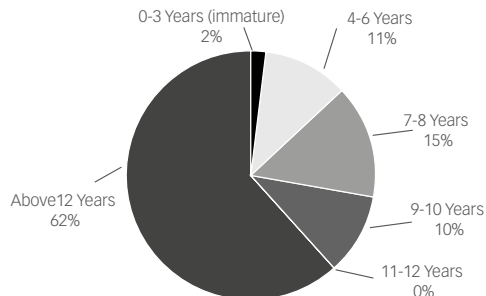
### 10. Indonesian Property

PT Agro Indomas (PTAI), the Company's investment made through Shalimar Developments Sdn. Bhd. (Investment vehicle in Malaysia) is located 75 km from Sampit, in close proximity to Terawan and Lampasa villages, in the District of Danua Sembuluh, in the regency of Seruyan in Central Kalimantan province, Indonesia.

The total land area of PT Agro Indomas is approximately 26,861 Ha. From the land area disclosed previously, approx. 9,000 Ha. has been reduced and not been planted. Land permits for this area have not been renewed due to land overlapping issues.

	2014	2013	2012	2011	2010
Crop Production (Tonnes)	<b>454,110</b>	540,691	480,869	498,012	474,401
CPO (Tonnes)	<b>100,462</b>	125,875	117,514	124,421	121,069
PK (Tonnes)	<b>23,118</b>	29,150	26,384	28,723	28,479
CPO Ex Mill Price (US\$)	<b>704</b>	706	840	790	615
FFB Yield (MT per Hectare)	<b>22.91</b>	27.28	25.18	26.84	26.05
CPO / Ha (MT)	<b>4.89</b>	5.59	5.84	6.11	6.29
Milling Capacity (Tonnes per Hour)	<b>225</b>	180	180	180	180
Value of biological assets and property, plant and equipment. (US\$ Mn)	<b>195.08</b>	190.36	179.72	162.54	140.74

### Plantation Age Analysis of PTAI



## Glossary of Financial Terms

### Capital Reserves

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

### Cash Equivalents

Liquid investments with original maturities of six months or less.

### Contingent Liabilities

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

### Current Ratio

Current assets divided by current liabilities.

### Quick Ratio

Current assets less inventories divided by current liabilities.

### Gross Profit Margin

Gross profit divided by revenue.

### Net Profit Margin

Net profit divided by revenue.

### Dividend Per Share

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

### Dividend Payout

Total interim and proposed dividends divided by profit after tax.

### Earnings Per Ordinary Share

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

### Equity

Shareholders' funds.

### Events Occurring after the reporting Date

Significant events that occur between the reporting date and the date on which Financial Statements are authorised 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.

**Rate of Ordinary Dividend**

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

**Reserves**

The total of capital and revenue reserves.

**Related Parties**

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

**Return on Shareholders' Funds**

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

**Revenue Reserves**

Reserves considered as being available for distribution.

**Segment**

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

**Value Addition**

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

**Others**

CPO - Crude Palm Oil

PK - Palm Kernel

FFB - Fresh Fruit Bunches

Ha - Hectare

MYR - Malaysian Ringgit

MPC - Malaysian Plantation Companies

## Notice of Meeting

NOTICE IS HEREBY GIVEN that the ONE HUNDRED AND FIFTH ANNUAL GENERAL MEETING of SHALIMAR (MALAY) PLC will be held on Thursday the 29th day of May 2014, at 3.00 p.m. at the 8th Floor, No. 65C, Dharmapala Mawatha, Colombo 7, 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 2014, together with the Report of the Auditors thereon.
2. To declare a dividend as recommended by the Directors.
3. To re-elect Mr. K.C.N. Fernando who retires by rotation in terms of Articles 87 & 88 of the Articles of Association of the Company.
4. To re-appoint Mr. I. Paulraj as a Director of the Company who is over seventy years of age and to consider and if deemed fit to pass the following resolution:

IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not be applicable to Mr. I. Paulraj who is Seventy 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. A.K. Sellayah 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. A.K. Sellayah who is Seventy Two 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) Ltd.**

*Secretaries*

Colombo

23rd April 2014

### 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, No.61, Janadhipathi Mawatha, Colombo 1, not later than 3.00 p.m. on 27th May 2014.
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 ..... being \*a  
 of ..... Member/Members of SHALIMAR (MALAY) PLC, hereby appoint .....  
 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,
Allen Kenneth Sellayah	or failing him,
Don Chandima Rajakaruna Gunawardena	or failing him,
Palehenalage Chandana Priyankara Tissera	or failing him,
Kurukulasuriya Calisanctus Nalaka Fernando	

As \*my/our proxy to attend at the Annual General Meeting of the Company to be held on Thursday the 29th day of May 2014 at 3.00 p.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 2014, together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare Rs. 11.38 per share as a final dividend for the financial year ended 31st March 2014 as recommended by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. K.C.N. Fernando who retires by rotation in terms of Articles 87 & 88 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Mr. I. Paulraj who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Mr A.K. Sellayah who is over seventy years of age as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-appoint Messrs. Ernst & Young, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act No. 7 of 2007 and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

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

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 69 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 65 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 3.00 p.m. on 27th May 2014.

Please fill in the following details

Name : .....

Address : .....

Jointly with : .....

Share Folio No. : .....



# Corporate Information

## NAME OF THE COMPANY

Shalimar (Malay) PLC

## COMPANY REGISTRATION NUMBER

PQ 51

## LEGAL FORM

A Public Quoted Company with Limited Liability Incorporated in Sri Lanka in 1909

## DIRECTORS

Hariharan Selvanathan (Chairman)  
Manoharan Selvanathan  
Israel Paulraj  
D. Chandima R. Gunawardena  
Allan Kenneth Sellayah  
P. Chandana P. Tissera  
K. C. Nalake Fernando

## 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 Damanela  
Pusat Bandar Damansara  
50490, Kuala Lumpur, Malaysia  
Tel: + 603 7495 8000  
+ 603 2095 5332 (General line)

## MANAGERS

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

## SECRETARIES

Carsons Management Services  
(Pvt) Ltd  
61, Janadhipathi Mawatha  
Colombo 1, Sri Lanka  
Tel: + 94 11 2039200  
Fax: + 94 11 2039300

## REGISTERED OFFICE

61, Janadhipathi Mawatha  
Colombo 1, Sri Lanka  
Tel: + 94 11 2039200  
Fax: + 94 11 2039300

## PRINCIPAL PLACE OF BUSINESS

Ladang Shalimar  
45700 Bukit Rotan Selangor Darul Ehsan  
Malaysia

## CORPORATE WEBSITE

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

## HOLDING COMPANY

Goodhope Asia Holdings Ltd

## ULTIMATE PARENT AND CONTROLLING ENTITY

Carson Cumberbatch PLC

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