BEYOND BORDERS

CONTENTS

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BEYOND BORDERS

Incorporated in 1916 and based in Colombo, Sri Lanka, Bukit Darah PLC together with its subsidiaries is engaged in the businesses of oils & fats, oil palm plantations - overseas - & leisure, beverages, portfolio & asset management, real estate & management services - locally.

One of Sri Lanka's leading diversified holding companies, Bukit Darah PLC is also operating in Malaysia, Indonesia and Singapore.

For over a century, our company has demonstrated a clear and ambitious vision, exceptional strategic thinking and insight, and an energetic, proactive approach to challenges, by breaching borders set by geographical boundaries as well as limits of our own imagination.

Evolution demands innovation, adaptability and determination, qualities which underpin our vision and purpose, and which are exemplified by the people who give their all to make our organization what it is today.

To every stakeholder who stands with us at the beginning of this new year, our promise of absolute integrity, continuous growth and exceptional results remains; and we invite you to venture with us beyond borders.

SECTOR OVERVIEW

BEVERAGE

The beverage sector of the Group has roots going back to over 100 years in the brewing industry of Sri Lanka, where sector holding company, Ceylon Beverage Holdings PLC – formerly known as 'The Ceylon Brewery'-, was the country's pioneer brewer. It has nurtured its brand 'Lion' through times of traditional brewing in the picturesque and cool climes of Nuwara Eliya, to its modern high tech state-of-the-art plant owned by subsidiary and operating company, Lion Brewery (Ceylon) PLC in Biyagama.

The flagship brand "Lion" is also exported to several countries including USA, Canada, Australia, UK and Japan. In Maldives the Company is the market leader. In addition to its own brands, Lion Brewery (Ceylon) PLC also produces the internationally renowned global brand "Carlsberg", under license from Carlsberg International Denmark, since 1993 celebrating 25 years of association in 2018. With the acquisition of Millers Brewery in 2014, the product portfolio of Lion Brewery has expanded further, to include a number of Millers brands, such as "Three Coins Lager", "Sando Dark" and "Sando Stout".

The company also acquired distribution rights for the legendary Mexican beer brand "Corona" and is also the licensed distributor for Diageo brands and Moët Hennessy in Sri Lanka. In addition to Lion Brewery (Ceylon) PLC, Ceylon Beverage Holdings has also invested in a chain of pubs ("Machan" & "O!") and retail outlets, under subsidiary companies Retail Spaces and Pubs 'N Places, with the aim of providing consumers with a pleasant ambiance and environment to purchase the alcoholic beverages they desire.

Currently, the sector exports its products to over 19 countries with Maldives, UK and USA being the key markets.

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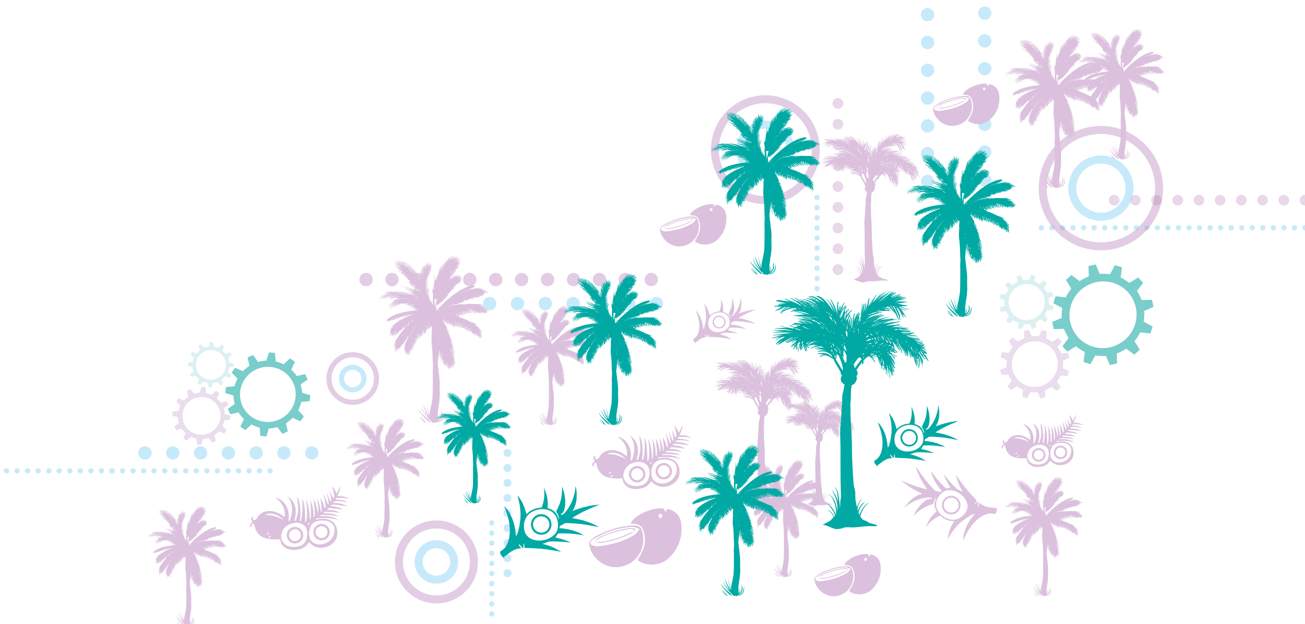
OIL PALM PLANTATIONS



> Our plantations are developed adopting stringent sustainable development criterion, Goodhope is a member of the RSPO (Roundtable on Sustainable Palm Oil) and we produce RSPO certified palm oil at some of our palm oil mills

Majority of our Oil Palm Plantations are situated in Indonesia, in the Kalimantan and in Irian Jaya regions, whilst our entry into plantations dates back to over 100 years with Rubber plantations in Malaysia. We entered Indonesia in 1996 with the setting up of PT Agro Indomas, in Central Kalimantan with a land bank of 12,000 hectares. Our second plantation in Indonesia, PT Agro Bukit commenced development in 2005 and since then we have grown to a total extent of over 68,000 hectares planted in Indonesia and with a total land bank of over 138,000 hectares.

Goodhope Asia Holdings Ltd was incorporated in Singapore in 2008 as the holding company consolidating all investments by the Carsons Group in the Oil Palm Plantations and Oils & fats business segments. As the planted extents grew, we have also set up required processing facilities to produce Crude Palm Oil (CPO), and developed infrastructure within the operating locations. Our plantations are developed adopting stringent sustainable development criterion, Goodhope is a member of the RSPO (Roundtable on Sustainable Palm Oil) and we produce RSPO certified palm oil at some of our palm oil mills.

SECTOR OVERVIEW

OILS AND FATS

Goodhope-the sector holding company, entered the downstream edible Oils & Fats segment, with the acquisition of a specialty Oils & Fats manufacturing operation in Malaysia and a palm oil refinery in India (since discontinued due to unviable business conditions). Our total refining and specialty fats manufacturing capacity is over 140,000 MT. Our downstream operations supplies specialty fats to the confectionery, ice cream and bakery business, with the Malaysian plant exporting specialty fats manufactured out of palm kernel oil, palm oil and coconut oil to over 55 countries.

Our customers range from multi nationals to regional and national players within these industries commanding significant market shares in their respective businesses.

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SECTOR OVERVIEW

PORTFOLIO & ASSET MANAGEMENT

The Guardian group, serves as an investment house which offers investors variety in terms of exposure to asset classes based on their preference and risk appetite

The Portfolio & Asset Management segment of the Bukit Darah group is primarily focused on capital market activities for management of portfolios across multiple asset classes. Ceylon Guardian Investment Trust PLC, which is positioned as the sector holding company, holds the privilege of being the largest listed investment company on the Colombo Stock Exchange to date. The Guardian group, serves as an investment house which offers investors variety in terms of exposure to asset classes based on their preference and risk appetite. To this end, the group has two listed subsidiary companies; Ceylon Investments PLC (CINV) and Guardian Capital Partners PLC (WAPO) which act as investment vehicles for listed and private equity respectively. Ceylon Guardian's own proprietary portfolio forms the anchor funds under management, further to which, the group has diversified its business reach on three fronts –client portfolio management, unit trust management and private equity management.

The Group has presence in the Unit Trust segment, via Guardian Acuity Asset Management, a joint venture formed with Acuity Partners. Guardian Acuity Asset Management primarily has three unit trust funds in offer; Guardian Acuity Money Market Fund, Guardian Acuity Equity Fund and Guardian Acuity Money Market Gilt Fund.

The sector also offers the Sri Lanka Fund, (formerly known as the Regent Sri Lanka Fund), a dedicated USD denominated country fund incorporated with the objective of facilitating investors residing overseas to gain exposure to the local market. As at 31st March 2018, the total Assets under Management of the Guardian Group amounted to Rs. 27.8 Bn, of which, the discretionary portion of Guardian's proprietary portfolio was valued at Rs.13.9 Bn and external client portfolios together with Unit Trust's stood at a cumulative Rs. 9.7 Bn.

SECTOR OVERVIEW

LEISURE

The Leisure sector of the Bukit Darah Group constitutes of two hotel properties; The Pegasus Reef Hotel and Giritale Hotel, the latter being fully owned by the former.

The Leisure sector of the Bukit Darah Group constitutes of two hotel properties; The Pegasus Reef Hotel and Giritale Hotel, the latter being fully owned by the former. The Pegasus Reef Hotel, which entered the hospitality industry of Sri Lanka during the early 1970's as one of the first premier star class resort establishments in the country, is a luxurious tropical getaway, located in Hendala, Wattala, overlooking the breath taking Indian Ocean. Today, it is a 140 key venue, equipped with modern banquet halls capable of hosting both banquets and MICE events alike. As such, currently the hotel is well patronized by both local and foreign clientele. In efforts to provide a unique guest experience and elevate the overall standards of the hotel, Pegasus Reef launched an exclusive sea food restaurant, named 'The Fishery' in August 2015. Further, during the financial year 16/17, the hotel saw 81 rooms being refurbished to provide a lavish experience to the current and potential guests. Enhancing the banquet facilities and event promotion at the hotel with the utilization of the beach would be given attention during the current financial year.

The Giritale Hotel is a 40 key resort located in Giritale, Polonnaruwa, one of the ancient Kingdoms of Sri Lanka rich in culture and heritage. The hotel is situated overlooking the Giritale Tank (reservoir) and close to Minneriya sanctuary, and is a well sought after eco-tourist destination.

SECTOR OVERVIEW

REAL ESTATE

The Real Estate business of Bukit Darah PLC comprising of sector holding company, Equity One Limited and its subsidiaries, Equity Two PLC and Equity Three (Pvt) Ltd is primarily engaged in the rental of office and warehouse spaces.

The Real Estate business of Bukit Darah PLC comprising of sector holding company, Equity One Limited and its subsidiaries, Equity Two PLC and Equity Three (Pvt) Ltd is primarily engaged in the rental of office and warehouse spaces. The sector owns and manages a total built up area of approximately 192,000 sq. ft. spread across a land bank of 2.94 acres, all positioned in the prime areas of Colombo, bearing significant value potential. For instance, the sector's office properties at Janadhipathi Mawatha are located in the commercial hub of Sri Lanka, facing the Central Bank, and neighbouring State and Commercial banks, the World Trade Centre, star class hotels and the Port.

The group's warehouse complex at Vauxhall Lane is also situated in an area earmarked for rapid development, amidst many landmark projects envisaged to come up, some of which have already broken ground. The total property portfolio of the sector was valued at Rs. 3.1 Bn as at 31st March 2018. Further to the location factor, the sector also boasts of a diverse tenant profile featuring banks, multinationals and other corporates. The group has maintained healthy tenant retention levels over the past few years, which speaks of the high level of service provided.

FINANCIAL HIGHLIGHTS

(All figures in Sri Lankan Rupees thousands unless otherwise stated)

For the year ended / as at 31st March	2018	2017	% Change
Income Statement			
Group revenue	79,849,368	64,478,918	24
Segment results	10,015,794	5,173,575	94
Profit before taxation	7,328,453	88,116	8,217
Profit /(loss) after taxation from continuing operations	3,674,245	(1,514,247)	(343)
EBITDA	15,477,377	11,175,468	38
Profit attributable to ordinary shareholders	1,234,437	1,503,645	(18)
Cash earning per share (Rs.)	90.21	20.31	344
Earnings per share (Group) (Rs.)	11.91	14.60	(18)
Dividend per share (Rs.)	1.35	1.00	35
Dividend payout (%) - Company	98%	103%	(4)
Statement of Cash flow			
Operating cash flow	9,201,862	2,072,075	344
Capital expenditure	6,025,634	8,112,213	(26)
Statement of Financial Position			
Shareholders' funds	21,384,299	20,534,710	4
Net assets	54,145,373	51,499,024	5
Net assets per ordinary share (Rs.)	209.25	200.92	4
Return on ordinary shareholders' funds (%)	5.77%	7.32%	(21)
Total assets	153,638,441	148,532,781	3
Net debt	55,980,719	57,022,011	(2)
Market / Shareholder Information			
Market value per share (Rs.)	206	260	(21)
Enterprise value (Rs. Mn)	109,775	114,537	(4)
Market capitalization (Company) (Rs. Mn)	21,022	26,540	(21)
Revenue to Government of Sri Lanka	24,675,872	16,128,971	53
Group value addition	41,230,040	35,018,205	18
Group employment (Nos.)	11,935	12,583	(5)
Employee benefit liability as of 31 March	1,462,835	1,144,164	28

CHAIRMAN'S STATEMENT

Twelve months concluded 31st March 2018 noted a consolidated group revenue of Rs 79.8 Bn, denoting an improvement of 24% over the financial year 2016/17. Likewise, the group observed a net profit from continuing operations of Rs. 3.7 Bn as opposed to a loss of Rs.1.5 Bn registered in the prior financial year.

Overview

The year was one of positive transition period across majority of the business interests of the group. Through Carson Cumberbatch PLC and Goodhope Asia Holdings Ltd., your conglomerate holds a variety of exposure to different growing businesses across a wide geographic base spanning borders and with a clear presence in Sri Lankan and Indonesian domains.

Crop stifling El-nino weather impact gently receded during the year allowing opportunity for price recoveries of Crude Palm Oil (CPO) of the Oil Palm Plantations segment. New positive excise duty structures and rebuilding operations after prior year floods helped the soft-alcohol beverage segment of the group to regain momentum. Thus, the support of the key businesses for the revenue uptrend in the group was prominent.

Twelve months concluded 31st March 2018 noted a consolidated group revenue of Rs 79.8 Bn, denoting an improvement of 24% over the financial year 2016/17. Likewise, the group observed a net profit from continuing operations of Rs. 3.7 Bn as opposed to a loss of Rs.1.5 Bn registered in the prior financial year. Bukit Darah PLC, on a standalone basis, saw a revenue of Rs. 188 Mn, with a YoY increase of 31% amid higher group dividend receipts. However, its pertinent to note that this healthy % increase is mostly due to comparative period being a low intra-group dividend yielding year and hence presented a low base. Net earnings of the Company during the year was observed at Rs. 159.9 Mn, which is a 40% increase over the previous year which was a low base due to reasons aforementioned.

Bukit Darah's exposure to strategic sectors during the year, via the investment vehicles, Carson Cumberbatch PLC and Goodhope Asia Holdings Ltd is summarized here, while the write-ups below would provide greater detail.

Operations

Oil Palm Plantations

With gradually diminishing drought weather conditions, the first half of the year was identified with a peak cropping season, which however slowed down towards the second half of the year. Thus, increased yields welcomed the expansion plans of the segment, with a sharp focus on improving infrastructure and processing facilities at the locations.

CPO prices underwent steady rebound where the prices traded around USD 560/MT on ex-mill basis. Yet the depreciation impact of Indonesian Rupiah against USD was curtailing the benefit of such price recoveries to a certain extent.

Executing a significant mill maintenance exercise to enhance the performance of plantation mills while improving the crop collection systems remained as priorities during the year while investments on optimal fertilizer application and monetizing the developing plantation locations were also given due recognition in order to streamline the business operations of the segment.

The focus on a healthy balance sheet with optimal borrowings was high on the agenda , the segment reviewed its internal cost structures, with the aim of reducing its exposure to business volatility, where a 15% cost saving on overheads was achieved during the year.

Increased crop during the year led the segment to observe a gain from the valuation of biological assets of Rs. 1 Bn. Meanwhile, the net fair value losses arising from Property, Plant & Equipment (immature plantations) required the segment to recognize an impairment provision of Rs. 947.4 Mn for the year under discussion. Accordingly, the sector posted a net profit from continued operations of Rs. 1.1 Bn, on the back of a revenue of Rs. 24.4 Bn, recovering from the losses made in the last fiscal year.

Group's plantations are on average 10 years old and is relatively young. Out of the total planted area, 8% of the area is immature and further 21% of the area is young mature (mature, 6 years and below) and yet to reach prime mature yield. Furthermore, 23% of the total planted areas do not have mill processing facilities. Progressive maturity of these planted areas and the mini mill at Nabire will result in increase in revenue from the upstream segment overtime.

Oils and Fats

Stable feedstock prices, primarily Palm Kernel (PK) prices facilitated improved capacity utilization at the Malaysian

CHAIRMAN'S STATEMENT

Against rapidly changing competitive backgrounds across all business interests, your group has demonstrated time and again, its strong ability to confront challenges, while overcoming any adversities with a determined focus on long term value creation.

refining facility, which led to a volume driven expansion for the segment. The segment was also able to penetrate several attractive markets during the year, while the key focus was to evaluate potential tie-up's or alliances with key industry partners in order to enhance market reach, derive synergies and to grow to its potential.

Exploring synergies by processing feedstock from our own Central Indonesian Plantation PK at the Malaysian facility, pushed the sector towards a greater stability of operations. As such, the segment reported a consolidated profit from continuing operations of Rs. 197.4 Mn on Rs 21 Bn worth of revenue, rebounding from loss making circumstances in the financial year 2016/17. Refining operations in India remain non-operational as of now, whilst process of disposing its assets based in India remains ongoing.

Beverage

Reestablishing after floods in May 2016 was critical as far as the start of the year was concerned, which the segment achieved pragmatically, whilst successfully concluding its full flood insurance claim of Rs. 4 Bn during the year. However, the hardest hit for the brewery was trailing from November 2015, where authorities unjustifiably increased the beer taxes by 70% whilst allowing only a minor increase of 25% for the local high alcohol spirits, thereby dampening our volumes. Such illogical inequality was finally corrected with the latest budget proposals favouring a rational alcohol content based tax system, emulating the global norms. This is a welcoming move by the government which could facilitate a potential consumption shift from illicit to licit in the longer time horizon whilst facilitating more tax money to the economy.

Against this recovering backdrop, the segment secured a top line of Rs. 32.3 Bn denoting a 39% over the prior year flood hit low base whilst the segment's net profit turned positive at Rs. 1.6 Bn from a net loss of Rs. 1.56 Bn reported in the preceding fiscal year.

Portfolio and Asset Management

With a modest growth in the ASPI of 6.84%, limited realized capital gains in the year under discussion relative to the previous year, primarily resulted in the sector witnessing a 32% reduction in its revenue which stood at Rs. 1.17 Bn. Even amid slow activity in the economy and the bourse, discretionary portfolio of the sector prior to dividend payment to shareholders managed to expand at a healthy 11.17% during the concluded twelve months. The Private Equity (PE) returns were somewhat sluggish during the year, where the sector had to record impairment losses of Rs. 91.4 Mn on business assets including PE. The momentum in the Unit Trust business was impacted by the elimination of tax exemptions on unit trust investment returns, where such negative policy did somewhat hamper the investor sentiment over the year. Accordingly, the sector posted net earnings of Rs. 760.7Mn for the year.

Leisure

After the completion of a room refurbishment exercise at Pegasus Reef Hotel during the fiscal year 16/17, the segment bounced back from the prior year's low base to a segmental revenue of Rs. 684.8 Mn, which is a 26% YoY improvement. Particularly, contribution from the outstanding MICE (Meeting, Incentives, Conferences, Exhibitions) business was supportive in strengthening the revenue of the hotel for the period under consideration. As such the profit of the segment at Rs. 81.4 Mn, progressed by 175% from the corresponding year. Series of operational upgrades in Pegasus Reef Hotel and a room refurbishment with structural changes at the Giritale Hotel is planned for the ongoing year, in order to enhance the competitiveness and quality service standards of both the hotels.

Real Estate

The uniquely located commercial space in Colombo under the management of the segment, comfortably reached 99% occupancy during the year supported by its personalized offerings to tenants. As such the real estate sector contributed Rs. 268.4 Mn to the Bukit Darah's group revenue, with a YoY increase of 15%. Appreciation of investment property values pursuant to a valuation as required by Accounting Standards, resulted in the sector reporting a fair value gain of Rs. 621.1 Mn. The bottom line of the sector noted an improvement of 33% over the corresponding twelve months.

Value Beyond Borders

Against rapidly changing competitive backgrounds across all business interests, your group has demonstrated time and again, its strong ability to confront challenges, while overcoming any adversities with a determined focus on long term value creation. With some rectification visible at the policy level and industry environments, I view the prospects of the group with confidence, with a strong asset base and committed human resources in place.

As I conclude, on behalf of the Board of Directors of Bukit Darah PLC, I would like to share my heartiest appreciation and thanks to the valuable employee base of the group which has effectively formed the backbone of the group's successful journey. A special thanks to all our business associates for the considerable support extended during the year. Also, I extend my words of appreciation to all my colleagues whilst also recognizing the great support of the Audit Committee, Remuneration Committee, Nomination Committee and the Related Party Transactions Review Committee. I would like to take this opportunity to warmly thank Mr. P. C. P. Tissera who resigned from the Board with effect from 15th August 2017, for his valuable contribution made to the Board. To the valued shareholders, a profound thank you for all your confidence placed on us, as we continually and eagerly seek to sustainably maximize your returns beyond borders.

(Sgd.)
Hari Selvanathan
Chairman

21st June 2018

GROUP STRUCTURE

PLANTATIONS, OILS & FATS

- Goodhope Asia Holdings Ltd.
  • 2008* • 88.89%
- Agro Asia Pacific Limited
  • 2010* • 100%
- Premium Nutrients Private Limited
  • 2011* • 100%
- Agro Harapan Lestari Sdn.Bhd. (under liquidation)
  • 2007* • 100%
- Shalimar Developments Sdn.Bhd.
  • 1980* • 100%
- Premium Oils & Fats Sdn.Bhd.
  • 2011* • 100%
- Premium Vegetable Oils Sdn.Bhd.
  • 1978* • 100%
- Premium Fats Sdn.Bhd.
  • 1996* • 100%
- Shalimar (Malay) PLC
  • 1909* • 99.25%
- Selinsing PLC
  • 1907* • 95.68%
- Indo-Malay PLC
  • 1906* • 87.14%
- Good Hope PLC
  • 1910* • 90.91%
- Agro Harapan Lestari (Private) Limited
  • 2008* • 100%
- AHL Business Solutions (Private) Limited
  • 2010* • 100%
- Goodhope Investments (Private) Limited
  • 2012* • 100%
- PT Agro Indomas
  • 1987* • 94.30%
- PT Agro Bukit
  • 2004* • 95%
- PT Agro Asia Pacific
  • 2008* • 100%
- PT Karya Makmur Sejahtera
  • 2003* • 95%
- PT Agro Harapan Lestari
  • 2007* • 100%
- PT Rim Capital
  • 2006* • 95%
- PT Agrajaya Baktitama
  • 1994* • 95%
- PT Nabire Baru
  • 2008* • 95%
- PT Agro Wana Lestari
  • 2006* • 95%
- PT Batu Mas Sejahtera
  • 2006* • 95%
- PT Sawit Makmur Sejahtera
  • 2008* • 95%
- PT Sumber Hasil Prima
  • 2006* • 95%
- PT Sinar Sawit Andalan
  • 2008* • 95%
- PT Sariwana Adi Perkasa
  • 2008* • 95%
- PT Agro Bina Lestari
  • 2006* • 95%
- PT Agro Surya Mandiri
  • 2006* • 95%
- Arani Agro Oil Industries Private Limited
  • 1986* • 100%

BEVERAGE

- Ceylon Beverage Holdings PLC
  • 1910* • 75.37%
- Lion Brewery (Ceylon) PLC
  • 1996* • 60.13%
- Pubs 'N Places (Private) Limited
  • 2007* • 100%
- Retail Spaces (Private) Limited
  • 2012* • 100%
- Luxury Brands (Private) Limited
  • 2012* • 100%
- Pearl Springs (Private) Limited
  • 2014* • 100%
- Millers Brewery Limited
  • 2010* • 100%

PORTFOLIO AND ASSET MANAGEMENT

- Ceylon Guardian Investment Trust PLC
  • 1951* • 67.15%
- Ceylon Investment PLC
  • 1919* • 64.36%
- Guardian Capital Partners PLC
  • 1920* • 86.22%
- Rubber Investment Trust Limited
  • 1906* • 100%
- Leechman & Company (Private) Limited
  • 1953* • 100%
- Guardian Fund Management Limited
  • 2000* • 100%
- The Sri Lanka Fund
  • 1993* • 86.67%
- Guardian Acuity Asset Management Limited+
  • 2011* • 50%

REAL STATE

- Equity One Limited
  • 1981* • 98.95%
- Equity Two PLC
  • 1990* • 88.81%
- Equity Three (Private) Limited
  • 1990* • 100%

LEISURE

- Pegasus Hotels of Ceylon PLC
  • 1966* • 89.98%
- Equity Hotels Limited
  • 1970* • 100%
- Carsons Airline Services (Private) Limited
  • 1993* • 100%

MANAGEMENT SERVICES

- Carsons Management Services (Private) Limited
  • 1993* • 100%

% refer to group interest
+ refer to Joint Venture Company
* refer to year of incorporation

Country of Incorporation/Operation

- Sri Lanka
- Singapore
- Indonesia
- India
- Malaysia
- Cayman Islands

CORPORATE INFORMATION

NAME OF THE COMPANY
Bukit Darah PLC

COMPANY REGISTRATION NUMBER
PQ 56

LEGAL FORM
A Public Quoted Company with limited liability. Incorporated in Sri Lanka in 1916

BOARD OF DIRECTORS
Mr. H. Selvanathan (Chairman)
Mr. M. Selvanathan
Mr. I. Paulraj
Mr. D.C.R. Gunawardena
Mr. P.C.P. Tissera – *Resigned w.e.f 15th August 2017*
Mr. L.R. De Lanerolle
Mr. S. K. Shah
Mr. M. Dayananda

Alternate Director
Mr. K. Selvanathan - for Mr.M. Selvanathan

AUDIT COMMITTEE
Mr. L.R. De Lanerolle (Chairman) - *Non Executive/Independent Director*
Mr. M. Dayananda – *Non-Executive/ Independent Director*
Mr. D.C.R. Gunawardena - *Non Executive Director*

REMUNERATION COMMITTEE
Mr. M. Dayananda (Chairman) – *Non-Executive/Independent Director*
Mr. D.C.R. Gunawardena – *Non-Executive Director*
Mr. L.R. De Lanerolle - *Non-Executive/ Independent Director*

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE
Mr. L. R. De Lanerolle (Chairman) – *Non-Executive/Independent Director*
Mr. M. Dayananda – *Non-Executive/ Independent Director*
Mr. D.C.R. Gunawardena – *Non-Executive Director*
Mr. H. Selvanathan – *Executive Director*
Mr. M. Selvanathan – *Executive Director*

NOMINATION COMMITTEE
Mr. I. Paulraj (Chairman) -*Non Executive Director*
Mr.D.C.R. Gunawardena - *Non Executive Director*
Mr. L.R. De Lanerolle - *Non-Executive/ Independent Director*

BANKERS TO THE GROUP
Standard Chartered Bank
Commercial Bank of Ceylon PLC
Deutsche Bank

AUDITORS
Messrs. KPMG, Chartered Accountants
No. 32A, Sir Mohamed Macan Markar Mawatha,
Colombo 3, Sri Lanka.
Tel: 94 11 5426426
Fax: 94 11 2445872

SECRETARIES
Carsons Management Services (Private) Limited
No. 61, Janadhipathi Mawatha, Colombo 1, Sri Lanka.
Tel: 94-11-2039200
Fax: 94-11-2039300

REGISTERED OFFICE OF THE COMPANY
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Tel: 94-11-2039200
Fax: 94-11-2039300

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CORPORATE WEBSITE
www.carsoncumberbatch.com

SECTOR REVIEW

BEVERAGE

Particularly, the progress made by the sector on enhancement of its exports market is noteworthy. For the twelve months concluded, the sector managed to export 513 containers of beer to 19 countries across the globe.

Twelve months concluded 31st March 2018 was an eventful year for the Beverage segment of the group. At the commencement of the year, the sector was constrained by an unfair excise duty regime proposed back in November 2015, where beer tax was massively increased by 70% in comparison to only 25% tax increase proposed on local high alcohol spirits. Within such difficult economic time-frame, the recovery and restoration efforts of the business operations of the sector even pursuant to severe floods in May 2016 was noteworthy. However, the much required reversion of the harsh excise duty regime was rationally brought about by the November 2017 budget proposals. Based on this policy, the taxes charged on soft alcohol such as beer and wine were relatively lower than the spirits, since such taxes were based on the amount of alcohol content in the liquid being the rational and equitable approach. This policy which is in line with the global norms has already been effective in shifting the local consumption towards more licit brands, whilst allowing reasonable returns to the government as well as the brewery itself. Since the tax revision, excise duty paid by our segment alone to the Government has increased by Rs. 833 Mn a month.

As such, the beverage segment registered a revenue increase of 39% YoY to reach Rs. 32.3 Bn recovering from a low base in the previous financial year, which constituted Rs. 23.3 Bn worth of revenue. This revenue growth was also supported by the growth in tourism in the country, despite the marginal contraction in the local FMCG market space during the year. During the year, the segment successfully finalized its full insurance receipts of Rs. 4 Bn as restricted by the terms of its flood insurance policy, on account of the asset damages and business interruption caused by the floods in the prior financial year. As such, the net profit of the segment for the year was inclusive of approximately Rs. 2 Bn worth of insurance claims received during the year.

Particularly, the progress made by the sector on enhancement of its exports market is noteworthy. For the twelve months concluded, the sector managed to export 513 containers of beer to 19 countries across the globe, improving on its popular markets of Maldives and Africa. Specifically, being the market leader in Maldives, the sector managed to expand its draught beer sales by 23% during the year under consideration. Although US market was competitive, the iconic Lion Stout continued to attract the New York consumers allowing an overall marginal growth in the market. The sector newly entered Abu Dhabi, Qatar, Croatia, South Korea and Hong Kong during the year whilst also expanding its export brand portfolio with the Ryder's brand and the Lion Stout – Coffee version. In such growth conditions, the export earnings are now taxable at the higher rate of 40% as stipulated by the new Inland Revenue Act since the exports aren't generating 80% of the total revenues of the sector to be qualified for a concessionary tax rate, which is unjustifiable.

Along with new product development, the sector's efforts on cost reduction and operational efficiencies were well visible during the year, with a clear focus on minimization of waste. Furthermore, actioning of safeguard plans of the brewery from floods were clearly given prominence within the year with a three lines of defense system and other defense projects being implemented as of present.

For the financial year under consideration, the beverage sector reported a net profit of Rs. 1.6 Bn, considerably recovering from a loss after tax of Rs. 1.56 Bn observed in the corresponding previous financial year. As per the new Inland Revenue Act guidelines, the sector had to recognize Rs. 485.6 Mn worth of deferred tax provision on the Other Comprehensive Income on account of a deferred tax liability that would arise if the sector was to dispose its land & buildings.

Value Beyond

Despite the slow growth in FMCG spending in the economy, the beer industry sales are slow to gain momentum even with the favourable excise duty revisions possibly due to macro-economic forces eroding the consumer purchasing power. Going forward, the sector would be focused on achieving more optimal debt levels than present whilst continually seeking attractive markets with novel offerings, delivering more value in the local as well as the international markets.

SECTOR REVIEW

Oil Palm Plantations

The drought weather impact of the previous two years gradually subsided while the first half enjoyed a peak crop season, followed by a slowdown towards the second half of the year under review.

Improved Operational conditions

Twelve months ended 31st March 2018 proved to be a successful period for the Oil Palm Plantations segment of the group, amid a year of consolidation and restructuring of operations. The drought weather impact of the previous two years gradually subsided while the first half enjoyed a peak crop season, followed by a slowdown towards the second half of the year under review. The Crude Palm Oil (CPO) price movement in the industry is largely affected by reasons such as the impact of USA - China trade barriers and the import of soy to China, anticipated high production in FFB crop in Indonesia, increased world crude petroleum prices and the resultant increase in bio-fuel usage and higher crop harvesting of competing oils such as Soy. During the current year under consideration, the industry observed relatively stable CPO prices compared to the prior year, the benefit of which was somewhat curtailed by the depreciation of the Indonesian Rupiah towards the closing of the year. The ongoing financial year 2018/19 also showcases a similar crop production trend to date.

Performance Highlights

Amid such welcoming conditions in terms of the crop trend and price rectification, the sector observed a positive performance during the year. Average CPO prices absorbed by the segment during the period under review was USD 563 per Metric Tonne, in contrast to USD 532, realized during the preceding financial year. Due to improved weather dynamics, the sector produced over 1 Mn Metric Tonnes of internal Fresh Fruit Bunch (FFB) during the year under review, which is 3.4% increase over the prior year. The CPO sales volumes expanded at a much faster pace of 20% during the year, also benefiting from the 0.6% improvement in the internal oil extraction rate of the segment.

As such, the Oil Palm Plantations sector recorded a 9% YoY increase in its EBITDA, whilst the segment revenue for the year under consideration stood at Rs. 24.4 Bn, denoting a notable increase of 26% compared to the previous year. The net profit from continuing operations stood at Rs. 1.1 Bn, which is a commendable improvement compared to the net loss of Rs. 760.8 Mn identified in the previous financial year.

In view of the vagaries of palm industry, oil palm plantations segment has carried out an internal review of its operations with an objective of reducing its costs and the segment achieved a cost saving of approx. USD 4.8 Mn in its administrative expenses during the year, and these saving programs are expected to benefit the segment in the ongoing financial year 2018/19.

The loss on foreign exchange of Rs. 758.6 Mn is mainly on account of the translation of the segment's USD-denominated borrowings in Indonesia, due to the depreciation of IDR against USD.

Enhanced Systems

During the year, the sector's priorities mainly remained on the following:

(i) Executing a significant mill maintenance exercise to bring its plantation mills to more stable performance level

(ii) Focusing on an improved external crop collection system

(iii) Consolidating on the mature plantation locations via investment into optimal fertilizer application and

(iv) Monetizing the developing plantation locations.

The oil palm plantation segment committed USD 27 Mn during the year under consideration, as capital investments to improve infrastructure and processing facilities at the locations. Furthermore, the segment anticipates the maturity of its last development location (Papua) by the third quarter of the ongoing financial year 18/19, with the expectation of a further improvement in its bottom line.

Impact of Impairment of Non-Current Assets

The Oil Palm Plantation segment's carrying values of non-current assets (property, plant & equipment, biological assets and intangible assets) particularly associated with the Indonesian Plantation Companies have been tested for impairment based on a fair value assessment carried out via an independent valuation exercise. The valuation for the financial year 17/18 has been carried out by KJPP, an independent professional valuer using the same assumptions and bases as was used previously and as per industry practices. Based on this, in the current financial year, the fair value gains (arising from mature plantations) are not recognized in the income statement, whilst the net fair value losses (arising from immature plantations) are recognized in the income statement. Accordingly, a net impairment loss of Rs. 947.4 Mn was recognized in the Statement of Income, in relation to the immature plantation subsidiaries of the segment. The total market value of the Indonesian plantations as carried out by KJPP for the year ended 31st March 2018, approximates to USD 745.6 Mn as against a value of USD 721.5 Mn in FY 2017.

Amendment to Long term financing facilities

In the month of November 2017, the sector executed an amendment to the terms of its current senior term loan facility, with the expectation of strengthening the stability of the capital structure in the medium term.

Value Beyond

Optimization of the portfolio of the plantation assets, through the appropriate and timely evaluation of options including sale or divestment, in relation to certain sub-scale or immature plantations would be considered at the upstream sector level of Oil Palm segment, going forward.

Oils & Fats

Financial year ended 31st March 2018, appeared to be relatively stable for the midstream and downstream business of the Oil Palm, with the stabilization of feedstock prices. In fact, The Malaysian Oils and Fats segment enjoyed one of its best performance years on record since its acquisition in the financial year 11/12, reaching greater stability in terms of the operations.

The prices of lauric oils reached stable levels during the period under review, with the price of main feedstock PK (Palm Kernel) declining during the year from approximately MYR 3,000, where the current trading prices range between MYR 1,800 – MYR 2,200.

As a part of the segment's expansion strategies, increased market penetration in some of the key markets was successfully achieved by the segment during the year under consideration. The increased working capital funding sources coupled with the decrease in feed stock prices supported the Oils and Fats segment to increase its mid-stream capacity utilization and a resultant increase in production and sales of specialty fats volumes. The focus on enhancing capacity utilization strategy, including processing of the group's own Indonesian plantation PK at the Malaysian Oils and Fats facility creating synergies, enabled the Malaysian plant to reduce its fixed costs impact whilst reasonably enhancing its margins.

Financial Performance

Predominantly constituting the Malaysian operations, the Oils and Fats segment of the group recorded a EBITDA increase of 101%, on top of a revenue of Rs. 21 Bn, which is an improvement of 9% over the corresponding financial year. The segment observed a profit after tax of Rs. 297.5 Mn in comparison to a loss of Rs. 1.1 Bn recognized during the prior year, which can be identified as one of its best

Malaysian Oils and Fats segment enjoyed one of its best performance years on record since its acquisition in the financial year 11/12, reaching greater stability in terms of the operations.

performances since its acquisition. Of this, the net profit recorded by the Indian operations since its cessation of operations during the year under review was Rs. 100.4 Mn, stemming from a reversal of bank interest.

Value Beyond

As highlighted during the previous years, the Oils and Fats segment remains focused on evaluating potential tie up's or strategic alliances with key industry partners in order to enhance the market reach, derive synergies and to realize its potential.

The Indian refining operations of the sector remain closed as of now. The process of disposing the assets of the Indian business is ongoing and this has been classified as an asset held-for-sale.

SECTOR REVIEW

Portfolio & Asset Management

The Portfolio and Asset Management business of the Bukit Darah group, steered by the Ceylon Guardian Investment Trust PLC and its subsidiary companies, observed relatively dull market conditions compared to the prior year, with a slowdown in the economy and a moderate performance in the overall capital market.

The year 2017 experienced a broad-based slowdown in the economic growth with the Agriculture, Industrial and Services sectors facing challenges alike, also characterized by a tight monetary policy stance. Adverse weather was a concern for the agricultural activities during the year while the limited growth in consumer spending, trade, transportation and financial services was not adequate enough to accelerate the growth of the industrial and services components of the economy. Foreign Interest towards the domestic equities and government securities was commendable in the calendar year 2017, yet slowed down in 2018 with the emergence of the local political and other global risk factors.

Colombo Stock Exchange witnessed relatively moderate market activity with the All Share Price Index (ASPI) facilitating a return of 6.84% for the financial year ended 31st March 2018. Market capitalization as at 31st March 2018 was Rs. 3.03 Tn compared with Rs. 2.66 Tn a year ago. Increased Net Foreign Inflow from the well-performing global investor community was a considerable Rs. 18.4 Bn, which facilitated the domestic stock market. However, tightened monetary conditions in certain advanced economies, volatile commodity prices across the globe and uncertain fiscal decisions at the local front were seen potentially dampening the local equity market growth in 2018, where a net foreign outflow of Rs. 300 Mn as at 30th April 2018 was observed, after adjusting for strategic transactions.

The growth in the capital market business of the segment during the year was reasonable. The value of the total portfolio managed by the Ceylon Guardian group as at 31st March 2018 stood at Rs. 18.1 Bn, of which the actively managed discretionary component stood at Rs. 13.9 Bn. Owing to reduced value of the strategic holding, the total portfolio value declined by -1.42% during the year, while the discretionary portfolio of the segment prior to dividend payment to shareholders, impressively grew by a 11.17% during the year, comfortably surpassing the ASPI growth of 6.84%. Over the past three-year period, the discretionary portfolio has grown by 12.73%, thereby outperforming the ASPI which has observed a negative growth of -5.04%. On the basis of past five years, the discretionary performance has been a notable 37.37%, significantly outperforming the market by approximately 24.44%.

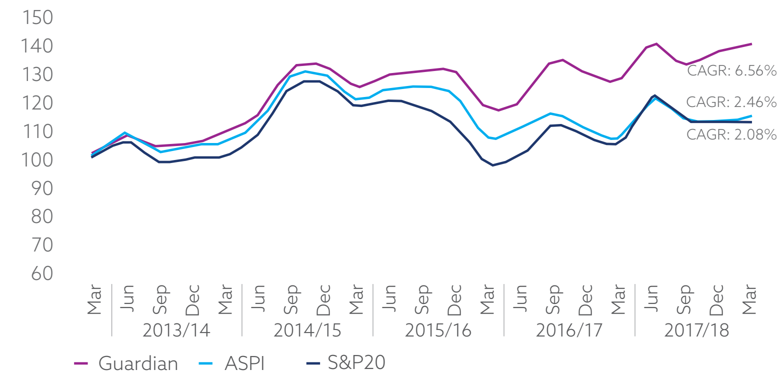
Guardian group portfolio performance

	As at			As at 31-Mar-2018 (Dividend adjusted)*	Dividend adjusted performance
	31/03/2018	31/03/2017	Change %		
Discretionary portfolio (Rs. '000)	13,923,347	13,078,794	6.46%	14,539,307	11.17%
Total Portfolio (Rs.'000)*	18,135,671	18,396,828	-1.42%	18,751,631	1.93%
ASPI (Points)	6,476.78	6,061.94	6.84%		6.84%
S&P 20 (Points)	3,650.10	3,433.88	6.14%		6.14%

*After adding back the total cash outflow from the distribution of dividend by the Group which was Rs. 615.96 Mn during the period.

Unit Trust business of the segment has made acceptable progress with all three funds delivering sound returns. The Guardian Acuity Equity fund provided investors 10.3% CAGR return since inception while the money market and money market gilt funds which are more short term oriented provided annual returns of 11.7% and 9.2% for the 12 months ended 31st March 2018. However, the new Inland Revenue Act implemented in April 2018 has removed tax exemptions

Five Year Track Record Gurdian Discrwrionary Portfolio (%)



The value of the total portfolio managed by the Ceylon Guardian group as at 31st March 2018 stood at Rs. 18.1 Bn, of which the actively managed discretionary component stood at Rs. 13.9 Bn.

from unit trust returns which led to a decline in industry Assets Under Management from Rs. 135 Bn to Rs. 71 Bn upon crossing over to the new financial year. Although, the exact mechanism of applying taxation to unit trust returns is yet to be finalized by the Ministry of Finance and Inland Revenue Department, there is an understanding that unit trust returns going forward will be a tax neutral vehicle. The sector's unit trust assets under management as at December 2017 was Rs. 7.3 Bn which declined to Rs. 6.6 Bn as at 1st April 2018 declining less than the overall industry.

Private Equity business of the segment observed a cautious stance during the year. Apart from the impact from impairments in available for sale investments, discontinuation of business activities at the Swiss Institute for Service Industry Development (Pvt) Ltd and other investments led the sector to recognize total impairments on business assets totaling Rs. 91.4 Mn during the year.

Factoring in the above reasons, the segment reported a net profit of Rs. 760.7 Mn, down by 37% against the previous financial year which recorded a net profit of Rs. 1.2 Bn. This was mainly driven by the 32% YoY decline in the top line, which stood at Rs. 1.17 Bn for the year. Reduced realization of capital gains relative to the past year caused such declines in the revenue.

Value Beyond

Ongoing Financial year 2018/19 seems positive, with an expected earnings growth of 10%-11%, compared to the approximate 9% in FY18. With a forward PER of 9.3x, The ASPI also remains attractive from the segment's coverage point of view, which accounts to 72% of the market capitalization. As far as the Unit trust business of the segment is concerned, strengthening of the sales functions to generate more interest in unit trusts from high net worth individuals and mass affluent investors is being greatly explored. At the macro scale and a longer time horizon, the country's approach towards external debt repayments amid a competitive global economy and rising policy rates of developing nations, would be crucial to examine, as far as the future economic stability and the industry growth is concerned.

SECTOR REVIEW

Leisure

Two hotel properties of the group made considerable progress towards operational enhancements during the year under discussion, in every effort to battle out the winds of competition gradually overwhelming the graded hotel industry.

Pegasus Reef hotel achieved an average occupancy of 62% during the period under review, immediately following the conclusion of a successful room refurbishment exercise which took place during the previous financial year. Meetings, Incentives, Conventions and Exhibitions (MICE) segment demonstrated great opportunity for the hotel during the year, accounting for 57% of the Food and Beverage Income of the hotel, which grew by 29% over the previous year. In terms of capital investments, the hotel acquired a near by 29 perch land during the year under review, in order to establish a well-equipped staff quarters, contemplating on the importance of staff-welfare in a continuous evolving service-driven industry. Furthermore, recreational glamour of the hotel was enhanced through the refurbishment of the tennis court of the hotel to tournament level.

On an additional note, pursuant to a motion filed by the Pegasus Reef Hotel in the Supreme Court relating to the divestiture of title of a 353.89 perch land, the hotel was informed by the Divisional Secretary during the year under purview, that the aforestated land will be employed for the fisheries harbour project, without any divestiture as expected previously. Accordingly, pursuant to a fresh compensation claim filed by the hotel, compensation claim for the total land acquired of 1,605 perches will increase to Rs 722 Mn as of the reporting date. Thus, the carrying value of the aforementioned land of 353.89 perches, which is Rs. 105 Mn has been accounted as an asset disposal during the financial year under review.

Two hotel properties of the group made considerable progress towards operational enhancements during the year under discussion, in every effort to battle out the winds of competition gradually overwhelming the graded hotel industry.

The 40-key Giritale hotel managed to marginally nudge up the average occupancy from 63% in the prior year to 64% during the twelve months under review. However, the revenue and profitability growth was limited, largely owing to the pressure on room rates and other repercussions of intensive competition in the regional hotel landscape.

Accordingly, the consolidated net profit contribution from both the hotels to the group amounted to Rs. 81.4 Mn for the financial year concluded 31st March 2018. This was on the back of a revenue expansion of 26% over the previous year, which reached Rs. 684.4 Mn. The net profit of the leisure segment is inclusive of a deferred tax charge provision of Rs. 16.7 Mn on revaluation gains from business assets as per the new Inland Revenue Act guidelines, effective from 01st April 2018.

Value Beyond

Amid the growing tourism landscape in the country, the competitiveness from both graded and non-graded formal and informal visitor accommodation is such that the maximum possible service, convenience and uniqueness should be offered at all times from the hotels to the modern guests, in order to remain profitable. Hence, both the hotels would be subjected to a series of refurbishment initiatives in the near future, mainly with a recreational focus at Pegasus Reef while 21 rooms of the Giritale hotel would be subjected to a detailed room refurbishment.

Real Estate

The commercial properties making up the real estate sector of the Bukit Darah group benefitted from another year of emphasis on the unique, quality-oriented and mutually benefitting long term rent agreements, also supplemented by the attractive strategic locations at the central Colombo. The group properties led by Equity One Limited, observed an aggregate occupancy of 99% during the financial year 17/18, notably up from 93% of the same corresponding period last year. Timely rent reviews of the properties also supported the segment to achieve a credible operational performance during the year under review.

Even amid vital issues such as the long erected guard fence hindering the main entrance of the Janadhipathi Mawatha properties, these same properties of the sector effortlessly reached full occupancy during the course of the year characterising the exceptional and unique service on the offering along with the elegant address they carry.

As such, the real estate segment of the group observed a consolidated net profit of Rs. 135.9 Mn based on a top line of Rs. 268.4 Mn, delivering improvements in the bottom line and top line of 15% and 33% respectively, over the previous year.

As other key highlights, the sector also recognized Rs. 621.1 Mn net gains on fair values of investment properties, pursuant to investment property valuation carried out at the segment level. Such gains were not evident during the comparative year. Hence, excluding the fair value gains of the investment properties, the profit before tax of the segment expanded by 22%, on a YoY basis.

Rapid development shaping the residential, retail and commercial space in a country, heading towards the upper-middle income status, is certainly encouraging for the segment where industry development is concerned.

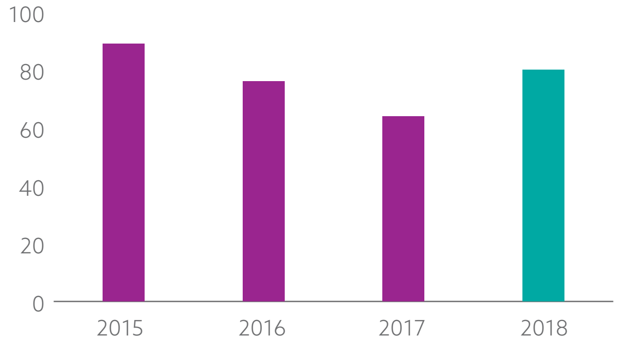
Moreover, the New Inland Revenue Act No. 24 of 2017, effective from 01st April 2018, brought in a new tax on business assets including income generating land, requiring deferred tax provisions on any revaluation gains. Accordingly, the sector incorporated Rs. 615.6 Mn as deferred tax charge to the financials, when arriving at the bottom line for the year under review.

Value Beyond

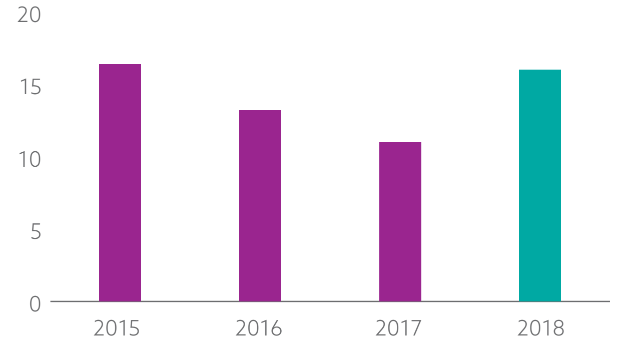
Rapid development shaping the residential, retail and commercial space in a country, heading towards the upper-middle income status, is certainly encouraging for the segment where industry development is concerned. Meanwhile the fast-paced road and expressway development in the country has a complementary touch on the lands and property values in the cities and suburbs. In the medium to long term, strategic locations of the properties of the segment, in close vicinity to mega-scale developments such as the Port City, could well-serve additional value with the right and unique offerings to the tenants.

GRAPHICAL FINANCIAL REVIEW

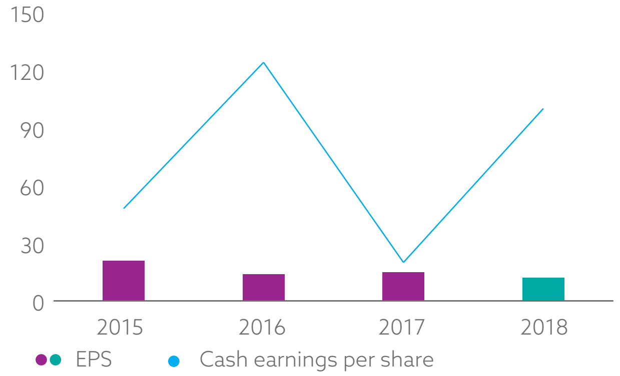
Revenue (Rs. Bn)



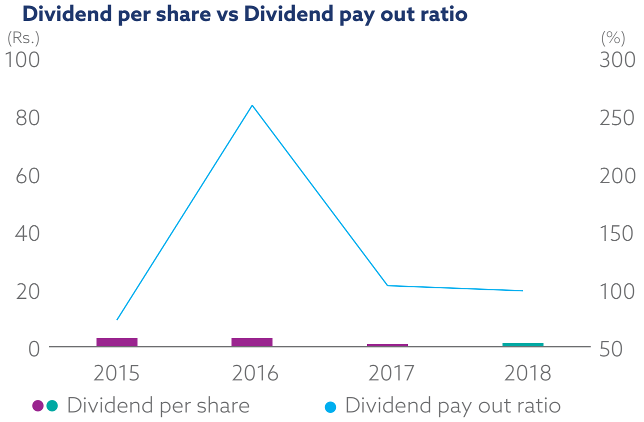
EBITDA (Rs. Bn)



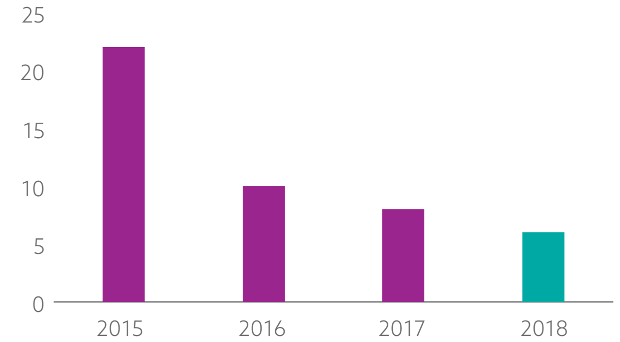
Earnings per share vs Cash earnings per share (Rs.)



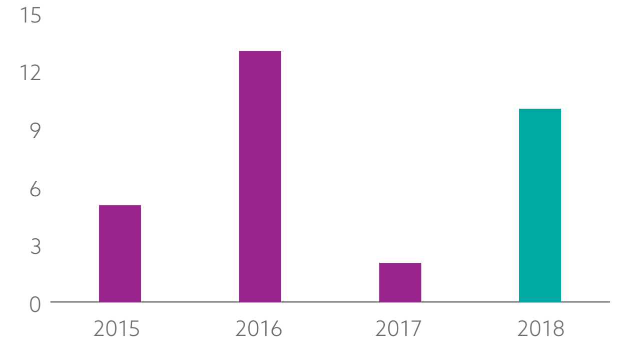
Dividend per share vs Dividend pay out ratio



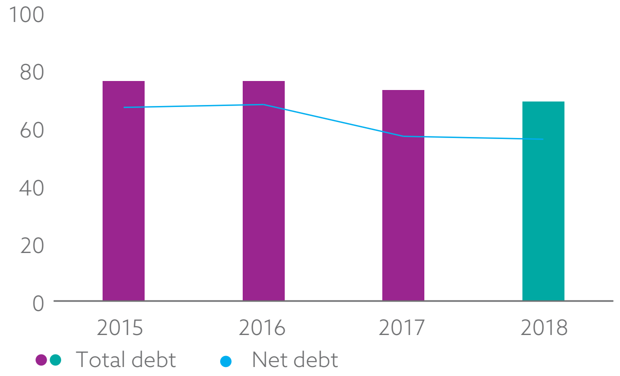
Capital Expenditure (Rs. Bn)



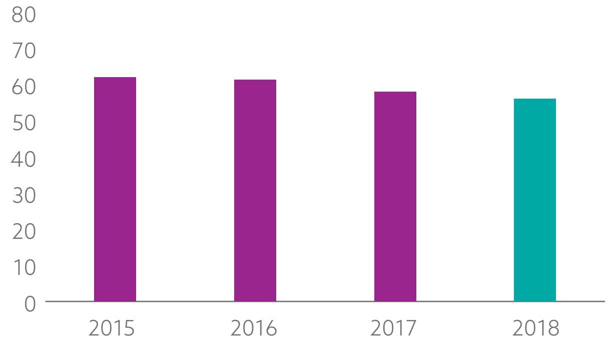
Operating Cash Flow (Rs. Bn)



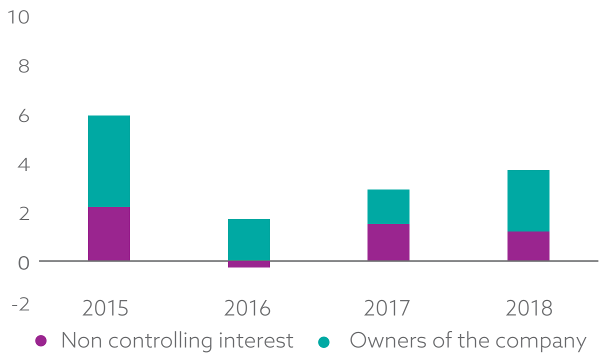
Total debt vs Net debt (Rs.)



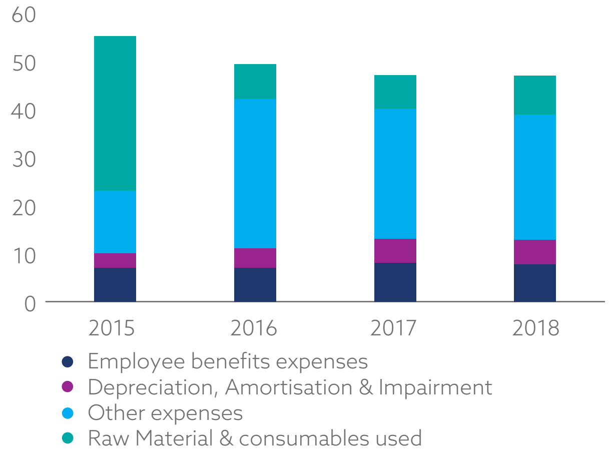
Gearing Ratio (%)



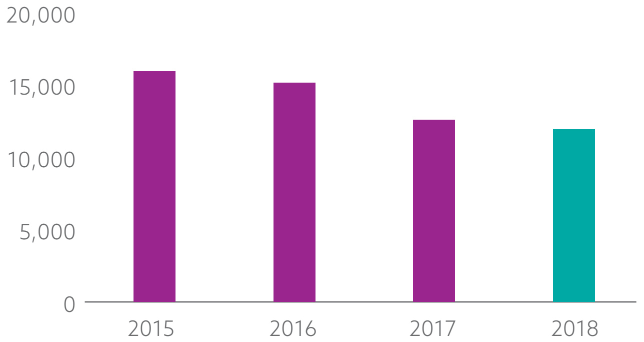
Net profits distribution (Rs. Bn)



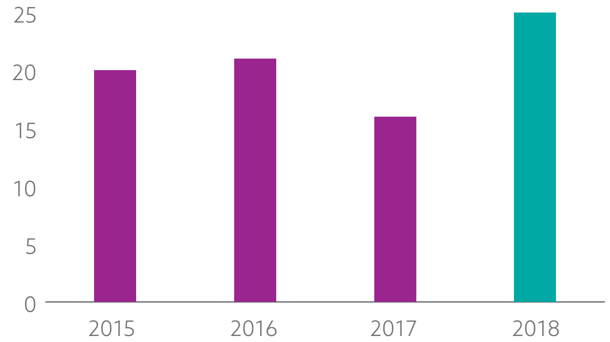
Analysis of Group operating expenses (Rs. Bn)



Employees of the group (Nos.)



Taxes paid to the Government of Sri Lanka (Rs. Bn)



FINANCIAL REVIEW

REVENUE

Strongly recovering from a downturn in the prior year, the Group recorded a 24% increase in its revenue registering Rs. 79.8 Bn for the year ended 31st March 2018, with major contributions from Oil Palm Plantations, Beverage and Oils and Fats segments.

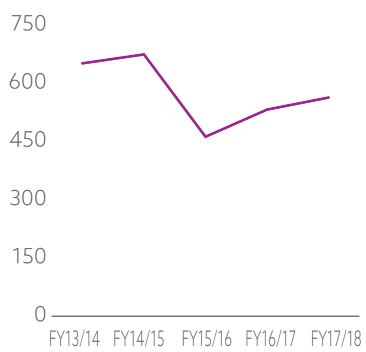
Segment-wise Revenue Contribution

Segment (Rs'000)	FY17/18	% Contribution in FY17/18	FY16/17	% Contribution in FY16/17	YoY change %
Investment Holdings	22,860	0.03%	9,151	0.01%	149.81%
Portfolio & Asset Management	1,168,106	1.46%	1,727,273	2.68%	(32.37%)
Oil Palm Plantations	24,377,772	30.53%	19,370,861	30.04%	25.85%
Oils & Fats	21,017,926	26.32%	19,315,999	29.96%	8.81%
Beverage	32,306,623	40.46%	23,275,282	36.10%	38.80%
Real Estate	268,354	0.34%	234,073	0.36%	14.65%
Leisure	684,841	0.86%	543,654	0.84%	25.97%
Management Services	2,886	0.00%	2,625	0.00%	9.94%
Total	79,849,368	100%	64,478,918	100%	23.84%

The Beverage sector emerged as the highest contributor to the group during the year with a 40% contribution, injecting Rs. 32.3 Bn to the group topline. The said improvement was a combination of several factors. Firstly, the sector recovered from a low volume base of the previous year, significantly impacted by the damages caused to its manufacturing facility by the floods in May 2016. The damages resulted in closure of the Brewery for almost 6 months of the previous financial year, for the repair work to be completed, resulting in the Lion brand being out of the market by mid-June, for one and a half months until resorted to imports. However, even after taking steps to import some brands, the most popular SKU of the Lion brand – 625 ml bottle was not available in the market, causing substantial impact to the sector volumes. With the commencement of production post renovation, in December 2016, the sector gradually reclaimed its production volumes. Nevertheless, the biggest impact to the volume reduction in the prior year was stemming from the irrational excise duty structure implemented in November 2015, where beer tax was increased sharply by 70% as opposed to much lower 25% increase for high alcoholic spirits. The said inconceivable policy drew down beer industry volume by over 40% shifting consumption to cheaper, value for money alternatives such as hard alcohol, toddy and illicit alcohol. All three alternatives are more harmful to consumers than the much milder beer. However, in November 2017, a more pragmatic excise duty policy was introduced and now, alcobevs are taxed based on their alcohol content. As a result beer volumes recovered during the last quarter of the year under review, contributing to the aforementioned revenue growth. Encouragingly, the exports segment of the beverage business too observed a noticeable uptick during the year where, over 500 containers of beer were exported to over 19 countries worldwide, competing with many global beer giants in those markets.

Moving on to the Oil Palm Plantations segment, the peak crop season in the first half of the year largely led the sector to produce over 1 Mn Metric Tons of FFB, demonstrating a YoY increase of 3.4%. This resulted in a 20% increase in CPO sales volumes, supported by a 6% uptrend in the prices relative to the prior year with the average CPO prices hovering over USD 563 per Metric Ton, improving from the previous year's USD 532 per Metric Ton. Accordingly, during the year under consideration, the Oil Palm plantations segment observed a 26% increase in its revenue compared to the past year, contributing Rs. 24.4 Bn to the consolidated revenue.

Average Sales Price of CPO (USD/MT)



Strongly recovering from a downturn in the prior year, the Group recorded a 24% increase in its revenue registering Rs. 79.8 Bn for the year ended 31st March 2018, with major contributions from Oil Palm Plantations, Beverage and Oils and Fats segments.

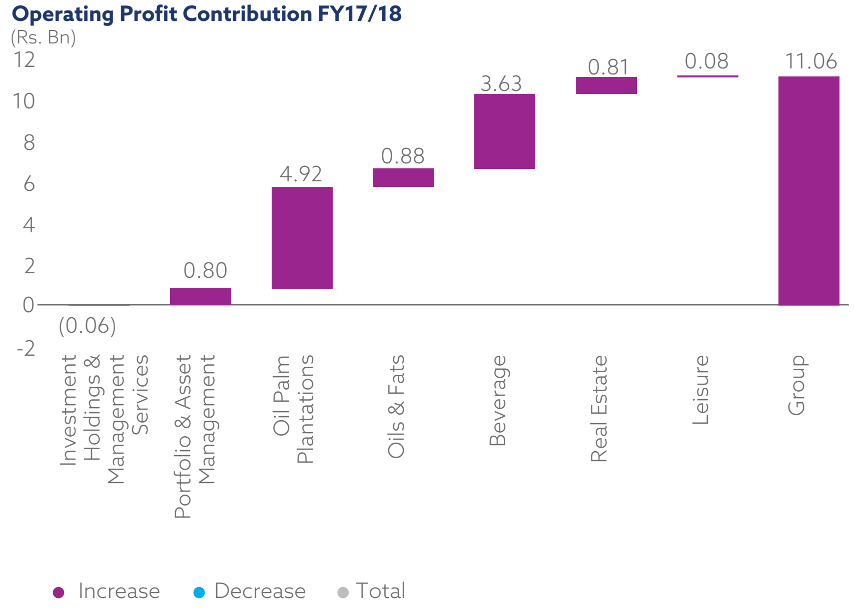
At Rs. 21 Bn, the Oils and Fats sector achieved a topline growth of 9% during the year under review, compared to the preceding financial year. As far as the midstream and downstream business of Oil palm is concerned, the prices of lauric oils were comparatively stable during the year under discussion, where the main feedstock Palm Kernel (PK) showed a declining trend. PK prices were trading at the range of MYR 1,800-2,200, down from MYR 3,000 per MT observed in the comparative period. Thus, production and sales quantities of specialty fats improved during the financial year 2017/18 due to low feedstock prices leading to increased mid-stream capacity utilization. The Malaysian operations in fact concluded one of its best performances since its acquisition by the group in financial year 11/12.

Meanwhile the Portfolio and Asset Management sector saw the revenue declining by 32% during the year which reached Rs. 1.17 Bn, predominantly due to limited market opportunities being visible during the year in terms of realization of gains. In contrast, the sector cashed on in capital gains due to the significant transaction of JKH during the financial year 2016/17.

Although limited in contribution size to the group, the leisure and real estate sectors observed YoY improvements in revenue of 26% and 15% respectively during the year. In the case of the leisure segment, Pegasus Reef hotel bounced back from a low revenue base consequent to a room refurbishment in financial year 16/17. The leisure sector revenue was further augmented by the 25% YoY growth observed in the eventful MICE segment, specifically weddings and conference business. Accordingly, the Food and Beverage revenue of the hotel notably improved by 29% over the corresponding year. Giritale hotel managed to marginally drive up the occupancy of the hotel from 63% to 64% during the year, and the occupancy growth was insufficient to drive up the revenue of the hotel due to the competitive rates in the region. Due to the above mentioned reasons, the sector revenue contribution to the group stood at Rs. 684.8 Mn for the financial year 17/18. In the meantime, properties of the real estate sector reached near full occupancy of 99% during the year. Along with rent revisions the sector revenue reached Rs. 268.4 Mn during the year.

OPERATING PROFIT

Operating Profit Contribution FY17/18



FINANCIAL REVIEW

The Oils and Fats segment of the group, the operating profit portrayed a considerable YoY increase of 403% to reach Rs. 882.1 Mn.

Operating Profit Breakdown

Segment (Rs. 000)	FY17/18	FY16/17	YoY change %
Investment Holdings & Management Services	(62,168)	(103,412)	40%
Portfolio & Asset Management	799,520	1,232,714	(35%)
Oil Palm Plantations	4,918,057	3,569,841	38%
Oils & Fats	882,107	175,321	403%
Beverage	3,630,537	(886,190)	510%
Real Estate	814,455	159,040	412%
Leisure	78,683	4,896	1507%
Total	11,061,191	4,152,210	166%

With increase in revenue, the gross profit of the group improved notably from Rs. 16.6 Bn to Rs. 21.2 Bn during the financial year herein considered. Similarly, the operating profit of the Group expanded by 166% to reach Rs. 11.06 Bn from Rs. 4.15 Bn supported by aforementioned increase in gross profit. Further, recording of fair value gain on investment properties and reduction in charges on impairment of assets, in the backdrop of improved operating environment of the key business sectors during the year, too contributed to improved operating profit of the group.

Recovering from an operating loss of Rs 886.2 Mn recorded in the previous financial year, the Beverage sector reported an operating profit of Rs. 3.6 Bn supported by the increased top line. Further, insurance receipts too augmented the operating profit during the year, where Lion Brewery received the final settlement of Rs. 2 Bn pertaining to insurance claim made for the damages & losses caused by the floods in May 2016. Of the said claim receipt, Rs. 1.2 Bn was related to losses due to business interruption, and accordingly, recorded in the operating profit of the segment. The insurance receipt on business interruption recorded in the previous year, on the same claim amounted to Rs. 1 Bn. However, previous year's operating profit of the segment was also impacted, in addition to the impact from the aforesaid volumes, due to one-off impairment charge of Rs. 1.67 Bn pertaining to the acquired Millers brands due to drop in volumes as a result of the high excise duty regime which prevailed during the previous year. After adjusting for impairment charges on brands and insurance receipts, operating profit of the sector amounted to Rs. 2.4 Bn compared to operating loss of Rs. 213 Mn recorded in the corresponding year on the same basis.

The Oil Palm Plantation sector reported an operating profit of Rs. 4.9 Bn for the twelve months concluded, up by 38% against the figure reported in the previous year, steered by the above-discussed top line growth. Further, the gain of Rs. 1 Bn recorded for the year from fair value adjustment of biological assets from increased crop also contributed positively towards sector earnings before interest and tax; especially in contrast to the Rs 33.4 Mn gain reported in financial year 16/17. Additionally, the sector absorbed a foreign exchange loss of Rs. 758.6 Mn as opposed to a gain of Rs. 81.9 Mn in the comparative year, mainly due to the translation losses stemming from the depreciation of Indonesian Rupiah against USD during the year, which dragged down the sector's operating profit to a certain extent.

During the year under consideration, the carrying values of non-current assets (property plant & equipment, biological assets and intangible assets) of the Indonesian Plantation Companies were tested for impairment based on a fair value assessment carried out via an independent valuation exercise. Accordingly, the Oil Palm Plantations sector recorded a net impairment charge of Rs. 947.4 Mn during the year, from the net fair value losses arising from the immature plantations. Eliminating the impact from the aforementioned fair value gains on biological assets, foreign exchange gain/ losses and impairment charges, the Oil

Palm Plantations sector operating profit recorded a considerable growth of 42% over the corresponding year, from Rs. 4 Bn to Rs. 5.6 Bn.

In consideration of the vagaries of the oil palm industry, the segment has initiated an internal review of its operations with an objective of operational cost reductions. Accordingly, during the year the segment was able to achieve a cost saving of USD 4.8 Mn in its administrative expenses leading to an operational cost reduction of 15%. These saving programs are expected to continually benefit the segment for the upcoming days.

Diverting to the Oils and Fats segment of the group, the operating profit portrayed a considerable YoY increase of 403% to reach Rs. 882.1 Mn. This was predominantly driven by the increased capacity utilization strengthened by the increased working capital funding for the sector and improved production and sales of specialty fat volumes and by-products pursuant to stabilized feedstock prices. Also, the discontinuation of operations in the Indian refinery in June 2016, ensured a positive impact to the operating profit margins for the year under consideration.

Further, processing of our own Indonesian plantation PK at Malaysian oils and fats facility created synergies between the upstream and downstream segments, enabling the Malaysian plant to reduce its fixed cost impact due to less idle capacity, while enhancing margins. Owing to local currency depreciation, the foreign exchange gains of the sector was limited to Rs. 43.6 Mn, down by 83% compared to the financial year 2016/17.

Observing the Portfolio and Asset Management sector, lower realized capital gains in the current year as mentioned above, primarily dragged down the operating profit of the segment by 35% over the prior year, to Rs. 799.5 Mn in the financial year under review. Furthermore, the sector recorded an impairment loss of business assets mainly attributable to Private Equity investments amounting to Rs. 91.4 Mn compared to Rs. 198.8 Mn in the prior year. However, albeit numerous challenges, the discretionary portfolio of the sector prior to dividend payment to the sector shareholders, impressively grew by an 11.17% during the year, comfortably surpassing the ASPI growth of 6.84%, capitalizing on the bottom-up investment strategies.

Leisure segment of the Carson Cumberbatch group also contributed positively towards the consolidated profit, where the segment operating profit notably increased to reach Rs. 78.7 Mn, primarily upheld by the topline growth as discussed above.

The real estate sector of the group too contributed substantially to the group operating profit, with Rs. 814.5 Mn, mainly due to recording of fair value gains on investment properties. The valuation exercise was carried out during the year as required by the Accounting Standards. As per the said valuations, the properties of the group factored in a gain of Rs. 621.1 Mn due to the appreciation in the property values. Excluding the impact of the said valuation gains, the sector observed the operating profit rising reasonably by 22% over the prior year mainly due to increase in occupancy and rent reviews.

Guardian Group Portfolio Performance

	As at			As at 31-Mar-2018 (Dividend adjusted)*	Dividend adjusted performance
	31/03/2018	31/03/2017	Change %		
Discretionary portfolio (Rs. '000)	13,923,347	13,078,794	6.46%	14,539,307	11.17%
Total Portfolio (Rs.'000)*	18,135,671	18,396,828	(1.42%)	18,751,631	1.93%
ASPI (Points)	6,476.78	6,061.94	6.84%		6.84%
S&P 20 (Points)	3,650.10	3,433.88	6.14%		6.14%

*After adding back the total cash outflow from the distribution of dividend by the Guardian Group which was Rs. 615.96 Mn during the period.

FINANCIAL REVIEW

DEBT AND NET FINANCE COST

Total Gross Debt by Sector

Rs Mn	Portfolio & Asset Management	Investment Holdings & Management Services	Oils & Fats	Oil Palm Plantations	Beverage	Real Estate	Leisure	Total
FY 17/18	16	1,365	12,047	39,354	16,622	-	35	69,439
FY 16/17	13	1,435	11,350	40,130	19,526	-	7	72,461
YoY Change	23.08%	-4.88%	6.14%	-1.93%	-14.87%	0.00%	400.00%	-4.17%

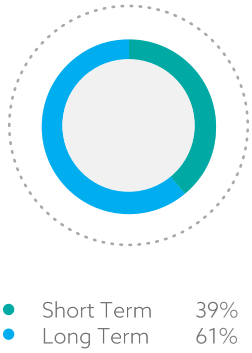
The total debt outstanding at the group level observed a marginal decline of 4% to reach Rs. 69.4 Bn from Rs. 72.5 Bn. On a sector level, the Oil Palm Plantations segment's total debt outstanding marginally declined by 2% YoY, to reach Rs. 39.4 Bn during the year with the part settlement of debt commitments utilizing the proceeds from sale of plantation assets in Malaysia of the 4 Malaysian companies. The Oil palm plantations sector executed an amendment to the terms of its current senior term loan facility in November 2017 to ensure a more stable capital structure in the medium term. However, high gearing continues to pose challenges to the sector.

The total debt level of Oils and Fats segment expanded by 6% over the prior year to reach Rs. 12 Bn mainly on capacity utilization strategies. The net finance expenses which stood at Rs. 610.3 Mn reported a YoY increase of 9% as a result.

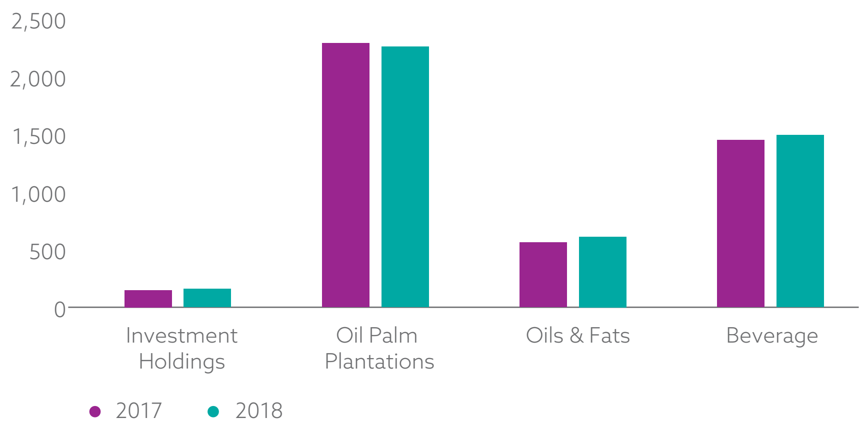
Meanwhile, the net finance expense of the Beverage sector increased by 3% YoY, which stood at Rs. 1.5 Bn, primarily due to obtaining of short term loans, temporarily, for stabilization of operations pursuant to floods until the receipt of full insurance claims and also absorbing costs on flood prevention strategies. Nevertheless, it is noteworthy to see that the sector managed to significantly decrease its borrowing exposure during the year amidst challenging market conditions prevalent for almost first 9 months of the year, some what supported by the said insurance receipts.As such, the total debt at the sector level observed a considerable YoY reduction of 15% amounting to Rs. 2.9 Bn, over the corresponding balance sheet date, along with the capital repayments during the period.

On a group level, after eliminating the impact of impairment of business assets and insurance receipts on business interruption recorded by the group on its operating profit, the group's interest cover ratio for the year under discussion, reasonably improved to 2.43 times from 1.26 times denoted in the financial year 2016/17.

Loans & Borrowings Breakdown - 2018



Net Finance Cost - On Geared Segments



NET DEBT

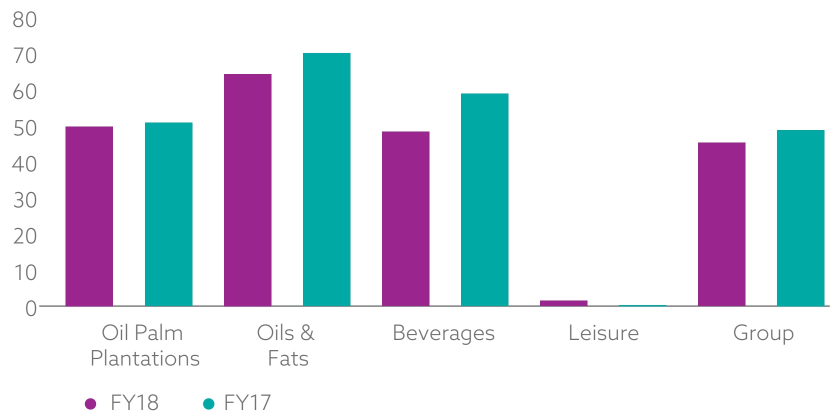
Net Debt Position

Segment (Rs'000)	2018	2017	YoY increase/ decrease
Investment Holdings	859,389	1,374,675	(37.48%)
Portfolio & Asset Management	(1,763,055)	(1,450,651)	(21.54%)
Oil Palm Plantations	36,688,048	34,198,157	7.28%
Oils & Fats	11,920,083	11,127,708	7.12%
Beverage	8,441,764	11,880,928	(28.95%)
Real Estate	(20,711)	(46,909)	55.85%
Leisure	(113,452)	(35,497)	(219.61%)
Management Services	(31,347)	(26,400)	(18.74%)
Group Net Debt Position	55,980,719	57,022,011	(1.83%)

From the perspective of debt the group's net debt position, marginally improved by 1.8% to reach Rs. 55.9 Bn compared to Rs. 57 Bn recorded in the corresponding period's closing balance. However, of the three-geared sectors of the Group, Brewery segment managed to reduce its net debt notably by 29% supported by insurance receipts in addition to the improvement in operational environment explained above. Accordingly the net debt of the Beverage sector recorded at Rs. 8.4 Bn compared to Rs. 11.9 Bn in the corresponding year whilst Rs. 1.1 Bn of insurance proceeds is receivable as at 31st March 2018, which too will be utilised to settle the debts of the Sector.

The Oil Palm Plantations segment which constitutes 66% of the total net debt of the group, saw its net debt position increasing by 7.3% during the year. The Oils and Fats segment reported a YoY increase of 7.1% in its net debt position which stood at Rs. 11.9 Bn as of the close of the financial year 17/18. Such increase was primarily attributable to the borrowings obtained by the Oil and Fats sector to fund its capacity utilization and volume increase. Considering the financial leverage on the debt to assets basis, the Oils and Fats sector remained the highest leveraged as of the year end, followed by the Beverage segment and the Oil Palm Plantations segments respectively.

DEBT/ASSETS



NET PROFIT

Accordingly, Bukit Darah PLC, on a consolidated level posted a net profit from continuing operations of Rs. 3.67 Bn in comparison to a net loss of Rs. 1.51 Bn observed during the previous year.

Net Profit Contribution

Segment (Rs. 000)	FY2018	FY2017	% Change
Investment Holdings	(246,572)	(218,651)	(12.77%)
Portfolio & Asset Management	760,665	1,214,913	(37.39%)
Oil Palm Plantations	1,105,554	(760,815)	245.31%
Oils & Fats	197,385	(297,487)	166.35%
Beverage	1,640,750	(1,560,144)	205.17%
Real Estate	135,925	101,903	33.39%
Leisure	81,401	29,555	175.42%
Management Services	(863)	(23,517)	96.33%
Group Profit from Continuing Operations	3,674,245	(1,514,243)	342.65%

FINANCIAL REVIEW

The group's expansion strategy for sustainable value creation is reflected by the considerable capital expenditure made by the business sectors of the group over time.

At a sector level, Beverage segment emerged as the highest contributor to the overall net profit of the group, followed by the Oil Palm Plantations segment and the Portfolio and Asset Management segment respectively. However, the Beverage sector net profit of Rs. 1.6 Bn is inclusive of Rs. 1.2 Bn insurance receipts on business interruption and Rs. 752.3 Mn insurance receipts on property damages as mentioned above.

DEFERRED TAXATION

The New Inland Revenue Act No. 24 of 2017 effective from 01st April 2018, introduced tax on business assets extending to lands where such lands are utilized for the production of income of the respective Company. Any gain on the sale of such lands was made liable to tax at the corporate tax rate applicable for the respective companies, thereby requiring additional deferred tax provision on any revaluation gains on lands resulting substantial increase in deferred tax liability of the Group. Accordingly, the Beverage segment recognized Rs. 485.6 Mn provision in the Statement of Other Comprehensive Income while the Leisure segment's Other Comprehensive Income reflected Rs 113 Mn deferred tax provision for the financial year 2017/18 on revaluation gains on lands. In the case of the Real Estate segment, the deferred tax impact is recorded in the profit or loss amounting to Rs. 615.6 Mn. Out of the recorded deferred tax of the segment during the year, Rs. 146.9 Mn was attributable specifically to the deferred tax from the current year gains while the remaining Rs. 468.7 Mn deferred tax component was accounted for the land valuation gains in the previous financial years.

TOTAL ASSETS

The total assets of the group as at the year-end stood at Rs. 153.6 Bn, in spite of the Oil Palm Plantation assets being stated at cost in the Balance Sheet. The total assets include liquid and near liquid assets amounting to Rs. 29.8 Bn in the form of discretionary portfolio excluding cash and cash equivalent in the portfolio and asset management segment amounting to Rs. 12.4 Bn, Real Estate Portfolio amounting to Rs. 4 Bn in the Real Estate segment and cash and cash equivalents amounting to Rs. 13.4 Bn in the Group as at 31st March 2018.

CAPITAL EXPENDITURE

The group's expansion strategy for sustainable value creation is reflected by the considerable capital expenditure made by the business sectors of the group over time. The business expansions of the Group were predominantly funded by the operational cash flows as well as employing leverage. The group has incurred Rs. 49.8 Bn on investments relating to property plant and equipment and biological assets over the past five-year period, which amounts to 118% of the total net operating cash flow of the group for the same five-period demonstrating group commitment on expanding its businesses. The capital expenditure of Rs. 5.6 Bn incurred during the financial year 17/18 accounted for 61% of the net operating cash flow of the group. Utilizing the committed capital expenditure to attain better performance domestically and beyond borders would ensure that the company is effectively on track in delivering improved returns and long term value creation to the shareholders supported by improved operational performance.

Cash Utilization

Rs. Mn	2013/14	2014/15	2015/16	2016/17	2017/18	Total
Cash Inflows						
Net Operating Cash flow	13,501	4,857	12,613	2,072	9,202	42,245
Cash Inflows from Investing Activities	734	754	462	19,842	592	22,384
Cash Inflows from Financing Activities	16,777	18,812	2,598	1,518	7,914	47,619
Total Inflows	31,012	24,423	15,673	23,432	17,708	112,248
Cash Outflows						
Investing Activities						
Purchase and construction of property, plant & equipment	(9,866)	(9,577)	(4,671)	(5,055)	(3,569)	(32,738)
Additions to Biological Assets	(5,091)	(4,521)	(3,112)	(2,340)	(2,034)	(17,098)
Purchase of Intangible Assets/Prepaid Lease Payment	(571)	(5,116)	(421)	(360)	(203)	(6,671)
Movement in Plasma Investment	-	(1,160)	(469)	(17)	(651)	(2,297)
Investment in JV	-	-	-	-		
Acquisition of Non -controlling interest	(92)	(1,093)	(101)	(77)	(19)	(1,382)
Trade Debtors	(164)	(31)	(21)	(443)	(714)	(1,373)
Acquisition of Subsidiaries net of cash	(137)	(1,131)	(516)	-		(1,784)
	(15,921)	(22,629)	(9,311)	(8,292)	(7,190)	(63,343)
Financing Activities						
Repayment of Borrowings	(2,824)	(7,516)	(7,746)	(11,534)	(2,536)	(32,156)
Repayment of finance lease creditors	(47)	(97)	(196)	(158)	(93)	(591)
Redemption of preference shares	(55)	-	-	(120)		(175)
Net decrease in non controlling interest	-	-	-	-		0
Dividends paid by the Company and to the non-controlling shareholders (including preference dividends)	(928)	(1,084)	(876)	(531)	(715)	(4,134)
	(3,854)	(8,697)	(8,818)	(12,343)	(3,344)	(37,056)
Total Cash Outflows	(19,775)	(31,326)	(18,129)	(20,635)	(10,534)	(100,399)
Change in cash and cash equivalents	11,237	(6,903)	(2,456)	2,797	7,174	11,849
Opening cash and cash equivalents	(12,431)	(1,194)	(8,097)	(10,553)	(7,756)	(12,431)
Closing cash and cash equivalents	(1,194)	(8,097)	(10,553)	(7,756)	(582)	(582)

Carsons Management Services (Private) Limited
21st June 2018

DIRECTORS PROFILE

HARI SELVANATHAN

Hari Selvanathan is the Chairman of Bukit Darah PLC and Deputy Chairman of Carson Cumberbatch PLC. He is the Deputy Chairman of Goodhope Asia Holdings Ltd and was appointed as Group Chief Executive Officer of Goodhope Asia Holdings Ltd w.e.f 1st November 2017. 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. 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' experience in commodity trading in International Markets.

He holds a Bachelor of Commerce Degree.

MANO SELVANATHAN

Mano Selvanathan holds a Bachelor's 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 is an active Member of its Executive Management Forums.

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.

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

In January 2011, he was awarded with 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 Guardian Capital Partners PLC and Rubber Investment Trust Limited. He serves as a Director of several 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, National Chamber of Commerce of Sri Lanka and Shippers Council. He served on the Board of Arbitrators of the Ceylon Chamber of Commerce. He has served as Hony. General Secretary of the Central Council of Social Services, Hony. Treasurer of The Christian Conference in Asia, President of the Church of Ceylon Youth Movement and Hony. Treasurer of the National Christian Council of Sri Lanka.

He has also served as Chairman of the Incorporated Trustees of the Church of Ceylon.

He also served on the Presidential Task Force on Non Traditional Export and Import Competitive Agriculture set up by the late 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 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.

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

(Resigned w.e.f 15th August 2017)

Chandana Tissera presently serves as a Non-Executive Director on the Board of Carson Cumberbatch PLC. He previously served as a Director and the Chief Executive Officer of the Plantations and Oils & Fats Sector of the Carsons Group and also served as a Director in all Subsidiary companies of the Goodhope Group. He retired from the Goodhope Group on 31st October 2017.

He had also previously served as the Chief Executive Officer of the Investment Sector and as Director Finance of the Carsons Group.

He has also served on the Board of Union Assurance PLC.

He counts over 33 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.

LESLIE RALPH DE LANEROLLE

Ralph De Lanerolle has over 50 years of work experience in both the public and private sectors, where he has held senior management positions.

A Chartered Engineer, Mr. De Lanerolle holds a Bachelor's Degree in Civil Engineering (First Class Honors) from the University of Ceylon (1965) and a Master's Degree from the University of Waterloo, Ontario, Canada (1968). He is a member of the Association of Professional Bankers of Sri Lanka and a Fellow of the Economic Development Institute of the World Bank, Washington and a honorary life member of the Institution of Engineers Sri Lanka.

Mr. De Lanerolle has worked primarily in the field of Project Finance and Management, undertaking assignments in diverse sectors of the economy, especially in the financial services, real estate and property, tourism, hotel and transportation sectors. He has worked as a team leader/ member with several multidisciplinary groups in carrying out project studies. In an individual capacity, he has served as Consultant to several private companies, providing project related advisory services from pre-investment to implementation.

Mr. De Lanerolle has served and continues to serve, on the Board of Directors of several other private and public listed companies.

SURESH SHAH

Mr. Suresh Shah is a Director and Chief Executive Officer of Ceylon Beverage Holdings PLC and Lion Brewery (Ceylon) PLC. He is also a Director of Bukit Darah PLC and some other companies within the Carson Cumberbatch group.

He is a Past Chairman of the Ceylon Chamber of Commerce, Chairman of the Employers Federation of Ceylon, a member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka and a member of the National Salaries & Cadre Commission. Previously, he has served as a Commissioner of the Securities and Exchange Commission of Sri Lanka and as a Member of Council, University of Moratuwa.

He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.

MAHENDRA DAYANANDA

Mahendra Dayananda is an Independent Non-Executive Director of Pegasus Hotels of Ceylon PLC and Nestle Lanka PLC and was a former Non - Executive Director of Delmege Ltd. An expert on the Tea Industry and economic issues, he was until recently the Chairman of the Sri Lanka Business Development Centre.

Former Chairman of the Ceylon Chamber of Commerce, he chaired the Monetary Policy Consultative Committee - Central Bank of Sri Lanka and continues to chair several organisations such as Total Tea Concepts (Private) Limited and Indo Asia Teas (Private) Limited. He is the Honorary Consul for the Republic of Benin in Sri Lanka.

KRISHNA SELVANATHAN

(Alternate Director to Mr. M. Selvanathan)

Krishna Selvanathan is a Director of Carsons Management Services (Private) Limited, Lion Brewery (Ceylon) PLC & Pegasus Hotels of Ceylon PLC. He also serves as the CEO of Guardian Fund Management Limited & serves as a board member of other investment sector companies within the Ceylon Guardian group.

He holds a BA Degree in Accounting & Finance and Business Administration from the University of Kent, U.K.

MANAGEMENT TEAMS

PLANTATIONS, OILS & FATS

CORPORATE

Hariharan Selvanathan
Group Chief Executive Officer (Appointed w.e.f. 1st November 2017)

Chandana Tissera
(Retired as Group CEO w.e.f. 31.10.2017)

Aneesh Dudeja
President and Chief Financial Officer

Rizan Jiffrey
Director - Projects, Business Development and Processing

Ms. Janaka Jayawickrama
Director - Legal and Corporate Affairs (Resigned w.e.f. 31/12/2017)

Kevin de Silva
Director/Chief Operating Officer-Business Systems & Services

Ms Sharada Selvanathan
Head of Corporate Planning

Satish Selvanathan
Executive Director - Downstream

PLANTATIONS

Sanjaya Upasena
Director - Chief Operating Officer - Oil Palm Plantations

Christoforus Pakadang
Director - Head of Tax Administration and Statutory Assurance

Edi Suhardi
Director - Sustainability

EDIBLE OILS AND FATS

Jayaprakash Mathavan
Director/Chief Operating Officer - Edible Oils & Fats Segment

BEVERAGE

Suresh Shah
Director / CEO

Ranil Goonetilleke
Director - Finance

Stefan Atton
General Manager - Marketing

Nirosh de Silva
General Manager - Technical

Shamal Boteju
General Manager - Pubs & Places

Madhushanka Ranatunga
General Manager - Luxury Brands

Ms. Sharlene Adams
Head of Exports and New Products Development

Shiyan Jayaweera
Head of Marketing

Shiran Jansz
Head of Sourcing & Procurement

Ms. Surani Amerasinghe
Head of Human Resources

Nishantha Hulangamuwa
Head of Outbound Supply Chain

Eshantha Salgado
Head of Administration

Channa Senarathne
Head of Regulatory Affairs

Hiran Edirisinghe
Chief Engineer

Jehan Goonaratne
Finance Manager - Corporate

Keerthi Kanaheraarachchi
Head of Sales

Janaka Fernando
Head of Packaging

Prashanthan Pathmanathan
Finance Manager - Marketing

Ms. Nayana Abeysinghe
Head of Legal

Ms. Ama Ekanayake
Head of Information Technology

Chandana De Silva
Quality Assurance Manager

PORTFOLIO & ASSET MANAGEMENT

Krishna Selvanathan
Director/CEO

Tharinda Jayawardena
Head of Research

Sumith Perera
Head of Portfolio Management

Asanka Jayasekara
Senior Fund Manager

Lakmal Wickramaarachchi
Financial Controller

REAL ESTATE

Nalake Fernando
Director - Property Management

S. Rajaram
Head of Engineering

Sisira Wickramasinghe
Finance Manager - CMSL

LEISURE

Pegasus Reef Hotel

Harsha Jayasinghe
General Manager - Pegasus Reef Hotel

Vibath Wijesinghe
Head of Finance, CMSL

Kapila Gunathilake
Head of Finance

Dushmantha Fernando
Head of Sales & Marketing

Ms. Mala Munasinghe
Executive Housekeeper

Saman Nayanananda
Food and Beverage Manager

Ms. Premila Samarakoon
Front Office Manageress

Malinga Sanjeewa
Manager - Human Resource

Nalinda Abeyratne
Executive Chef

Rinsly Tennakoon
Chief Engineer

Giritale Hotel

Thiagarajah Ganeshan
General Manager - Giritale Hotel

Senarath Ekanayake
Accountant

MANAGEMENT SERVICES

Ajith Weeratunge
Director

Ms. Keshini De Silva
Director

Krishna Selvanathan
Director

Ms. Amali Alawwa
Head of Legal

Vibath Wijesinghe
Head of Finance

Amal Badugodahewa
Head of Tax

Bennett Patternott
Head of HR

Chaminda Premarathne
Head of Group Internal Audit

Sunimal Jayasuriya
Head of IT

GROUP DIRECTORATE

PLANTATIONS, OILS & FATS

GOODHOPE ASIA HOLDINGS LTD.

Directors:
Chandra Das S/O Rajagopal Sitaram ** NEI (Chairman),
H. Selvanathan (Executive Director & Deputy Chairman),
P.C.P. Tissera (Resigned w.e.f 3.10.2017)
Abdullah Bin Tarmugi ** NEI,
Chan Cheow Tong Jeffery ** NEI,
D.C.R. Gunawardena *** NE & NI,
J. Mathavan
A. P. Weeratunge * NE (Appointed w.e.f 1.2.2018)

SHALIMAR DEVELOPMENTS SDN. BHD.

Directors:
H. Selvanathan, M. Selvanathan,
D.C.R. Gunawardena, P.C.P. Tissera (Resigned w.e.f. 03.10.2017)
Ms. J.M.S. Jayawickrama (Resigned w.e.f. 30.11.2017)
S.B Ismail

PT AGRO INDOMAS

Commissioners:
H. Selvanathan - President Commissioner,
M. Selvanathan,
I. Paulraj,
M. Ramachandran Nair,
T. de Zoysa,
D.C.R. Gunawardena
A.S. Amaratunga

Directors:
P.C.P. Tissera - President Director (Resigned w.e.f. 3.10.2017)
A. Dudeja - President Director (Appoined w.e.f. 1.1.2018)
C.A.V.S. Upasena (Vice President Director),
C.S. Pakadang,
Ms. J.M.S. Jayawickrama (Resigned w.e.f. 30.11.2017)
T. Illamurugan
B.C.S.T.I Rodrigo (Appointed w.e.f. 1.1.2018)

SHALIMAR (MALAY) PLC

Directors:
H. Selvanathan - Chairman,
M. Selvanathan, I. Paulraj * NE,
D.C.R.Gunawardena * NE,
P.C.P. Tissera (Resigned w.e.f. 15.8.2017)
K.C.N. Fernando, A.K. Sellayah ** NEI
S. Mahendrarajah ** NEI

SELINSING PLC

Directors:
M. Selvanathan - Chairman,
H. Selvanathan, I. Paulraj * NE,
D.C.R.Gunawardena * NE,
P.C.P. Tissera (Resigned w.e.f. 15.8.2017)
S. Mahendrarajah ** NEI
S. N. Alles ** NEI (Appointed w.e.f 01.11.2017)

INDO-MALAY PLC

Directors:
H. Selvanathan - Chairman,
M. Selvanathan, I. Paulraj * NE,
D.C.R.Gunawardena * NE,
P.C.P. Tissera (Resigned w.e.f. 15.8.2017)
S. Mahendrarajah ** NEI (Director & alternate Director for Mr. I. Paulraj) S. N. Alles** NEI (Appointed w.e.f 10.10.2017)

GOOD HOPE PLC

Directors:
H. Selvanathan - Chairman
M. Selvanathan, I. Paulraj * NE,
D.C.R.Gunawardena * NE, P.C.P.Tissera (Resigned w.e.f. 15.8.2017)
A. K. Sellayah ** NEI
S. N. Alles ** NEI (Appoined w.e.f 10.10.2017)
Alternate Director:
S. Mahendrarajah (for I. Paulraj)

PT AGRO ASIA PACIFIC

Commissioners:
H. Selvanathan - President Commissioner,
M. Selvanathan,
D.C.R. Gunawardena

Directors:
P.C.P. Tissera - President Director, (Resigned w.e.f 3.10.2017)
C.A.V.S. Upasena (Appointed as President Director w.e.f. 1.1.2018), C.S. Pakadang,
Ms. J.M.S. Jayawickrama (Resigned w.e.f 30.11.2017)
J. Mathavan
A. Dudeja (Appointed w.e.f. 1.1.2018)
B.C.S.T.I Rodrigo (Appointed w.e.f. 1.1.2018)

PT KARYA MAKMUR SEJAHTERA

Commissioners:
H. Selvanathan - President Commissioner,
M. Selvanathan,
D.C.R. Gunawardena

Directors:
P.C.P. Tissera - President Director (Resigned w.e.f. 3.10.2017)
A. Dudeja - President Director (Appointed w.e.f. 1.1.2018)
C.A.V.S. Upasena (Vice President Director),
C.S. Pakadang,
Ms. J.M.S. Jayawickrama, (Resigned w.e.f. 30.11.2017)
T. Illamurugan
B.C.S.T.I Rodrigo (Appointed w.e.f. 1.1.2018)

* *Non-Executive Director*
** *Non-Executive/ Independent Director*
*** *Non-Executive/ Non-Independent Director*

PT AGRO HARAPAN LESTARI

Commissioners:
H. Selvanathan - President Commissioner,
M. Selvanathan, - Vice President Commissioner, I. Paulraj
Directors:
P.C.P. Tissera - President Director, (Resigned w.e.f 3.10.2017)
Ms. J.M.S. Jayawickrama (Resigned w.e.f 30.11.2017)
C.A.V.S. Upasena, C.S. Pakadang,
E. Suhardi.
A. Dudeja (Appointed w.e.f. 1.1.2018)
B.C.S.T.I Rodrigo, (Appointed w.e.f. 1.1.2018)

AGRO HARAPAN LESTARI SDN. BHD.

(Under Liquidation)
Directors:
H. Selvanathan, M. Selvanathan,
J. Mathavan, P.C.P. Tissera, (Resigned w.e.f 3.10.2017)
Ms. J.M.S. Jayawickrama, (Resigned w.e.f 26.10.2017)
C.A.V.S. Upasena, M.R. Jiffrey,
K.G.G. De Silva, Ms. H.S. Lin

PT AGRO BUKIT

Commissioners:
H. Selvanathan - President Commissioner,
M. Selvanathan,
I. Paulraj, D.C.R. Gunawardena,
T. de Zoysa
Directors:
P.C.P. Tissera - President Director (Resigned w.e.f. 3.10.2017)
A. Dudeja - President Director (Appoined w.e.f. 1.1.2018)
C.A.V.S. Upasena (Vice President Director),
C.S. Pakadang,
Ms. J.M.S. Jayawickrama (Resigned w.e.f. 30.11.2017)
B.C.S.T.I Rodrigo (Appointed w.e.f. 1.1.2018)

AGRO HARAPAN LESTARI (PRIVATE) LIMITED

Directors:
H. Selvanathan - Chairman,
P.C.P. Tissera (Resigned w.e.f. 3.10.2017),
J. Mathavan,
Ms. J.M.S. Jayawickrama (Resigned w.e.f. 30.11.2017)
K.G.G. De Silva, M.R. Jiffrey,
C.A.V.S. Upasena, Ms. Sharada Selvanathan

AHL BUSINESS SOLUTIONS (PRIVATE) LIMITED

Directors:
H. Selvanathan - Chairman,
P.C.P. Tissera (Resigned w.e.f. 3.10.2017)
J. Mathavan,
Ms. J.M.S. Jayawickrama (Resigned w.e.f. 30.11.2017)
K.G.G. De Silva, M.R. Jiffrey,
C.A.V.S. Upasena.

AGRO ASIA PACIFIC LIMITED

Directors:
H. Selvanathan, M. Selvanathan,
P.C.P. Tissera, (Resigned w.e.f. 3.10.2017),
J. Mathavan
Ms. J.M.S. Jayawickrama, (Resigned w.e.f. 30.11.2017)
Satish Selvanathan (Appointed w.e.f. 1.2.2018)

PT AGRAJAYA BAKTITAMA

Commissioners:
H. Selvanathan - President Commissioner,
M. Selvanathan,
D.C.R. Gunawardena
Directors:
P.C.P. Tissera - President Director (Resigned w.e.f. 3.10.2017)
C.A.V.S. Upasena (Appointed as President Director w.e.f 1.1.2018),
C.S. Pakadang, Ms. J.M.S. Jayawickrama (Resigned w.e.f. 30.11.2017)
A. Dudeja (Appointed w.e.f. 1.1.2018)
B.C.S.T.I Rodrigo (Appointed w.e.f. 1.1.2018)

PT RIM CAPITAL

Commissioners:
H. Selvanathan - President Commissioner,
M. Selvanathan,
D.C.R. Gunawardena,
S.C.P. Chelliah
Directors:
P.C.P. Tissera - President Director, (Resigned w.e.f 3.10.2017)
A. Dudeja - President Director, (Appointed w.e.f. 1.1.2018)
C.A.V.S. Upasena (Vice President Director),
C.S. Pakadang, Ms. J.M.S. Jayawickrama (Resigned w.e.f 30.11.2017)
B.C.S.T.I Rodrigo (Appointed w.e.f. 1.1.2018)

PT AGRO WANA LESTARI

Commissioners:
H. Selvanathan - President Commissioner,
M. Selvanathan,
D.C.R. Gunawardena
Directors:
P.C.P. Tissera - President Director, (Resigned w.e.f. 3.10.2017)
A. Dudeja - President Director, (Appointed w.e.f. 1.1.2018)
C.A.V.S. Upasena (Vice President Director),
C.S. Pakadang,
Ms. J.M.S. Jayawickrama (Resigned w.e.f. 30.11.2017)
T. Illamurugan
B.C.S.T.I Rodrigo (Appointed w.e.f. 1.1.2018),

GROUP DIRECTORATE

PT NABIRE BARU

Commissioners:
H. Selvanathan - President Commissioner,
M. Selvanathan,
D.C.R. Gunawardena

Directors:
P.C.P. Tissera - President Director,
(Resigned w.e.f. 3.10.2017)
C.A.V.S. Upasena (Appointed as President Director w.e.f 1.1.2018),
C.S. Pakadang,
Ms. J.M.S. Jayawickrama (Resigned w.e.f. 30.11.2017)
A. Dudeja (Appointed w.e.f. 1.1.2018)
B.C.S.T.I Rodrigo (Appointed w.e.f. 1.1.2018)

PT BATU MAS SEJAHTERA

Commissioners:
H. Selvanathan - President Commissioner,
M. Selvanathan,
D.C.R. Gunawardena

Directors:
P.C.P. Tissera - President Director,
(Resigned w.e.f. 3.10.2017)
C.A.V.S. Upasena (Appointed as President Director w.e.f 1.1.2018),
C.S. Pakadang, Ms. J.M.S. Jayawickrama (Resigned w.e.f. 30.11.2017)
A. Dudeja (Appointed w.e.f. 1.1.2018)
B.C.S.T.I Rodrigo (Appointed w.e.f. 1.1.2018)

PT SAWIT MAKMUR SEJAHTERA

Commissioners:
H. Selvanathan - President Commissioner,
M. Selvanathan,
D.C.R. Gunawardena

Directors:
P.C.P. Tissera - President Director,
(Resigned w.e.f. 3.10.2017),
C.A.V.S. Upasena (Appointed as President Director w.e.f 1.1.2018),
C.S. Pakadang, Ms. J.M.S. Jayawickrama (Resigned w.e.f. 30.11.2017),
A. Dudeja (Appointed w.e.f. 1.1.2018)
B.C.S.T.I Rodrigo (Appointed w.e.f. 1.1.2018)

PT SUMBER HASIL PRIMA

Commissioners:
H. Selvanathan - President Commissioner,
M. Selvanathan,
D.C.R. Gunawardena

Directors:
P.C.P. Tissera - President Director
(Resigned w.e.f 3.10.2017)
C.A.V.S. Upasena (Appointed as President Director w.e.f 1.1.2018),
C.S. Pakadang,
Ms. J.M.S. Jayawickrama (Resigned w.e.f. 30.11.2017)
A. Dudeja (Appointed w.e.f. 1.1.2018)
B.C.S.T.I Rodrigo (Appointed w.e.f. 1.1.2018)

PT SINAR SAWIT ANDALAN

Commissioners:
H. Selvanathan - President Commissioner,
M. Selvanathan,
D.C.R. Gunawardena

Directors:
P.C.P. Tissera - President Director,
(Resigned w.e.f. 3.10.2017),
C.A.V.S. Upasena (Appointed as President Director w.e.f 1.1.2018),
C.S. Pakadang,
Ms. J.M.S.Jayawickrama (Resigned w.e.f. 30.11.2017),
A. Dudeja (Appointed w.e.f. 1.1.2018)
B.C.S.T.I Rodrigo (Appointed w.e.f. 1.1.2018)

PT SARIWANA ADI PERKASA

Commissioners:
H. Selvanathan - President Commissioner,
M. Selvanathan,
D.C.R. Gunawardena

Directors:
P.C.P. Tissera - President Director
(Resigned w.e.f 3.10.2017)
C.A.V.S. Upasena (Appointed as President Director w.e.f 1.1.2018),
C.S. Pakadang,
Ms. J.M.S.Jayawickrama (Resigned w.e.f 30.11.2017)
A. Dudeja (Appointed w.e.f. 1.1.2018)
B.C.S.T.I Rodrigo (Appointed w.e.f. 1.1.2018)

PT AGRO BINA LESTARI

Commissioners:
H. Selvanathan - President Commissioner
M. Selvanathan,
D.C.R. Gunawardena

Directors:
P.C.P. Tissera - President Director,
(Resigned w.e.f. 3.10.2017),
C.A.V.S. Upasena (Appointed as President Director w.e.f 1.1.2018),
C.S. Pakadang,
Ms. J.M.S.Jayawickrama (Resigned w.e.f. 30.11.2017),
A. Dudeja (Appointed w.e.f. 1.1.2018)
B.C.S.T.I Rodrigo (Appointed w.e.f. 1.1.2018), E. Suhardi

PT AGRO SURYA MANDIRI

Commissioners:
H. Selvanathan - President Commissioner
M. Selvanathan,
D.C.R. Gunawardena

Directors:
P.C.P. Tissera - President Director,
(Resigned w.e.f. 3.10.2017),
C.A.V.S. Upasena (Appointed as President Director w.e.f 1.1.2018), C.S. Pakadang,
Ms. J.M.S.Jayawickrama (Resigned w.e.f. 30.11.2017), E. Suhardi,
A. Dudeja (Appointed w.e.f. 1.1.2018)
B.C.S.T.I Rodrigo (Appointed w.e.f. 1.1.2018)

ARANI AGRO OIL INDUSTRIES PRIVATE LIMITED

Directors:
P.C.P. Tissera (Resigned w.e.f 3.10.2017),
J. Mathavan,
Ms. J.M.S. Jayawickrama (Resigned w.e.f 30.11.2017)
S.C.P. Chelliah, G.V. Krishnarao, J. Kardachi (Appointed w.e.f. 1.8.2017)

PREMIUM OILS & FATS SDN.BHD.

Directors:

H. Selvanathan, M. Selvanathan,
J. Mathavan, P.C.P. Tissera, (Resigned w.e.f. 3.10.2017),
Ms. J.M.S. Jayawickrama, (Resigned w.e.f. 30.11.2017),
T. Tharumarajah, (Resigned w.e.f. 20.07.2017), C.A.V.S. Upasena,
M.R. Jiffrey, K.G.G. De Silva

PREMIUM VEGETABLE OILS SDN. BHD.

Directors:

H. Selvanathan, M. Selvanathan,
J. Mathavan, P. C. P. Tissera, (Resigned w.e.f. 3.10.2017),
Ms. J.M.S. Jayawickrama,
(Resigned w.e.f. 30.11.2017),
S.C.P. Chelliah,
M.R. Jiffrey (Appointed w.e.f. 23.02.2018)

PREMIUM FATS SDN.BHD.

Directors:

H. Selvanathan, M. Selvanathan,
J. Mathavan, P.C.P. Tissera, (Resigned w.e.f. 3.10.2017),
Ms. J.M.S. Jayawickrama, (Resigned w.e.f. 30.11.2017), S.C.P. Chelliah, M.R. Jiffrey (Appointed w.e.f. 23.02.2018)

PREMIUM NUTRIENTS PRIVATE LIMITED

Directors:

H. Selvanathan, M. Selvanathan,
P.C.P. Tissera, (Resigned w.e.f 3.10.2017)
J. Mathavan,
Ms. J.M.S. Jayawickrama (Resigned w.e.f. 30.11.2017)

GOODHOPE INVESTMENTS (PRIVATE) LIMITED

Directors:

H. Selvanathan - Chairman,
P.C.P. Tissera (Resigned w.e.f 3.10.2017)
Ms. J.M.S. Jayawickrema (Resigned w.e.f. 30.11.2017),
K.G.G. De Silva, M.R. Jiffrey

BEVERAGE

CEYLON BEVERAGE HOLDINGS PLC

Directors:

D. A. Cabraal**NEI (Appointed as Chairman w.e.f. 21.7.2017)
H. Selvanathan (Deputy Chairman),
M. Selvanathan (Director/ Alternate Director to H. Selvanathan),
S. K. Shah (Chief Executive Officer/ Director),
D.C.R. Gunawardena * NE,
L Lehmann* NE,
R.H. Meewakkala** NEI (Appointed w.e.f. 01.09.2017)
L.C.R. de. C. Wijetunge** NEI (Stepped down from the Board as Chairman from the conclusion of the AGM on 20.07.2017)

LION BREWERY (CEYLON) PLC

Directors:

D. A. Cabraal ** NEI (Appointed as Chairman w.e.f. 21.07.2017)
H. Selvanathan (Deputy Chairman),
S. K. Shah (Chief Executive Officer/ Director),
D.C.R. Gunawardena * NE,
D. R. P. Goonetilleke,
K. Selvanathan (Director / Alternate Director to H. Selvanathan),
Ms. S.J.F. Evans ** NEI,
L. Lehmann* NE,
C. B. Yee* NE (Resigned w.e.f 11.09.2017)
R. H. Meewakkala** NEI (Appointed w.e.f. 01.09.2017)
Lim C. K.* NE (Appointed w.e.f. 12.02.2018), L.C.R. de. C. Wijetunge** NEI (Stepped down from the Board as Chairman from the conclusion of the AGM on 20.07.2017)

PUBS 'N PLACES (PRIVATE) LIMITED

Directors:

S.K. Shah,
D.R.P. Goonetilleke,
S.W.M.K.N. Hulangamuwa,
M.R.B. Ranatunga,
S.G.S. Atton,
W.H.S. Boteju

RETAIL SPACES (PRIVATE) LIMITED

Directors:

S.K. Shah,
D.R.P. Goonetilleke, P.P. de Silva, (Resigned w.e.f. 17.08.2017),
S.G.S. Atton

LUXURY BRANDS (PRIVATE) LIMITED

Directors:

S.K. Shah, D.R.P. Goonetilleke,
S.G.S. Atton, M.R.B. Ranatunga

PEARL SPRINGS (PRIVATE) LIMITED

Directors:

S.K. Shah, D.R.P. Goonetilleke

MILLERS BREWERY LIMITED

S.K. Shah, D.R.P. Goonetilleke,
P.M.N.P. De Silva

REAL ESTATE

EQUITY ONE LIMITED

Directors:

D.C.R. Gunawardena (Chairman),
K.C.N. Fernando,
E.H. Wijenaike, A.P. Weeratunge
S. Mahendrarajah,
P.D.D. Fernando

* *Non-Executive Director*
** *Non-Executive/ Independent Director*

GROUP DIRECTORATE

EQUITY TWO PLC
Directors:
D.C.R. Gunawardena *NE (Chairman),
K.C.N. Fernando, A.P. Weeratunge,
E.H. Wijenaike **NEI,
P.D.D. Fernando **NEI

EQUITY THREE (PRIVATE) LIMITED
Directors:
I. Paulraj, K. C. N. Fernando

LEISURE

PEGASUS HOTELS OF CEYLON PLC
Directors:
D.C.R. Gunawardena *NE (Chairman),
H. Selvanathan, (Resigned w.e.f
01.09.2017)
S. Nagendra **NEI, (Stepped down w.e.f.
14.06.2018)
M. Dayananda **NEI,
K. Selvanathan
S.R. Mather

EQUITY HOTELS LIMITED
Directors:
D.C.R. Gunawardena(Chairman),
V. R. Wijesinghe, A. P. Weeratunge

CARSONS AIRLINE SERVICES (PRIVATE) LIMITED
Directors:
H. Selvanathan - Chairman,
M. Selvanathan,
D.C.R. Gunawardena

PORTFOLIO & ASSET MANAGEMENT

CARSON CUMBERBATCH PLC
Directors:
Tilak De Zoysa (Chairman)** NEI
H. Selvanathan (Deputy Chairman)
M. Selvanathan,
I Paulraj* (Resigned w.e.f. 01.11.2017),
D.C.R. Gunawardena *NE
S.K. Shah,
P.C.P. Tissera,
V. P. Malalasekera** NEI
F. Mohideen** NEI
R. Theagarajah** NEI
W.M.R.S. Dias** NEI
A.S. Amaratunga** NEI (Appointed w.e.f.
01.01.2018)
Alternate Director:
Krishna Selvanathan (for M. Selvanathan)
Sudarshan Selvanathan (for D.C.R.
Gunawardena) (Appointed w.e.f.
01.06.2018)

CEYLON GUARDIAN INVESTMENT TRUST PLC
Directors:
Mrs. M.A.R.C. Cooray **NEI - Chairperson,
D.C.R. Gunawardena *NE,
V.M. Fernando **NEI,
K. Selvanathan, C.W. Knight **NEI
T.C.M. Chia **NEI
Mrs. W.Y.R. Fernando (Resigned w.e.f.
30.09.2017),

CEYLON INVESTMENT PLC
Directors:
Mrs. M.A.R.C. Cooray **NEI
D.C.R. Gunawardena* NE,
A.P. Weeratunge,
V.M. Fernando **NEI,
K. Selvanathan
T.C.M. Chia **NEI
Mrs. W.Y.R. Fernando (Resigned w.e.f.
30.09.2017)

THE SRI LANKA FUND
Directors:
D.C.R. Gunawardena,
Mrs. W.Y.R. Fernando, (Resigned w.e.f.
30.09.2017)
A.J.R. Collins

GUARDIAN CAPITAL PARTNERS PLC
Directors:
I. Paulraj *NE (Chairman),
S. Mahendrarajah **NEI,
D.C.R. Gunawardena *NE
Mrs. W.Y.R. Fernando (Resigned w.e.f.
30.09.2017)
Mrs. M.A.R.C. Cooray **NEI
Alternate Director:
S. Mahendrarajah (for I. Paulraj)

RUBBER INVESTMENT TRUST LIMITED
Directors:
I. Paulraj (Chairman),
D.C.R. Gunawardena, A.P. Weeratunge
Alternate Director:
A.P. Weeratunge (for I. Paulraj and
D.C.R. Gunawardena)

*Non-Executive Director

** *Non-Executive/ Independent Director*

LEECHMAN & COMPANY (PRIVATE) LIMITED

Directors:
H. Selvanathan, M. Selvanathan,
S. Mahendrarajah

GUARDIAN FUND MANAGEMENT LIMITED

Directors:
Mrs. W.Y.R. Fernando, (Resigned w.e.f. 30.09.2017)
K. Selvanathan,
A.P. Weeratunge
M.A.T. Jayawardena.

GUARDIAN ACUITY ASSET MANAGEMENT LIMITED

Directors:
D.C.R. Gunawardena - Chairman ,
T. W. De Silva,
M. R. Abeywardena,
K. Selvanathan, Mrs. W. Y. R. Fernando
(Resigned w.e.f. 30.09.2017)
D. P. N. Rodrigo
S. M. Perera (Appointed w.e.f. 01.12.2017)

Alternate Director:
S.M. Perera (for K. Selvanathan)

MANAGEMENT SERVICES

CARSONS MANAGEMENT SERVICES (PRIVATE) LIMITED

Directors:
H. Selvanathan (Chairman),
M. Selvanathan, S.K. Shah,
P.C.P. Tissera, (Resigned w.e.f. 03.10.2017)
K.C.N. Fernando,
Mrs. K.D.De Silva, A.P. Weeratunge,
K. Selvanathan

Alternate Director:
P.C.P. Tissera (for H. Selvanathan)
Ceased to be the alternate Director w.e.f. 03.10.2017)

*   *Non-Executive Director*
**   *Non-Executive/ Independent Director*

SUSTAINABILITY REPORT

CORPORATE SOCIAL RESPONSIBILITY

We continue our commitment towards socioeconomic development of those societies where our business presence is. In the year under review, we furthered our collaborative efforts with local communities and partner organizations, directly engaging in sustainable, participatory development initiatives from the grassroots level.

We adopt a holistic and multi-stakeholder approach to sustainability and development, in alignment with the World Commission on Environment and Development. Our Group initiatives focus on the five critical aspects of Education, Economic Empowerment, Enhancing Quality of Life, Culture Preservation and Community Service. We believe it is the youth that is the key driving force behind the development of a nation, therefore our efforts are geared towards developing capabilities and enhancing access to education, particularly for youth of marginalized communities in our areas of business operation. Keeping with our ethos, we invest in those programmes that provide greater benefit to a greater number of people, whilst also creating lasting impact on the individual lives of the beneficiaries we empower.

EDUCATION

We believe socioeconomic development is stimulated through a process of continuous learning. Accordingly, our initiatives range from early childhood to youth and adult education programs, collaborating with multiple stakeholder groups to improve access to quality formal and informal education opportunities across borders.

AGRO HARAPAN FOUNDATION

The vision of the Agro Harapan Foundation is to improve the quality of school education for children residing within the communities surrounding our plantations operations.

The Foundation adopts a multi-faceted approach towards this purpose. Firstly, we manage 12 of our own schools, providing free education to children surrounding our mature plantations in Central Kalimantan. These include nine kindergartens, one primary school and one secondary school, SMP Tunas Agro.

Secondly, we assist existing schools within the community, providing scholarships to students, facilitating better school governance and equipping such schools to meet minimum standards set by the National Education Board, for instance by setting up new classrooms and increasing classroom capacity.

In addition to direct assistance, we engage in capability development of teachers through continuous professional development, and facilitating them to gain accreditation and certification. We also strive to encourage a conducive home environment for learning, for instance by conducting awareness programmes for parents on the importance of formal education. Lastly, we focus on child protection and safety, creating awareness to parents on effective child protection approaches.

As at 31st March 2018, the Foundation assists 69 schools and 7,781 students across all our plantations operations locations in Indonesia, of which only 43% are children of employees. The Foundation has received several awards and recognitions for its continued commitment towards the advancement of education.

Where possible it is our policy to upgrade and assist village schools rather than construct our own schools inside our plantations. This policy is recognized, respected and appreciated by the local government.

SMP Tunas Agro

A model secondary school and the flagship school of the Foundation, SMP Tunas Agro offers the national curriculum regulated by the Indonesian government, and is equipped with modern science, computer and language laboratories. Students are also encouraged towards extra-curricular activities, and facilities such as a music room and library are available.

A novel approach to developing life-skills of students is undertaken by the school through initiatives such as the "Student Entrepreneurship Programme", where students run small businesses and sell their products at the "Tunas Open Day" bazaar. Vegetable farming in particular is very popular, as it gives an opportunity for villagers to buy fresh produce at affordable prices.

The school received an "A" Accreditation by the Indonesian Government in 2013, in recognition of excellence in education, while its principal Mr. Panji Irfan was

The Agro Harapan Foundation promotes a structured learning environment for young children in surrounding communities

Ceylon Guardian awards "Best Presenters"

awarded a National School Principal Prize for the second consecutive year.

Community Learning Centres

Community learning centres have been established in villages around our plantations, to provide learning opportunities for those who have not had the privilege of access to formal education. Activities such as open-air reading clubs are often conducted, to encourage children from marginalized communities to these centres.

COMPUTER SKILLS DEVELOPMENT FOR PUBLIC SECTOR OFFICIALS

We continued to provide computer skills training to staff of the Medical Office of Health (MOH) of the Hambantota District, at the Carsons Computer Centre in Hambantota. Commenced in 2014 on invitation by the District Health Office of Hambantota, the initiative aims to provide the necessary computer literacy to public health sector staff that would lead to process improvement in medical data gathering, storage and dissemination, thereby enhancing the efficiency of maternal and child healthcare in the district.

In this ongoing initiative, six out of the total twelve MOH divisions in the Hambantota District have successfully completed the training to date – Hambantota, Ambalanthota, Lunugamwehera, Sooriyawewa, Tissamaharama and Agunakolapelessa divisions, totalling over 120 midwives and public health inspectors.

In addition to the above, we have also successfully completed computer skills training for 17 Grama Niladhari officials of the Lunugamwehera Division and 44 Development Officers of the Ambalanthota Division, on invitation by the respective divisional secretariats.

CAREER GUIDANCE FOR NATIONAL UNIVERSITIES

Continuing our commitment to augment soft skill development and employability of university students, the Group's investment sector contributed to the facilitation of the "J'Pura Employability Skills Award Ceremony 2017", and the "Touch the Peak – Annual Career Fair & Skills Development Workshop 2017/2018", organized by the Career Guidance Unit of the University of Sri Jayawardenapura, held in July 2017 and October 2017, respectively.

ECONOMIC EMPOWERMENT

Our economic empowerment initiatives are targeted to promote self-reliance among marginalized communities in our areas of business operations, through improving access to social and financial capital, improving financial literacy and encouraging entrepreneurial capabilities.

Towards this, we have endeavoured to foster our partnerships with local and international governmental and non-governmental institutions, in collectively mobilizing our resources to ensure the long-term sustainability of these initiatives.

THE PLASMA PROGRAMME

Under this programme, our plantations sector nurtures partner farmers to run economically viable, profitable agri-businesses. Firstly, technical assistance is provided to ensure these farmers adopt good agricultural practices and raise their productivity levels on par with industry standards. Secondly the scheme supports them to gain access to finance and legal property ownership, which may be capitalized for further investment. Thirdly, the sector provides them a guaranteed market for their crops.

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COMMUNITY ENTREPRENEURSHIP PROGRAMME

This programme was initiated to encourage low-income families around our plantations operations locations to start their own businesses, thereby supplementing their household income. Established as individual businesses or community based organizations, these include vegetable and rice farming, dressmaking and micro financing schemes.

VILLAGE IMPROVEMENT PROGRAMME

Initiated in 2013 in collaboration with the Al Azhar Foundation, a prominent national education foundation, the programme aims to improve livelihoods in 12 selected villages surrounding three of our mature plantations – PT Rim Capital and PT Agro Indomas in Central Kalimantan, and PT Agro Bukit in South Kalimantan.

The three focal areas of development are behavioural change (changing attitudes, and encouraging women and youth towards employment), livelihood improvement (providing employment-driven training opportunities in fields such as office administration, computer networking and fashion designing) and organization capacity building (empowering village heads towards better collective organization, for instance in effective food security during periods of economic hardship or natural disasters).

YOUTH TO NATION FOUNDATION

The Youth to Nation Foundation (YNF) was incorporated in 2013 under Ceylon Guardian Investment Trust PLC and Ceylon Investment PLC, the two investment companies of the group, with the vision to build a nation of self-reliant, motivated youth who would add value to society rather than being dependent upon it.

Young Entrepreneurs Development Programme

Under the above flagship initiative, YNF nurtures an average of 5 selected young entrepreneurs every year to propel their businesses to the next level, by providing the necessary capability development, technical expertise and seed capital at concessionary rates, over a 3-year incubator period. Entrepreneurs are selected to the programme based on their potential for social value creation – in the form of direct and indirect employment generation, utilization of local raw materials and value chain expansion creating markets for other small businesses, and the potential for earning or saving foreign exchange.

Since establishment, YNF has supported 24 young entrepreneurs engaged in coir, garments, soft toys, footwear and food processing industries from the Matara, Hambantota and Ratnapura districts, thereby securing employment and improving work conditions for over 300 direct employees, majority of whom are rural women. A further 150 indirect livelihoods have been secured, including outsourced workers, raw material suppliers, distributors and sales agents.

Capability Development Workshops for Small Businesses

To provide a greater benefit to a greater number, YNF continues to conduct capability development workshops for small businesses, partnering with institutional collaborators from the public and private sectors, such as divisional secretariats, the Small Enterprises Development Division under the Ministry of National Policies and Economic Affairs, SAARC Business Association of Home Based Workers of Sri Lanka and regional chambers of commerce.

In the year under review YNF collaborated with the EU-ITC-UNIDO "Increasing SMEs Trade Competitiveness Project" to promote Good Manufacturing Practices and food safety awareness among 50 entrepreneurs in the food processing and spices industries in the Matara District. YNF also conducted a 3-day footwear manufacturing training workshop for 35 women from marginalized communities in the Hambantota District, who seek to improve their livelihoods, either through starting their own business or gaining employment in the footwear industry.

To-date, YNF has conducted 15 workshops to approximately 560 participants in

Coir production facility of a beneficiary in Ambalanthota

Aspiring women entrepreneurs in Hambantota, gaining hands-on training in footwear manufacture

Matara, Hambantota, Colombo, Ratnapura, Monaragala and Puttalam Districts, covering a diverse range of topics such as costing, taxation, risk management, business strategy, social media marketing and new product development.

ENHANCING QUALITY OF LIFE

The Group recognizes access to clean water and healthcare as fundamental needs. Moreover, sustainable community development cannot be achieved without providing the necessary infrastructure such as road accessibility and electricity. Thereby, we continue our efforts to improve access to public amenities by marginalized communities in our areas of business operation, towards enhancing their quality of life.

CLEAN WATER PROJECT

Initiated in the Tumbang Panyahuan village in PT Agro Wana Lestari/PT Karya Makmur Sejahtera, Central Kalimantan, the project was subsequently replicated in several other villages surrounding our plantations operations locations. The main aim of the project is to facilitate access to clean water sources, for instance through construction of wells and improved distribution mechanisms. Minimizing water pollution is another aim, and regular awareness programmes are conducted to discourage households from contaminating rivers and other waterways by utilizing them for household activities such as bathing and cooking.

It is anticipated that implementation of such measures would also reduce the spread of water-borne communicable diseases in these villages.

HEALTHCARE SERVICES

We provide facilities such as clinics, dental and eye screening camps and medical awareness and training sessions in areas surrounding our plantations. We also do regular fogging in areas affected by dengue and malaria. Currently we have 17 clinics spread across all our plantations which provide free medical services to the community.

Our clinics provide basic dental care.

Nutrition Programmes

In support of the government-led initiative to improve nutrition of toddlers and young children, we provide our assisted primary schools with vitamins and high-nutrition foods free of charge. In addition, awareness campaigns are undertaken with the support of our resident doctor, to educate parents and teachers on the preparation of healthy, balanced meals.

Contribution to National Family Planning Programme

The medical team of PT Agro Indomas, Central Kalimantan, received an award from the Central Kalimantan Family Planning Agency in 2017, in recognition of contribution to a national effort towards effective family planning in Indonesia.

PUBLIC INFRASTRUCTURE DEVELOPMENT

Road Maintenance

We construct, improve and maintain roads and bridges in areas surrounding our plantations operations locations, to facilitate ease of access to our plantations and markets. This also directly benefits households within those communities.

Village Electrification

We donated electricity generators to the villages of Terawan and Lanpasa in PT Agro Indomas in 2005, and continue supplying fuel for operating them, to-date. We also successfully lobbied local governments towards village electrification, a project launched in 2013/14. PT Agro Indomas also supported this government project,

SUSTAINABILITY REPORT

by allocating land space, and contributing towards installation costs – 100% for public facilities, and 25% for housing.

Benefits of this initiative are evidenced in the improved economic activity in these villages.

Contribution to Environmental Development

Goodhope Asia Holdings Ltd was conferred a Bupati Award by the Environmental Agency of Kotim District in 2017, for contributing towards the development of Sampit Park in Kotawaringin Timur.

CULTURE PRESERVATION

The plantations sector continues its initiatives to protect areas of cultural and religious significance to locals, around its operations locations.

One of the sector's largest conservation areas – Hawuk and Santuai Hills – consisting of 2,198 hectares, located at East Kotawaringin, Central Kalimantan, is acknowledged as sacred ground by the local Dayak Hulu tribe. We continue our advocacy efforts with the local customary board, local regency office and the Bupati in Central Kalimantan, to ratify these areas as customary forest.

We also initiated a partnership with the conservation organization Yayasan Swaraowa, to support conservation and community development initiatives in the area of Bukit Santuai, Central Kalimantan.

In March 2018, a scoping visit was conducted to PT Agro Wana Lestari, to gather information for development of a strategic plan to improve management and monitoring of High Conservation Value (HCV) areas in the region, and support improved sustainable livelihoods among the local communities.

It is expected that the findings of this visit would be instrumental in guiding management decisions and prioritizing activities for long-term management and monitoring of these HCV areas, in collaboration with local communities and other stakeholders.

The sector also works with Aidenvironment Asia, with the aim of developing and implementing an integrated conservation and land-use landscape management plan in the Ketapang district of West Kalimantan. Towards this purpose, the sector collaborates with local communities and the West Kalimantan Provincial Government, to develop spatial management plans for sustainable alternative livelihood programmes in line with community aspirations. The management plans are based on a review of High Conservation Value Assessment, High Carbon Stock Assessment, Social Impact Assessment, Community Baseline Surveys and Focus Group Discussions inclusive of all local communities.

COMMUNITY SERVICE

Keeping within the true spirit of corporate responsibility, our Group employees often volunteer their time and energy to reach out to vulnerable segments of society in their time of need, particularly during crisis situations.

The Group's leisure sector donated school bags and stationery to children of underprivileged households in the Polonnaruwa District – 25 Grade 01 students in Giritale and 75 Advanced Level students in the rural villages of Thambalawewa and Jayanthipura. The sector also donated 100 packs of bed linen to the Jayanthipura Hospital in the district.

Receipient of stationery - a Grade 1 student.

The staff of Carsons donated stationery packs to 82 underprivileged students of Enselwatte Vidyalaya, Deniyaya, whose families were severely affected by the landslides that took place in the area in May 2017.

Students of Enselwatte Vidyalaya, Deniyaya

Some of the areas surrounding our brewery premises were severely affected by heavy rains and flooding during the past financial year. We provided assistance to affected households, through provision of food, water and other essentials.

ENVIRONMENTAL SUSTAINABILITY

OIL PALM PLANTATIONS SECTOR

SUSTAINABILITY POLICY

We strengthened our commitment to sustainable development with the launch of our Sustainability Policy in May 2017. Key principles are:

1. No development on High Carbon Stock (HCS) forests
2. No development on High Conservation Value (HCV) areas
3. No development on peatland
4. Zero burning and fire prevention
5. Reducing our environmental impact and protecting biodiversity
6. Respect of land tenure rights and the requirement for Free, Prior, and Informed Consent (FPIC)
7. Handling of complaints, grievances and conflict resolution
8. Community empowerment through Corporate Social Responsibility (CSR) programmes
9. Smallholder support and inclusion into our supply chain
10. Supporting worker rights, health and well-being
11. Zero tolerance for child labor, forced labor, or bonded labor
12. Creation of a fully transparent and traceable supply chain

We are committed to ensure full implementation of the policy by 4th May 2019 and continue to develop and implement management plans and procedures that are fully aligned to our Sustainability Policy. Our performance is monitored by regular data collection, surveys, assessments, inspections and audits. In accordance with the results of evaluations, we review and update our policies, procedures and management plans as needed and welcome feedback from stakeholders to further advance and improve our operations.

A series of public consultations were held in February-March 2018, to communicate our commitment to sustainability to a cross-section of Goodhope's stakeholders, including government authorities, non-governmental organizations (NGOs), media, buyers, suppliers and contractors. Our major aim was to provide stakeholders with a better understanding of the company's operations, and gain feedback for improved policy implementation.

Participants included the heads of sub-districts; representatives from law enforcement bodies, business partners, including Golden Agri Resources (GAR), suppliers and contractors; and representatives from research institutes and NGOs including the Indonesian Institute of Sciences (LIPI), and the Orangutan Foundation International (OFI).

Public consultations on our sustainability commitments continued with two further sessions held on-site at our plantation locations in Agro Indomas Central Kalimantan and PT Agro Wana Lestari.

These sessions provided information for local stakeholders, including community leaders, smallholders' cooperatives, village heads and local suppliers and contractors. The topics presented focused on the company's commitments to conservation, the prevention of exploitation and the development of a sustainable supply chain.

Stakeholders were introduced to the "NDPE Self-Assessment" (No Deforestation, No Peat and No Human Exploitation Policy) checklist that was developed as an improvement initiative, in order to ensure that the correct elements are checked to comply with each aspect of our Sustainability Policy.

Supporting a Jurisdictional Monitoring System for Sustainable Development

Goodhope Asia Holdings Ltd. participates as a member of a Working Group for the Jurisdictional Certification of Palm Oil established by the Seruyan District Government in Central Kalimantan. Endorsed by the Roundtable on Sustainable Palm Oil (RSPO), this is a jurisdictional monitoring system established to support sustainable development.

Initiated by the Institut Penelitian Inovasi Bumi (INOBU), the scheme includes representatives from district government departments and other oil palm plantation companies operating in the Seruyan District.

CERTIFICATIONS & STANDARDS

We aim to manage our plantations and edible oils and fats business by implementing standards and best practices developed by recognized international industry associations including the Roundtable on Sustainable Palm Oil (RSPO), and the International Standards Organization (ISO) certification for environmental management (ISO 14000) and Occupational Health and Safety (OHSAS 18000). For national sustainability standards, we are guided by the Indonesian Sustainable Palm Oil (ISPO) and Programme for Pollution Control, Evaluation and Rating (PROPER).

Roundtable on Sustainable Palm Oil (RSPO) Certification

The RSPO is a non-governmental organization formed by palm oil producers, end-users and other non-governmental organizations to promote the production

SUSTAINABILITY REPORT

of sustainable palm oil which is the global benchmark and a leading reputed body acclaimed in the industry. It has very stringent criteria which its members need to comply with, which consists of 8 principles, 43 criteria and 138 indicators for its certification programme.

Goodhope Asia Holdings Limited became a member of RSPO on 2nd December 2014. The membership incorporates all plantation sector subsidiaries, including our three previous members: PT Agro Indomas (RSPO member since 12th June 2006), PT Agro Bukit (RSPO member since 18th August 2006) and PT Agro Wana Lestari (RSPO member since 21st April 2014). With the membership of the parent company, all of the sector's oil palm plantations are expected to follow the Principles and Criteria (P&C) of the RSPO.

Four of the sector's oil palm processing mills have been awarded RSPO Certification, and its two edible oils and fats manufacturing facilities in Malaysia have been awarded RSPO Supply Chain Certification.

Currently 90% of our palm oil production capacity is RSPO certified. We plan to achieve 100% RSPO certification for all existing mills within the next two years, expecting to be fully certified by 2020.

Towards this effort we submit comprehensive, group-wide, Annual Communications of Progress (ACOP), highlighting the time-bound plan for certifications and the annual progress towards and total compliance to the RSPO P&C.

Indonesian Sustainable Palm Oil (ISPO) Certification

Introduced in 2012, the ISPO is a mandatory certification scheme regulated by the Indonesian Ministry of Agriculture. It is directed at creating a system for sustainable palm oil production and certification that will enhance Indonesia's competitiveness in the global palm oil market, and reduce greenhouse gas emissions from operations.

The ISPO standard consists of seven principles, 40 criteria, 128 indicators and 158 guidance covering legal, economic, environmental and social terms which are extracted from 137 rules and regulations applied to oil palm plantations.

We commenced the certification process with the registration of five companies which are eligible for certification, and the first stage audits in three of these companies have been successfully completed. We completed the certification process of PT Agro Indomas in January 2016. The status of ISPO certification process for PT Agro Wana Lestari is still under review of the ISPO commission, and is in progress. We are also continuing to work towards obtaining certification for the other plantation companies in the near future.

ISO 14001 and OHSAS 18001 Certifications

Our plantations emphasize compliance with applicable business standards as demonstrated in maintaining and retaining its various certifications, including ISO 14001 on Environment Management System (EMS) and OHSAS 18001 on Occupational Health and Safety Management System. Both systems are voluntary, with the aim to assist companies in continuously improving environmental performance for ISO 14001 and health and safety for OHSAS 18001, while complying with applicable legislation.

Currently, a total of five companies of the Group, namely PT Agro Indomas, PT Agro Bukit, PT Rim Capital, PT Agro Wana Lestari and PT Karya Makmur Sejahtera in Central Kalimantan, Indonesia are now ISO 14001 and OHSAS 18001 certified. We will continue our efforts in obtaining these certifications for all plantation companies in Indonesia by the year 2019.

Programme for Pollution Control, Evaluation and Rating (PROPER)

The annual Environmental Performance Rating, also known as Programme for Pollution Control, Evaluation and Rating (PROPER), developed by the Indonesian Ministry of Environment in 1995, is a national level public environmental reporting initiative. It aims to encourage companies to adhere to environmental regulations and to achieve environmental excellence through the integration of sustainable development principles in their production process. In 2010 PROPER was introduced to the palm oil industry, to encourage compliance by companies which operate mills within their plantations.

PROPER uses a simple five-colour rating scheme comprising gold, green, blue, red and black, to grade the different levels of pollution control practiced by milling and manufacturing facilities against the regulatory standards, with gold being the highest rating and black the lowest.

Three of our mills are eligible to be considered for 'Green' rating, and we continue to explore opportunities to adopt more innovative practices contributing to clean technology, and aim to integrate such approaches into our environmental management plans.

Mill	2013	2014	2015	2016	2017
Sungai Purun Mill, AICK	Blue	Blue	Blue	Blue	Blue
Terawan Mill, AICK	Blue	Blue	Blue	Blue	Blue
Sungai Binti Mill, ABCK	Blue	Blue	Blue	Blue	Blue
Bumi Jaya Mill, AIEK					Blue

INDUSTRY ASSOCIATIONS

The Group's palm oil plantations and edible oils & fats cluster is a member of the following industry associations:

- Roundtable on Sustainable Palm Oil (RSPO)
- Indonesian Palm Oil Association (GAPKI)
- High Conservation Value (HCV) Network Indonesia
- Indonesian Global Compact Network (IGCN)
- APINDO (Asosiasi Pengusaha Indonesia, The Employers' Association of Indonesia)
- Palm Oil Refiners and Manufacturers Association (PORAM)
- Founding member of Forum Orangutan Indonesia (FORINA)

RESPECTING COMMUNITY RIGHTS AND FREE, PRIOR AND INFORMED CONSENT PRINCIPALS

To fully respect land tenure rights and the right to make informed decisions, the sector pledges to:

- Facilitate appropriate assessment to identify indigenous communities, their rights and their perceptions of plans for oil palm plantation development.
- Implement fair, transparent and participatory community engagement approaches in accordance with Free, Prior and Informed Consent (FPIC) principles.
- Document and monitor the process of negotiations and agreements in a timely and appropriate manner to address any emerging problems and concerns.
- Provide appropriate and adequate training for employees involved in community engagement.

Free	• Ensure that there is no power abuse during the stakeholder approach process • Ensure no violence or intimidation is used to modify stakeholder opinion and decision
Prior	• Ensure that any information socialization is done during the early stages prior to development of the plantation
Inform	• Ensure the sector undertakes the necessary effort to inform the stakeholder, and that the stakeholder understands the content, and the implication of consent or non-consent
Consent	• Ensure written consent is obtained from each stakeholder giving over their land

BALANCING BUSINESS OPERATIONS WITH ENVIRONMENTAL CONSERVATION

While recognizing that our plantations operations may have an adverse impact on biodiversity and the natural ecosystem, we are committed to minimizing these through our stringent and comprehensive Sustainability Policy.

We believe that our initiatives such as the planned and regulated use of land for development, management of water, soil and waste, encouraging use of natural pesticides wherever possible, monitoring of emissions and mitigation of fire risks, continue to support our efforts towards this.

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Protecting High Conservation Value (HCV) Areas

The sector is dedicated to identify and protect designated HCV areas. These include habitats that support high levels of biodiversity, or rare, threatened, or endangered (RTE) species, natural land cover on steep hill slopes and riparian zones, and areas of social or cultural importance.

As at 31st March 2018, we manage 23,886 Ha as HCV areas across our 13 plantation locations. More than 500 species of flora and 251 species of fauna have been identified within our HCV areas, some of which are also listed in the IUCN red list and identified by the Indonesian Government for their status of being endangered, scarce and unique.

Areas of social or cultural importance identified in HCV assessments are maintained as community-use areas. These areas are managed in such a way that allows people to have access to important resources, while ensuring that the quality of the resources does not deteriorate.

The presence of natural land cover on steep hill slopes, along water courses and around water bodies helps prevent soil erosion, reduce the speed of water flow, stabilize river banks and filter pollutants from surface run-off. Benefits are multiple, including flood control, preservation of water quality and soil retention. Thereby we strive to maintain natural land cover and to rehabilitate degraded land cover in these areas.

The following measures are taken to ensure effective management and monitoring of HCV areas:

- Placing signboards identifying these areas as designated conservation and protected areas, to ensure that employees and the communities surrounding our plantations operations clearly recognize demarcated HCV areas.
- Educating employees and surrounding communities on the importance of the preservation of conservation areas. We conduct regular sessions on "Wildlife Conflict Mitigation" to improve understanding and perceptions, and to promote the protection of rare and endangered species throughout our concessions.
- Setting up of a dedicated Conservation Team to monitor our performance and efforts towards conservation management. The team regularly monitors the area to ensure there is no encroachment, and reviews and monitors the biodiversity within these areas.
- Maintaining animal corridors in our plantations.

Conservation of High Carbon Stock (HCS) Forests

Upon the launch of our Sustainability Policy in May 2017, we re-affirmed our commitment to identify and protect High Carbon Stock (HCS) forests within our licensed areas. All HCS assessments will be peer reviewed and outcomes of the assessments will be used as a basis for management and monitoring plans to achieve long-term protection of HCS forest areas.

Protection of Peatland

Recognizing the importance of peatland in contributing to water provisioning services and climate regulation, as well as supporting biodiversity and endangered species, we pledge not to conduct any new development on peatland (soil with an organic content greater than 65%). Existing plantings on peat are managed through good water management to prevent water levels from dropping below 60 cm from the peat surface. Maintaining the water level will help minimize land subsidence and will reduce the risk of peat fires.

Water Management

Our primary use of water is for our mills to process Fresh Fruit Bunches (FFB). Our plantations are 100% rainwater fed, and we use water from reservoirs constructed and maintained by us, and also from natural waterways.

Minimizing any risk of water pollution is a top priority. Accordingly, we maintain

Our commitment to harnessing the rich biodiversity within our plantation operating locations riparian buffer zones, regulate chemical application, and enforce procedures for road construction and river crossings to prevent sedimentation of waterways. Further, we ensure that no waste water is sent out to the environment from the mills before being processed and tested for purity as required.

The following are the initiatives undertaken:

- Ensuring that water quality complies with the standards set by Indonesian regulatory authorities.
- Reducing consumption of water from surface water sources.
- Recycling waste water, which is then utilized for cleaning purposes.
- Safeguarding waterways during plantation development in order to minimize overflow of hazardous chemicals and effluents.
- Providing designated areas as "washing room" in order to clean and wash Personal Protection Equipment (PPE) used by employees.
- Ensuring that water retention systems in plantations are improved.
- Ensuring provision of clean water to local communities and workers.

We regularly monitor natural water bodies within our plantation lands, to ensure they are not polluted and are able to sustain their natural ecosystem.

Towards our efforts in maintaining the quality of surface water, the sector has set a policy whereby all our plantation companies should undertake water sampling and testing once every six months, by contracting recognized, independent third party experts.

Managing Palm Oil Mill Effluents (POME)

One of the main effluents released through our milling operations is "Palm Oil Mill Effluents (POME)". Untreated POME has a high Biological Oxygen Demand (BOD), which means it could be hazardous to the natural flora and fauna of the aquatic system. As a practice, all POME released is collected in a pond system, where it is treated to reduce the BOD levels. The treated POME is then re-used in our plantations as organic fertilizer.

The BOD and pH levels of our POME is measured on a regular basis, to ensure that these parameters are in compliance with the government regulated limit for effluent land application, and they continue to remain well below the regulatory standard.

Nutrient Recycling

Waste from our mills in the form of Empty Fruit Bunches (EFB) and POME are recycled to produce organic fertilizer, which is an effective way to recycle nutrients and reduce losses from the agricultural system.

Composting of Empty Fruit Bunches (EFB) to be used as mulch, was introduced to our plantations in 2014. With the introduction of this initiative, we are now able to compost EFB along with POME, thus enabling both by-products to undergo treatment at the same time, leading to greater efficiencies and environmental benefits.

While being used as a substitute to replace a significant portion of chemical fertilizer, use of such organic fertilizers alone is not sufficient to maximize potential yield. Therefore, this is applied in combination with mineral fertilizers to improve soil fertility and counter soil degradation. Our research team conducts site specific leaf and soil analysis, to recommend the optimal amount of inorganic fertilizer to be used in order to create a balanced nutrition for the palms to produce the best possible yields, while ensuring minimal harm to the environment.

Waste Management

"Energy from Waste" Initiative

Our mills have the ability to generate power from our own production waste. Mesocarp fibres and shells that are waste products from crude palm oil (CPO) production, are recycled and used for boiler fuel and power generation. These two solid wastes drive turbines and generate power for the plant, offices and housing complexes within the area. Boiler ash, another waste product, is commonly used as compact material in road building.

Waste Bank Initiative

Through this initiative, we encourage a culture of waste re-use and recycling among employees and local communities. At our plantations in the Central Kalimantan region, villagers and workers are able to collect recyclable waste in the Waste Bank, which also gives them an opportunity to earn an additional income by selling the waste to waste collectors.

Managing Hazardous Waste

Our operations also produce a small amount of waste that can be classified as hazardous waste. All our hazardous and toxic waste is stored and handled as per the permitted limit as set-out by the Ministry of Environment of Indonesia. As a standard procedure, we temporarily store such waste in secure and designated areas within our premises, before it is transferred by licensed collectors to be disposed of/ recycled in a safe and secure manner.

Monitoring and Mitigating Emissions

Boiler Emissions

The plantation sector's Sustainability Policy ensures utilization of best technology and mandatory maintenance on a regular basis, in order to optimize boiler performance and reduce levels of air emission.

SUSTAINABILITY REPORT

We undertake monitoring of two of the main indicators, nitrogen dioxide and sulphur dioxide, once every six months, to ensure that our emission levels fall within the regulatory limit. This is carried out with the assistance of external consultants, and our operations teams follow up on their findings and recommendations. Based on our monitoring results, the levels of nitrogen dioxide and sulphur dioxide in all mills continue to remain well below the permitted limits.

We closely monitor two of the main indicators for air emissions, namely nitrogen dioxide and sulphur dioxide levels. To ensure that our emission levels fall within the regulatory limit, we undertake monitoring measures once every six months during the calendar year with the assistance of external consultants, and consult with operation teams to follow-up on any findings and recommendations.

Land Clearing Emissions

The sector has a strict zero-burning policy within our land clearing process. Instead, we mechanically clear land in preparation for new plantings and harness the organic contents within fallen, decomposing biomass to replenish plantation soil. Our zero-burning policy is communicated to both employees and contractors, and any non-compliance can result in termination of employment or contracts. Moratorium on land clearing was established in November 2016.

Carbon Sequestration

The conservation areas within our concessions retain carbon, and are managed to prevent degradation and ensure carbon sequestration. We continue to adopt improved agricultural practices to maintain the capacity of soil carbon sequestration in planted areas. This is achieved mainly by minimizing soil subsistence through good water management.

Fertilizer Efficiency Programme

Through the implementation, review and continuous improvement of our fertilizer efficiency programme, we reduce the need for nitrogen fertilizers. Doing so enables the reduction of nitrous oxide emissions generated from nitrogen fertilizer.

Integrated Pest Management

Integrated Pest Management (IPM) is the practice of using natural methods to maintain pest populations within acceptable limits, while causing minimal harm to the ecosystem. We adopt a combination of effective, compatible pest and disease management methods to address major sources of pest and disease in oil palm estates (including leaf-eating caterpillars, rhinoceros beetles, Ganoderma basal stem rot, and rats), aiming to continually reduce the need for the application of chemical pesticides, and use natural alternatives whenever possible.

Biological control agents such as viruses and fungi, pheromones and natural predators are commonly used to control various pest species. For instance, bagworms which damage the palm canopy are destroyed by introducing assassin bugs; while the rat population is controlled using barn owls.

The use of chemical pesticides is carefully regulated to minimize the environmental and health risks associated with them. We only use pesticides which are registered with and permitted by the Ministry of Agriculture.

Fire Mitigation

Palm plantations in Indonesia often experience severe droughts through the periods of July to October, which creates the potential risk of forest and land fires. In anticipation, a number of efforts to prevent and mitigate fire threats are implemented through the introduction of early detection and warning mechanisms. These efforts are augmented with fire awareness and trainings, which also involve local communities from neighbouring villages.

Firefighting Standard Initiatives

- Regular patrols conducted in and around plantation sites during the dry season, including checks from fire towers.
- Use of data from Global Forestwatch and World Resources Institute (WRI) on fire hotspots, to monitor and communicate the location of any fires detected in our concessions.
- Fire awareness campaigns and fire management strategy for employees working at our plantations and for nearby local communities. These include erecting fire warning signboards, educating on the dangers of wildfires and preventive actions and response plans in case of a forest fire.
- Regular fire drills and exercises to ensure the readiness of employees in case of fire.
- Routine checks conducted to ensure availability of adequate firefighting resources on-site, providing fire extinguishers and periodic inspection of equipment.
- Training programmes conducted to ensure that fully trained emergency fire fighter response teams are on hand in all plantation sites.

Since 2007, we have been working with "Mangala Agni", which operates under the Directorate General of Forest Protection Nature Conservation (PHKA), to conduct annual fire training for our employees and the local communities in Central Kalimantan.

BEVERAGES SECTOR

ENVIRONMENT MANAGEMENT SYSTEM

The Environment Management System (EMS) transitioned successfully to ISO 14001:2015 version, while the Occupational Health and Safety Management System continues to be certified for OHSAS 18001:2007. Both of these standards operate as an integrated management system together with the Food Safety Management System, which is ISO 22000:2005 certified.

DENGUE CONTROL PROGRAMME

Given the persistent country wide threat of dengue, several training programmes have been carried out for the employees as well as to the staff of the various suppliers of services operating within the brewery premises, to build and improve awareness. Weekly cleaning programs are carried out to ensure that the premises are kept clean and tidy.

Internal communication poster

SUSTAINABILITY REPORT

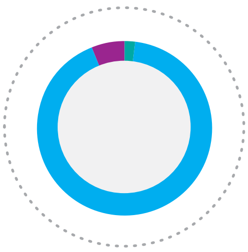
PEOPLE SUSTAINABILITY

Overarching Philosophy

In keeping with turn- around efforts of businesses, the Group redefines its' HRM and has now become a business partner and is taking key decisions not just with respect to human resources but businesses as a whole. Human resources are managed and developed striking a balance between business needs and individual aspirations. It focuses on improving work culture, employee engagement, productivity, effectiveness and efficiency in keeping with external realities.

In tandem, company recognizes due to diverse businesses of regional presence its' people management need to embrace a blend of international and local legal compliances, best practices to respect diversity and also for business dynamics.

Total Workforce by Country
(%)



- Sri Lanka (6.04)
- Malaysia (1.97)
- Indonesia (91.95)
- Other (0.04)

The company has initiated multiple actions to enhance employee engagement, improving employee skills and performance improvement through creating environment for learning and development and perpetual performance interventions similar to after action review sessions. Transparency in people practices to ensure harmonious industrial relation coupled with inclusive actions to promote diversity and more effective people practices by the line managers.

Learning and Development

In order to develop second level employees and also to push business unit performance, programmes such as cross functional performance improvement teams are given empowerment to identify organizational performance issues and address the root causes thereof, and implement solutions. This has decentralized decision making and also built confidence to take initiatives.

In driving performance, employees are exposed to new technologies for both new product development and augmentation of service levels. Learning and development is attuned to new business orientation and the company invests in developing human capabilities.

Career development is based on organizational career pathing where an entry level employee visualizes his/her career growth by developing individual development plan with immediate superiors' career counselling to support exploration of career goals. Employees are supported with assessment of readiness for career progression by assessment centers at periodic intervals. It also has augmented transparency in staff promotions.

Collective wisdom in decision making is harnessed by open dialogue and team discussions and it helps cross pollination of ideas and also multi-dimensional thinking.

In preparation for future employability, a concerted human resources intervention in multi-skilling of junior category employees, by giving opportunities to expose to IT and English training.

Reward and Recognition

The Group continues to pursue the policy of reward and recognition based on meritocracy and human resources policies are attuned to both internal and external equity. Performance management system is designed to offer constructive feedback and as a tool to reward for good performance. The company recognizes those who go beyond their normal call of duty and make extra contributions through both intrinsic and extrinsic reward schemes.

Soft skills development of staff.

Recruitment and Selection

Recruitment is facilitated by employer branding through collaborative participation of career guidance activities of leading universities and also continuous monitoring of availability of talents in search of strategic coverage of key positions.

Equal employment opportunity is offered at the selection process by proper job analysis, behavioural job interviewing and testing including appropriate personality tests.

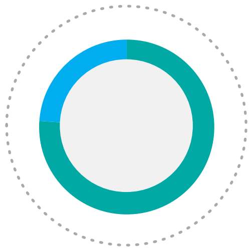
Wellbeing of Employees

Company pays strategic attention to work life balance and events in staff calendar facilitate family get to-gether, and annual party as catalyst to promote socializing and sense of belonging.

Safety and health of employees is facilitated by meeting compliances of international standards and regular audits and training of employees.

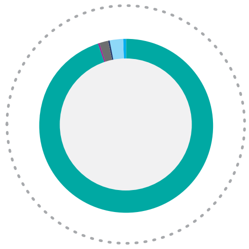
Medical schemes are designed to provide employees and their immediate families both in-door and out-door medical facilities by investing on regular doctors' visits and needed infrastructure such as hospital and medical staff.

Gender Diversity
(%)



- Male (76.30)
- Female (23.70)

Employees by Sector
(%)



- Plantations Oils and Fats (94.96)
- Investment (0.17)
- Beverage (1.79)
- Real Estate (0.15)
- Leisure (2.56)
- Management (0.36)

Total Employee Strength

Sector	Executive Directors	Managers	Executives	Non-Executives	Employees by Sector for 2018
Plantations, Oils and Fats	12	263	412	10,647	11,334
Investment	2	3	14	1	20
Beverage	2	62	68	82	214
Real Estate	1	1	5	11	18
Leisure	0	10	32	264	306
Management	3	12	22	6	43
Total	20	351	553	11,011	11,935

Recognition of craftsmanship.

Gratitude to long term services.

Socialising is a key aspect of work life balance.

Work life balance is extended to immediate family.

BEVERAGE SECTOR

The year under review, staff engagement is the key success factor in rebuilding the company in terms of both physical infrastructure and also to regain market dominance in overcoming natural disasters and other economic dynamics.

Company relied on vast, varied and valuable experience of the staff to push through the barriers to become even stronger than before.

Performance and Reward Schemes

Company policies are attuned to be mutually beneficial performance management, inculcating performance driven culture that identifies performers and differentiating reward schemes that motivates continuous improvement.

Performance management system ensures strong linkage between business strategy, key performance indicators and key result areas. That in turn brings the right balance between strategic teams and individual's skills for coherent organizational performance.

Performance appraisal evaluation based on critical behaviour that compliments superior performance and the administration of performances is user friendly for its' simplicity, transparency and prompt feedback.

Talent Management

Human Resource policy and practices give emphasis to building succession coupled with future relevant leadership. In support of this strategic importance:

1. Management development programme: an extensive 6 months programme designed to upscale existing middle managers and high potential middle managers.

2. Mentoring programme: for high potential and other identified best performing managers.

3. Senior management development based on leadership capability assessment to identify development needs and the individual development plans thereon.

Work – Life Balance

To inculcate work hard – play hard work ethics, the company strike an effective balance between work and life. In that, the staff day out, talent show of children of the staff and also staff participation in CSR are permanent features of the HR calendar.

3 cheers to the winners

OIL PALM PLANTATIONS SECTOR

Core of our people management philosophy is respect individuals and support their aspirations and growth. This has enabled us in creating a high performing people centric culture compounded with the value we place on our people.

Diverse Workforce

Company considers diversity as a strategic intent and therefore company's people processes and practices are designed for inclusivity and managers are responsible for fostering diversity to enhance performance. The group provide equal employment opportunity in all aspects of human resources key functionalities.

No Child Labour Policy

In keeping with international labour standards group adheres to strict policy of no child labour. This policy is socialized to all employees and recruitment teams and also extends to our vendors as an imperative term of business contract.

Employee Rewards

Company's rewards structure consist of wide spectrum of compensation models and matrix that enables us to be competitive within the industry landscape and at the same time provides each employee with fair and equitable rewards, benefits and compensation. The underlined reward philosophy attracts, foster and retains talent and also recognizes individual capabilities and promotes opportunities for career and professional growth.

Pay Equality

Remuneration of staff across all levels is based on the premise of internal and external equity and in that, salary scales at various levels designed on a proper evaluation of compensable factors of each job and then subject to revision based of regular, periodic market surveys. Company also adheres to the statutory requirements in every business operating location. Company adheres to minimum wage prescribed by statutory authorities across all oil palm plantations and oils and fats business segments.

Employee Motivation

Company gives more emphasis to intrinsic motivations by facilitating career development, career advancement, job enrichment and job enlargement. At the same time, appreciate individuals who have contributed to the growth of the company businesses.

Conducive Living Environment

Our residential workforce continue to receive semi-furnished houses with necessary utilities such as clean water and electricity. Employees continue to participate in the vehicle ownership scheme of the company.

Company continue to provide facilities to observe their religious obligations by maintaining mosques, churches and temples.

Provision of medical clinic and the recreation facilities such as sports grounds, recreation halls, schools and day-care centers is a continuing extension of living facilities to our staff.

Learning and Development

Goodhope Academy for Management Excellence conducts multiple training facilities across the operating locations in support of Group's strategic initiative of learning and development of all employees.

Facilitation of comfortable living.

Townhall meeting - sharing business information.

Basic skills training.

SUSTAINABILITY REPORT

The comprehensive training modules; Core Agricultural Programme (CAP) and Core Engineering Programme (CEP) facilitate improvement of knowledge level of our employees. At entry level, employees are given the structured on-the-job training exposure to cutting edge ERP systems and integrated IT solutions benefits in developing their capabilities and also meeting aspirations of talented new employees.

Occupational Health & Safety

Company ensures all employees and visitors adhere to safety standards and guidelines provided. It provides continuous training on new development and new procedures that are implemented in keeping with business dynamics. Company continues to have periodic audits by the safety officers to ensure adherence to safety policies and practices.

In line with international benchmarks, oils and fats segment continue to focus on improvement of housekeeping standards and waste management. The staffs are trained on these concepts and specific projects measure their real time improvements as an ongoing management initiative.

LEISURE SECTOR

Employee Relations

The company promotes open dialogue that would prevent 3rd party intervention. In order to enhance this, instruments such as town hall meetings, climate surveys and managers' voluntary intervention are well received by the employees. Employee grievances arising out of external factors are being monitored and proactively addressed as a demonstration of corporate citizenship.

Recruitment and Selection

Company maintains healthy relations with both government and non-government training centers that reaps mutual benefits.

Learning and Development

Leisure sector gives emphasis to people development in order to create superior customer experiences as a strategic competitive advantage. In order to harness both technical and behavioural competencies of front line, kitchen and engineering staff, well-orchestrated training and development based on the job trainings are conducted.

Safety & Health

It is a strategic importance to ensure safety & health for both employees and customers and therefore, quality of food and service as well as high standard of safety & health is maintained by continuous training of staff of state-of-the-art techniques and practices.

Work – Life Balance

Management is mindful of the fact that in a customer centric industry, there ought to be room for recreation and work-life balance. Staff event calendar showcase the initiatives taken to promote this philosophy of work-life balance.

Safety awareness.

Joy of having children at the staff trip.

VALUE ADDED STATEMENT

(All figures in Sri Lankan Rupees thousands unless otherwise stated)

For the year ended / as at 31st March	2018		2017		2016		2015		2014	
Revenue	79,849,368		64,478,918		76,386,775		88,546,659		76,542,788	
Other income	1,377,802		688,168		319,852		358,911		486,522	
	81,227,170		65,167,086		76,706,627		88,905,570		77,029,310	
Cost of materials and services purchased from outside	(39,997,131)		(30,148,881)		(39,402,609)		(51,323,969)		(41,721,312)	
Value Added	41,230,040		35,018,209		37,304,018		37,581,601		35,307,998	
		%		%		%		%		%
Distributed as follows										
To Employees as remuneration and other benefits	7,688,464	19	7,508,903	21	7,372,752	20	7,386,312	20	7,381,200	21
To Governments										
as taxation/excise & import duty - Sri Lanka	19,308,300	46	14,185,248	41	20,492,559	55	17,080,669	45	13,601,344	39
- Overseas	1,739,277	4	1,059,340	3	941,189	3	1,521,085	4	1,234,454	3
To Providers of capital										
as interest on loans	4,496,028	11	4,423,660	13	2,617,581	7	2,476,181	7	2,073,516	6
as non controlling interest	2,540,215	6	1,382,648	4	1,748,949	5	3,728,316	10	4,598,484	13
as dividend to shareholders (Company)	137,700	0	102,000	0	306,000	1	306,000	1	350,202	1
Retained in the business										
as depreciation	4,233,318	10	4,954,762	14	4,381,325	12	3,232,634	9	3,143,983	9
as retained profits	1,096,737	3	1,401,645	4	(556,337)	(1)	1,850,404	5	2,924,815	8
	41,230,040	100	35,018,205	100	37,304,018	100	37,581,601	100	35,307,998	100

Note

1. The Statement of Value Added shows the quantum of wealth generated by the activities of the companies within the Group, (excluding its Associate Companies) and its application.

2. Value Added Tax, Economic Services Charge and Social Responsibility Levy are excluded in arriving at the above revenue. Therefore, total tax liability to the Sri Lankan Government during the year included the following shown overleaf:

VALUE ADDED STATEMENT

(All figures in Sri Lankan Rupees thousands unless otherwise stated)

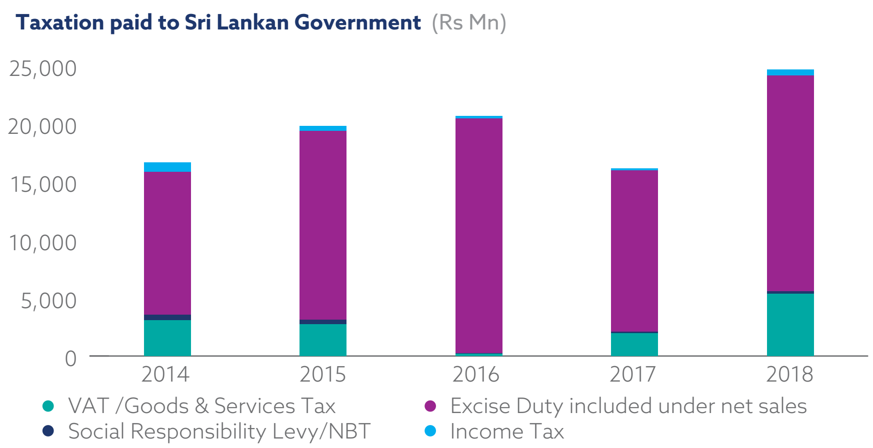
	2018	2017	2016	2015	2014
Value Added Tax /Good and Services Tax	5,367,572	1,943,723	174,750	2,711,205	3,065,440
Social Responsibility Levy, Nation Building Levy included under net sales above	208,224	161,690	45,742	398,185	480,453
Excise Duty & Import duty included under net sales above	18,551,986	13,873,695	20,208,675	16,273,162	12,294,312
	24,127,782	15,979,108	20,429,167	19,382,552	15,840,205
Income Tax	548,090	149,863	238,142	409,322	826,579
Total Taxes paid to the Government of Sri Lanka*	24,675,872	16,128,971	20,667,309	19,791,874	16,666,784

Value added is the wealth created by providing products and services in both domestic and international markets, less the cost of providing such products / services. The value added is allocated among the employees, governments, providers of capital and the balance is retained in the business for expansion and growth.

	2018 (%)	2017 (%)
To employees	19	21
To governments	51	44
To providers of capital	17	17
Retained in business	13	18

Being an exemplary corporate citizen, we take pride in full compliance with statutory and regulatory requirements including accruing and paying all due fees and taxes on time. A dominant portion of the value added is distributed to governments both local & overseas in the form of taxes, excise & import duty.

*The portion of value addition distributed to the government of Sri Lanka increased from 41% in the financial year 2017 to 46% in the financial year 2018, mainly due to closure of brewery due to flood damages in prior year therefor presenting a low base for comparison.



RISK MANAGEMENT

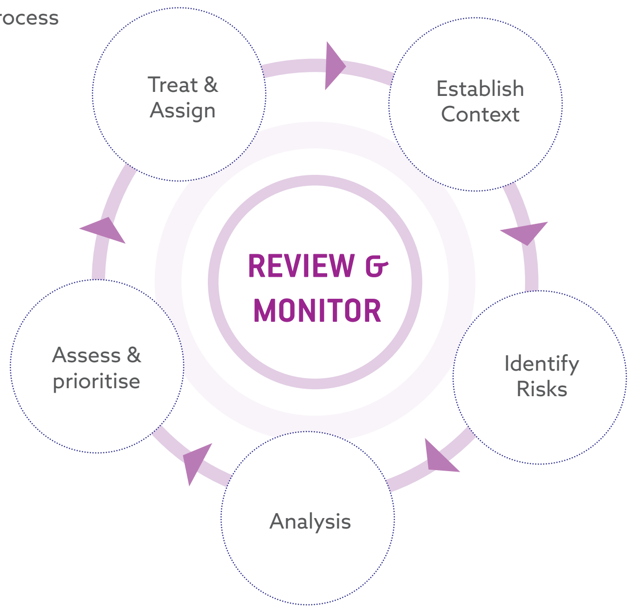
The Bukit Darah PLC is a diversified conglomerate. Bukit Darah PLC with global operations is exposed to a great variety of risks which are either general in nature or industry/ country specific. As a result risk management has become an integral part of business and management. These practices provide reasonable assurance through the process of identification and management of events, situations, or circumstances which even if they occur would not adversely impact the achievement of objectives of the business. In other words risk management practices will ensure minimum impact from adverse events and will help to maximize the realization of opportunities whilst risks are managed until they are mitigated and re-assessed to be within sector's risk appetite.

Enterprise Risk Management (ERM) provides a common process and terminology for all risk management activities. Its main goals focus on fostering risk awareness and promoting proactive management of threats and opportunities.

In implementing the business plan, the Group has embodied enterprise risk management to its business activities. This risk management process supports;

- Corporate Governance
- Quality of business planning
- Audit planning
- Project planning and implementation
- Building confidence of various stakeholder groups

ERM Process



ERM process re-validates that the relevant internal control systems are in place and provides assurance to Management/Board of Directors that processes are robust and working effectively.

When executing the ERM process, management identifies the risks and categorises into main three types of risks as shown below. Purpose of the risk modelling is to create a common language for better communication, knowledge sharing and comparison. Risk drivers are the key factors which create risks. Risk indicators are primarily deviation from set Goals or KPI's. Deviations are timely identified through on going review and monitoring activities carried out by the management.

By using qualitative and quantitative methods, likelihood of occurring and probability of outcome of the above identified risks are analysed.

Using the Risk Grid, management determine the contribution of each risk to the aggregate risk profile in terms of the impact on achievement of company's objectives and prioritise accordingly.

RISK MANAGEMENT

Once risk events are identified risk responses could take the form of;

- Risk Acceptance
- Risk Avoidance
- Risk Transfer/ share
- Risk Minimization

Comprehensive and benchmarked Procedure Manuals and techniques, together with timely supervision and monitoring of risk management practices by the business managers while discharging their responsibilities and accountability provides the first line of defence. Relevant action plans to be reviewed and monitored by the management teams in their respective spheres of operation. Further, during this process relevance and impact of identified risks will be reassessed. Status and outcome of the action plans are presented to CEO, Audit Committee and Board of Directors.

Risk Management Governance Structure includes a reporting framework within the organisation and to the Board of Directors, thereby allowing Directors to assume their supervisory function for better Corporate Governance.

Risk Management is one of the driving factors of sustainability of operations and have identified the following risk profiles. The principal risks thus identified are considered and reviewed at various stages within our business process continuously and appropriate risk responses and strategies are implemented.

Board of Directors	➢ Responsible for approval of ERM framework ➢ Set risk appetite threshold ➢ Approve Business Plans ➢ Review reports – Risk Dash Board & summary of risk register
Audit Committee	➢ Considers adequacy of risk management and internal control framework ➢ Reviews risk management reports, Dashboard/Risk register ➢ Reviews reports from internal and external auditors
Management Team	➢ Defines and sets Risk appetite and considers new and emerging risks ➢ Develops/monitors suitable action plans to mitigate/ manage risks ➢ Considers actions to improve risk management process ➢ Provides representation on compliances.
Risk owners	➢ Responsible for day to day monitoring / supervision of risk and risk mitigation actions ➢ Required to evaluate status of risk and effectiveness of risk mitigation action plans

Risk	Impact	Risk Responses and Strategies
Commodity Price Risk	The segment is susceptible to fluctuations in global Crude Palm Oil (CPO) prices for which we have minimal control being a price taker. Key impacts on CPO price is driven by demand of vegetable oil, Supply from plantation industry as a whole, Supply and demand for substitute oils, crude oil prices and demand for bio fuel and other such factors. China's demand for CPO seems impacted by the geo-political tension based on trade and tariff wars with USA, and its impact to soy bean imports. Further, the crude oil price increase over the last 12 months. However, plantation industry expects crop volumes to be significantly higher in 1st half of FY18/19 as the weather impact of previous years recede. Analysts' prediction of a strong palm oil supply and rising stocks are the key factors that lead to be bearish on their price views for 2018. Prices of other raw materials may also fluctuate due to changes in global economic conditions, weather patterns, government policies and developments in international trade.	**Oil Palm Plantation Segment** Manage the price volatility and cash flows by entering into physical forward sales contracts and price hedging at opportune timing. **Oils & Fats Segment** Seek to maintain a back-to-back cover on raw material purchases to minimise the price volatilities Transfer the price fluctuations to the customer, whenever possible. **Beverage Segment** Beverage sector continuously monitor commodity prices of raw materials and where opportune, enters into forward contracts for buying major raw materials with the assistance of international business partner or on its own.
General Securities Risk	Any trading in securities carries inherent investment risks associated with the entity issuing those securities. In particular the price or value of any security can and does fluctuate and may even become valueless, resulting in possible loss not only of returns and profits, but even also of all or part of the principal sums invested. These risks arise as a result of the overall risks faced by the issuing entity which affects its ability to provide a return to the investors holding the securities issued by it. Particularly in the case of equities, past performance of any investment is not necessarily indicative of future performance. At Guardian our approach focuses on the fact that there is no substitute for fundamental individual security assessment.	**Investment sector** Sound internal research processes Once an investment is made a continuous process of monitoring the performance of that investment is adopted. Manage the concentration risk arising from over exposure to one security by monitoring sector exposure and single company exposure as mitigation strategies. Further, private equity exposure limits at company and group level are monitored as another measure of managing risk. Loss limits are set to monitor stocks performing below their cost of acquisition to determine whether temporary capital erosion is a concern. This helps us mitigate the downside risk of any security in the portfolio. Market risks affecting a particular class of security are mitigated by switching to asset classes that are assessed to be less risky in a particular scenario.

RISK MANAGEMENT

Risk	Impact	Risk Responses and Strategies
		In the case of private equity, Board representation in proportion to the investment for stakes over 10% is considered necessary while for smaller stakes, monitoring mechanisms to facilitate constant evaluation of the investment will be built into the shareholder agreement.
Environment Scrutiny Risk	Oil Palm Plantation Segment The NGO's have taken upon themselves to push the palm industry for higher standards than industry set standards identified by RSPO (Roundtable on Sustainable Palm Oil). They are pushing MNC companies who are the customers of the main producers / traders to go beyond RSPO and adhere to NDPE (No Deforestation, No Peat, No Exploitation Policy) These NGO's are now aggressively pushing unilaterally for higher standards and targeting mid to large scale plantation companies who have land concessions through aggressive name & shame campaigns as well as push the financiers of such plantations. Going forward, companies will have to self-regulate and be transparent in their operations and include more stakeholder involvement	Oil Palm Plantation Segment GAHL has committed to this higher standard with its own new NDPE policy in 2017, with the input of major stakeholder and increased initiatives on sustainability.
Development Delays Risk	New plantation development in Indonesia can be negatively impacted due to multiple & ambiguous land claims, difficulties in procuring contractors and poor infrastructure in remote locations. Depressed palm oil prices and lower crop volumes had a negative impact on new plantation developments in past few years. In addition, RSPO has also requested GAHL to halt all development in new locations until they clear the locations as per their assessments. Project delays may result in significant increases in development costs when restarted, build-up of overhead costs and loss of land to third parties as well as social issues from local smallholders (Plasma) who expect development of land at a faster pace.	Ensure that necessary permits and licenses are acquired in a timely manner to complete the developments. Address RSPO queries and action items as required and obtain clearance for new development Anticipate & proactively resolve social issues affecting land release and multiple land claims. Look to match the funding duration to cover the total capex up to maturity stage of plantation. Employ a bigger pool of experienced contractors to ensure that disruptions to development projects are minimised

Risk	Impact	Risk Responses and Strategies
Land Ownership Risk	Land allocated to plantations by regional authorities face overlap with concession given to other industries such as mining and forestry. In addition, plantation companies in Indonesia face overlap claims with other palm plantations as well as local communities due to unclear land titles and ownership which results from lack of clarity between local, regional and national authorities on land status. Indonesian government is also under pressure from NGO's to curtail deforestation and use of land for plantations. At the same time, Indonesia is looking to fight poverty by mandating small holder/ plasma schemes in order to achieve poverty alleviation via distribution of wealth at rural level.	Ensure that all required approvals from the respective authorities are obtained and validated prior to commencement of land development Expedite land title processing in order to safeguard the planted land within the group. Establish and maintain sound relationships with key personnel in regulatory establishments
Human Resource Risk	Being unable to recruit and retain appropriately skilled employees could adversely affect the ability to grow and maintain a competitive position in the market place. Given the depressed industry condition of Oil Palm segment over the last 3 years, the human resources tend to be impacted by higher turnover.	The following initiatives have been implemented by the Group. ➢ Ensure recruitments are carried out to hire employees with required qualification, knowledge and experience ➢ Identify and assess the key staff members crucial for successful operations. ➢ Identify gaps in skills and capabilities of key roles and implement development programs to facilitate career progression and succession planning ➢ Invest in organization-wide training and development to enhance capability levels and maintain motivation of the employees.
Foreign Exchange Risk	Foreign currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Financial results reported of Oil & Fat segments are affected by adverse exchange rate movements in local operating currencies such as the IDR, MYR and INR against the USD. As these operating locations are emerging global markets, their currencies can be significantly volatile and move considerably within a short period of time. IDR witnessed a significant depreciation against the US dollar during 4QFY17/18. Impact of forex movements mainly arises from the translation/revaluation of the Group's USD denominated borrowings and supplier liabilities as required by IFRS and do not entail an actual cash transaction loss.	Assets, liabilities and other operational expenses which arise from daily operations are primarily denominated in the functional currencies. Continue to monitor the market volatilities to anticipate and exploit the favourable movements Minimise the cash flow impact by linking the oil palm sector revenue to the USD denominated CPO prices, thus providing a natural hedge.

RISK MANAGEMENT

Risk	Impact	Risk Responses and Strategies
Business Environment Risks	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 reduce the amount or quality of FFB we are able to harvest.	Invest in agronomy and plantation management practices to minimise the impact by any sudden up-rise of diseases. Business Continuity Plan. Develop infrastructure to prevent / minimise damages due to perils. Cover perils through adequate insurance.
Liquidity Risk	The risk that the sector cannot easily meet its operational and financial obligations can result in unavailability of sufficient funds that may interrupt the smooth functioning of the day to day operations.	Manage such an exposure through effective working capital management Maintain sufficient credit facilities Develop policies and procedures to plan liquidity based on medium term plans. **Investment sector** Investing in companies with a reasonable free float and where securities are heavily traded. Also by limiting the portfolio's buy list to highly traded blue chips, the risk of illiquidity can be mitigated. Good research will enable the fund team to identify changes in fundamentals and be proactive in investment decision making. In the case of private equity, liquidity risks are difficult to manage due to time bound exit strategies. However, our insistence on one or two fall back exit options being built into the shareholder agreement ensures that eventually private equity projects will end up in an encashable state with at least a minimum return.
Financial Leverage and Cash Flow Risk	The Oil Palm Plantation Segment is impacted by its high financial leverage on the backdrop of the last few years prices volume impacts. GAHL require to generate free cash flow and repay debt from operational cash inflows. The upstream development planation's continued to require maintenance capex in FY17/18, as Papua is expected to come into revenue generation in mid FY18/19. Global banks have been impacted by the lower commodity prices across these industries and are looking to reduce their exposure to industries such as crude oil, coal and commodity agri businesses. The segment will require managing its capital repayment given current borrowing structure.	Manage and repay bank funding facilities and service of the borrowing facilities, while looking at alternative funding sources. Monetize and maximize EBITDA at development locations, in order to obtain return on capital invested.

Risk	Impact	Risk Responses and Strategies
Credit Risk	Each sector is exposed to credit risk primarily from its trade receivables, which arise from its operating activities and its deposits with Banking Institutions.	Individual companies exercise some of the following controls to mitigate this risk. Implementation of credit policies Continuous and regular evaluation of creditworthiness of customers Ongoing monitoring of receivable balances. Covering credit exposure through a combination of bank guarantees & discounting of credit to banks with no recourse to the company.
Interest Rate Risk	The interest rates on most of our loans and borrowings are currently on a floating basis. As such, our financial performance may be affected by changes in prevailing interest rates in the financial market.	Financial strength of the Bukit Darah PLC is used via group treasury in negotiating the rates. Plantation sector will pursue derivative mechanisms such as interest swaps, where necessary. Appropriate capitalization of business together with the right balance between long & short term bank facilities plus obtaining a combination of loans linked to AWDR/SLIBOR/AWPLR & LIBOR.
Systems and Process Risks	The risk of direct or indirect losses due to inadequate or failed internal processes and systems.	Maintain detail procedure manuals and provide training and guidelines for new recruits. The internal audit function of the Group carryout regular review on internal control systems and processes and recommends process improvements if shortcomings are noted.
Legal and Regulatory Compliance Risk	Failure to comply with regulatory and legal framework applicable to the Group.	The management together with the group legal division proactively identifies and set up appropriate systems and processes for legal and regulatory compliance in respect of Sector operations. Arrange training programs and circulate updates for key employees on new / revised laws & regulations on need basis. Provide comments on draft laws to government and regulatory authorities. Obtain comments and interpretations from external legal consultants on areas that require clarity. Obtain compliance certificates from management on quarterly basis on compliance with relevant laws and regulations.
Reputational Risk	As a Group which carries out business activities in different sectors, it is vital to safeguard the good name and reputation of the businesses.	Employees are communicated the right values from the inception both by formal communication and by example. Our screening process at interviews, attempts to select people of the right calibre, while training them for higher responsibility is ongoing. The extensive compliance process also ensures that the Group does not take the risk of process failure that will lead to reputation risk. Maintaining good relationships with all stakeholders further helps manage any crisis situations that can damage reputation.

INFORMATION TO SHAREHOLDERS & INVESTORS

1 Stock Exchange Listing

Bukit Darah 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. (CSE) Stock Exchange ticker symbol for the Bukit Darah PLC shares : BUKI.N0000

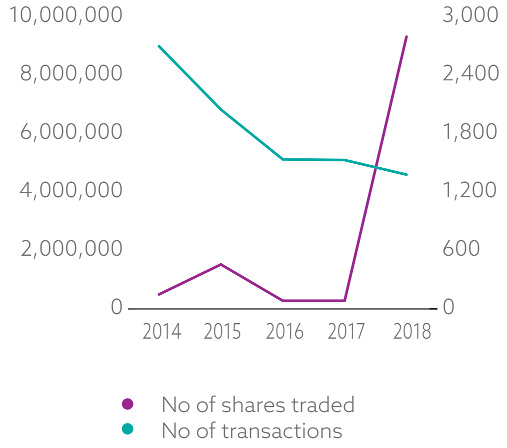
2 Market Capitalisation and Market Price

Market Capitalization of the Company's share, which is the number of ordinary share in issues multiplied by the market value of a share, was Rs. 21,022 Mn as at 31st March 2018. (Rs.26,540 Mn as at 31st March 2017)

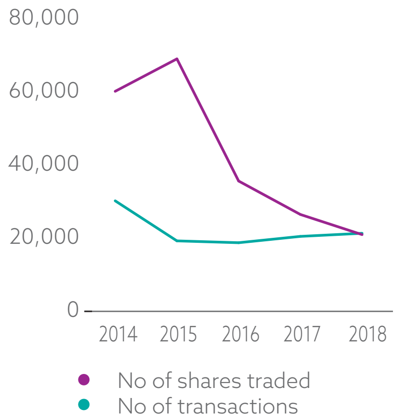
The Information on Market prices are set out below :

	2018	Q4	Q3	Q2	Q1	2017
Share Information						
Market value per share (Rs.)	206	206	211	207	256	260
Highest price (Rs.)	280	275	235	272	280	395
Lowest price (Rs.)	200	200	201	207	250	241
Trading Statistics						
No of transactions	1,378	242	410	449	277	1,528
No of shares traded	9,319,039	8,861,745	335,616	49,399	72,279	277,389
Value of all shares Traded (Rs. Mn)	1,875	1,771	73	11	20	83
Market Capitalization (Rs. Mn)	21,022	21,022	21,471	21,134	26,122	26,540
Enterprise Value (Rs. Mn)	109,775	109,775	111,940	111,316	114,588	114,537

Share Trading
(Nos.)



Shareholders fund & Market Capitalization
(Rs. Mn.)



3 Shareholder Base

The total number of shareholders as at 31st March 2018 was 1,740 compared to the 1,779 as at 31st March 2017. The number of ordinary shares held by non-residents as at 31st March 2018 was 30,738,376 which amounts to 30.14% of the total number of ordinary shares.

4 Distribution and Composition of Shareholders

		Residents			Non-Residents			Total		
Distribution of Shares		No. of Members	No. of Shares	%	No. of Members	No. of Shares	%	No. of Members	No. of Shares	%
1	1,000	1,496	181,139	0.18	11	2,776	0.002	1,507	183,915	0.18
1,001	10,000	149	417,615	0.41	5	19,783	0.02	154	437,398	0.43
10,001	100,000	36	1,258,561	1.23	12	462,288	0.45	48	1,720,849	1.68
100,001	1,000,000	7	1,831,183	1.80	9	2,923,050	2.87	16	4,754,233	4.67
Above	1,000,000	10	67,573,126	66.25	5	27,330,479	26.79	15	94,903,605	93.04
Total		1,698	71,261,624	69.87	42	30,738,376	30.13	1,740	102,000,000	100

5 Composition of Shareholders

	31st March, 2018			31st March, 2017		
Ordinary Shares	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Individuals	1,632	13,710,342	13.44	1,657	5,367,120	5.26
Institutions	108	88,289,658	86.56	122	96,632,880	94.74
Total	1,740	102,000,000	100	1,779	102,000,000	100
Residents	1,698	71,261,624	87	1,732	80,350,030	78.77
Non Residents	42	30,738,376	13	47	21,649,970	21.23
Total	1,740	102,000,000	100	1,779	102,000,000	100

6 Public Holding

- Percentage of ordinary shares held by the public – 23.04% (2017 – 23.04%)
- Market Capitalization of the public holding - Rs. 4.84Bn
- The number of public shareholders – 1,725

The Company is in compliance with the Minimum Public Holding requirements for Companies listed on the Main Board as per Rule 7.13.1.a. of the Listing Rules of the Colombo Stock Exchange, under Option 5, i.e. Float-adjusted Market Capitalization of less than Rs.2.5 Billion with 500 Public Shareholders and a Public Holding percentage of 20%

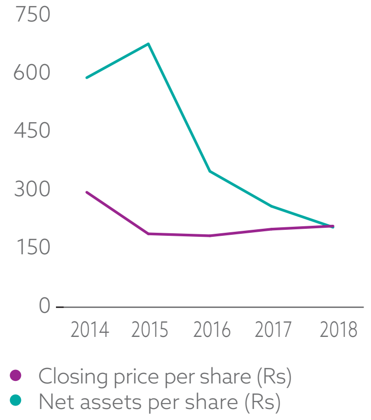
INFORMATION TO SHAREHOLDERS & INVESTORES

(Amounts expressed in Sri Lankan Rs. '000)

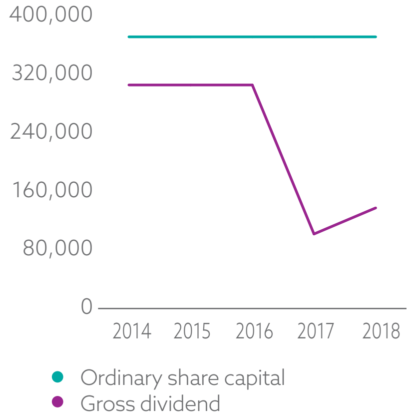
7 Information on Ratios

	2018	2017
EPS - Group	11.91	14.60
Dividend payout ratio (%) - Company	98%	103%
Price Earnings Ratio	17.31	17.83
Dividend Yield	0.01	0.00
Market Value Added (Mn.)	88,390	94,003

Net Assets per Share & Closing Price per Share
(Rs.)



Gross dividend and Ordinary shary capital
(Rs.000)



8 Material Foreseeable Risk Factors

(As per Rule no. 7.6 (VI) of the Listing Rules of the Colombo Stock Exchange)
Information pertaining to the material foreseeable risk factors, that require disclosures as per the Rule No. 7.6 (vi) of the Listing Rules of the CSE are discussed in the Section on 'managing Risk at Bukit Darah PLC' on Pages 67 to 73.

9 Material Issues Pertaining to Employees and Industrial Relations Pertaining to the Company

(As per Rule No. 7.6 (VII) of the Listing Rules of the Colombo Stock Exchange) There were no material issues pertaining to employees and industrial relations pertaining to the company that occurred during the year under review which require disclosure.

10 Information on Dividends

For the year ended 31st March	2018		2017	
Ordinary Shares	Per share	Amount	Per share	Amount
Dividends Paid	1.35	137,700	1.00	102,000
	1.35	137,700	1.00	102,000
Preference Shares				
Dividends Paid	10.75	19,775	7.95	14,624
	10.75	19,775	7.95	14,624
Preference Shares				
Annual Dividend	0.08	147	0.08	145
	0.08	147	0.08	145

11 Dividends Since

Year ended 31st March	DPS (Rs.)	Dividends (Rs.'000)
2014	3.00	306,000
2015	3.00	306,000
2016	3.00	306,000
2017	1.00	102,000
2018	1.35	137,700

12 Ordinary Shares in Issue

Year ended 31st March	Number of Shares
2010	10,000,000
2011	102,000,000
2012	102,000,000
2013	102,000,000
2014	102,000,000
2015	102,000,000
2016	102,000,000
2017	102,000,000
2018	102,000,000

INFORMATION TO SHAREHOLDERS & INVESTORS

(Amounts expressed in Sri Lankan Rs. '000)

13 History of Scrip Issues

Year ended 31st March	Issue	Basis	Number of Shares (Ordinary)
2004	Bonus	24:1	9,600,000
2011	Sub-division	10:1	90,000,000
	Capitalisation	1:50	2,000,000

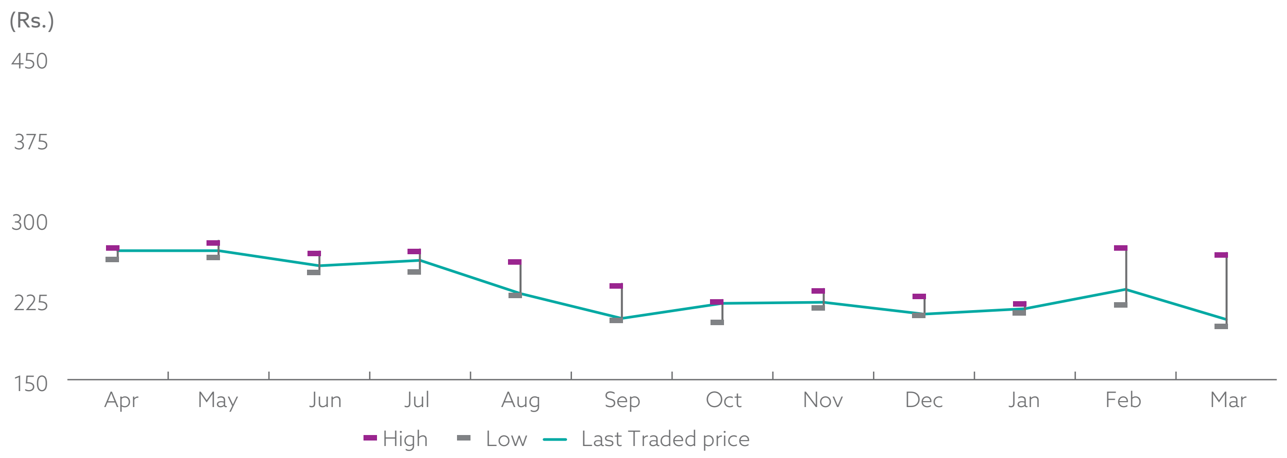
14 Information on Movement on no of Share

Financial Year	Issue	Basis	No of Shares issued Ordinary	Ordinary	Cumulative Redeemable preference shares
2003/04	Bonus Issue	24 for 1	9,600,000	10,000,000	180,350
2010/11	Sub-division	10 for 1	90,000,000	100,000,000	1,803,500
	Capitalisation	1 for 50	2,000,000	102,000,000	1,839,568

15 Share Price Trend Over Last Five Years

	2018	2017	2016	2015	2014
Year					
Highest Price (Rs.)	280	395	720	750	755
Lowest Price (Rs.)	200	241	340	540	538
Last Traded Price (Rs.)	206	260	350	678	591

Share Price Trend over the Last Financial Year

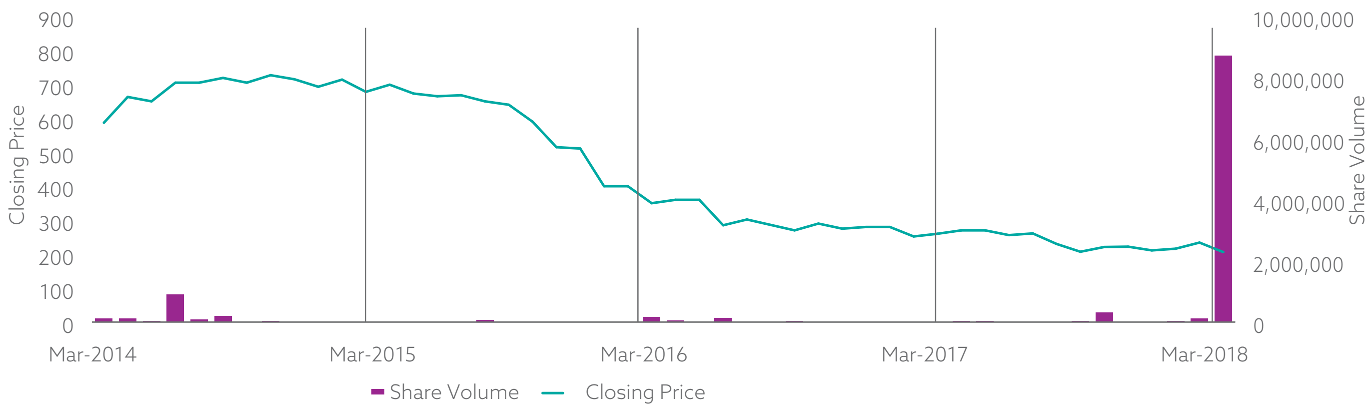


16 Information on Shareholders Funds and market capitalization

As at 31st March	2018	2017	2016	2015	2014
Shareholders' Funds (Rs. Mn.)	21,384	20,535	18,803	19,307	21,474
Market Capitalization (Rs. Mn.)	21,022	26,540	35,700	69,156	60,272
Market Capitalization as % of total CSE Mkt. Captl. (%)	0.69%	1.00%	1.38%	2.39%	2.41%

17 Price and Share Volume Chart

Share Price Trend over the Last Financial Year



INFORMATION TO SHAREHOLDERS & INVESTORS

(Amounts expressed in Sri Lankan Rs. '000)

18 Five Year Summary - Group

For the year ended / as at 31st March	2018	2017	2016	2015	2014
OPERATING RESULTS					
Revenue	79,849,368	64,478,918	76,386,775	88,546,659	76,542,788
Segment results	10,015,794	5,173,575	8,515,138	13,446,974	13,207,726
Net Finance cost	4,496,028	4,423,660	2,617,581	2,476,181	2,073,516
Profit before taxation from continuing operations	7,328,453	88,116	3,509,638	8,282,042	11,133,371
Income tax expenses	3,654,208	1,602,363	1,625,157	2,549,422	3,259,870
Profit for the year	3,774,652	2,886,293	1,487,193	5,884,720	7,873,501
Profit attributable to the non controlling interest	2,540,215	1,382,648	1,748,949	3,728,316	4,598,484
Profit /(loss) attributable to the owners of the company	1,234,437	1,503,645	(261,757)	2,156,404	3,275,017
CAPITAL EMPLOYED					
Stated capital	412,635	412,635	412,635	412,635	412,635
Reserves	20,971,664	20,122,075	18,390,198	18,894,332	29,865,750
	21,384,299	20,534,710	18,802,833	19,306,967	30,278,385
Non - controlling interest	32,771,762	30,975,002	29,148,203	28,068,151	36,190,123
Investment through subsidiaries	(10,688)	(10,688)	(10,688)	(10,688)	(10,688)
Short - term and long - term borrowings	69,438,171	72,460,014	75,797,441	75,980,241	64,587,871
	123,583,544	123,959,038	123,737,789	123,344,671	131,045,691
ASSETS EMPLOYED					
Non - current assets	115,551,089	112,112,880	119,752,607	111,839,578	122,264,097
Current assets	38,087,352	36,419,901	30,664,587	31,227,600	35,721,078
	153,638,441	148,532,781	150,417,194	143,067,178	157,985,175
Current liabilities - excluding borrowings	(20,241,955)	(17,543,140)	(19,365,563)	(13,590,879)	(16,526,064)
Other financial payables	(87,695)	(77,607)	(63,559)	(55,818)	(50,492)
Deferred liabilities	(9,725,247)	(6,952,996)	(7,250,283)	(6,075,810)	(10,362,928)
	123,583,544	123,959,038	123,737,789	123,344,671	131,045,691

For the year ended / as at 31st March	2018	2017	2016	2015	2014
CASH FLOW STATEMENTS					
Net cash inflows from operating activities	9,201,862	2,072,075	12,613,431	4,856,514	13,500,715
Net cash generated from/(used in) investing activities	(6,597,627)	11,548,755	(8,848,557)	(21,876,166)	(15,187,257)
Net cash generated from/(used in) financing activities	4,569,908	(10,824,903)	(6,219,453)	10,114,854	12,922,344
Net (decrease)/increase in cash & cash equivalents	7,174,143	2,795,927	(2,454,579)	(6,904,798)	11,235,802
OPERATIONAL RATIOS					
Return on ordinary shareholders' funds (%)	5.58	7.12	(1.63)	11.17	10.67
Equity to total assets (%)	35.22	34.65	31.85	33.09	42.05
Revenue growth (%)	23.84	(15.59)	(13.73)	15.68	0.50
Asset growth (%)	3.44	(1.25)	5.14	(9.44)	13.41
Revenue to capital employed (times)	0.65	0.52	0.62	0.72	0.58
No. of employees	11,935	12,583	15,136	15,954	15,580
Revenue per employee (Rs.'000)	6,690	5,124	5,047	5,550	4,913
DEBT & GEARING RATIOS					
Interest cover (times)	2.23	1.17	3.25	5.43	6.37
Total debts	69,478,926	72,500,770	75,838,197	76,020,997	64,628,627
Net debts	55,980,719	57,022,011	68,131,397	66,834,591	47,357,114
Debt equity ratio (%)	128	140.86	158.29	160.60	97.29
Gearing ratio (%)	56	58.49	61.29	61.63	49.29
Debt/total assets (%)	45	48.81	50.42	53.14	40.91
Current ratio (times)	0.81	0.67	0.63	0.81	0.84
INVESTOR RATIOS					
Dividend cover (times)	8.82	14.60	(1.00)	6.90	10.56
Dividends per share (Rs.)	1.35	1.00	3.00	3.00	3.00
Market value per share (Rs.)	206	260	350	678	591
Market capitalization (Rs.Mn)	21,022	26,540	35,700	69,156	60,272
Earnings per share (Rs.)	11.91	14.60	(3.00)	20.71	31.67
Price earnings ratio (times)	17.31	17.83	(116.67)	32.74	18.66
Net assets per ordinary share (Rs.)	209.25	200.92	183.94	188.88	296.45

INFORMATION TO SHAREHOLDERS & INVESTORS

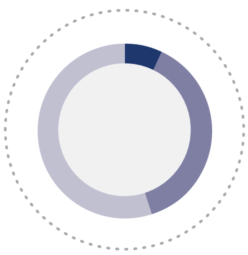
(Amounts expressed in Sri Lankan Rs. '000)

19 Group Quarterly Results - Statement of Income

	1st Quarter	%	2nd Quarter	%	3rd Quarter	%	4th Quarter	%	FY 2018	%
Revenue	16,425,474	21	20,499,398	26	20,656,335	26	22,268,161	28	79,849,368	100
Segment results	1,788,955	18	3,385,650	34	2,485,433	25	2,355,756	24	10,015,794	100
Flood related losses/gains	608,696	31	96,389	5	7,537	0	1,245,000	64	1,957,622	100
Foreign exchange (losses)/ gains	149,500	(21)	(250,690)	35	(250,160)	34	(374,365)	52	(725,715)	100
Change in fair value of biological assets	-	-	-	-	-	-	1,017,130	100	1,017,130	100
Change in fair value of investment properties	-	-	-	-	-	-	621,085	100	621,085	100
Impairment of business assets	(72,530)	7	(30,050)	3	371	(0)	(970,253)	90	(1,072,462)	100
Profit from operations	2,474,621	21	3,201,299	27	2,243,181	19	3,894,353	33	11,813,454	100
Net Finance cost	(1,015,309)	23	(1,019,890)	23	(1,326,363)	30	(1,134,466)	25	(4,496,028)	100
Share of net result of joint venture	6,436	58	1,441	13	1,769	16	1,381	13	11,027	100
Profit/(loss) before Income tax expenses	1,465,748	20	2,182,850	30	918,587	13	2,761,268	38	7,328,453	100
Income tax expenses	(564,842)	15	(626,216)	17	(251,206)	7	(2,211,944)	61	(3,654,208)	100
Profit/(loss) form continuing operations	900,906	25	1,556,634	42	667,381	18	549,324	15	3,674,245	100
Discontinued operation										
Profit from discontinued operation, net of tax	(78,779)		(107,947)		(115,226)		402,359		100,407	
Profit/(loss) for the year	822,127		1,448,687		552,155		951,683		3,774,652	
Attributable to:										
Owners of the Company	234,942	19	779,402	63	98,475	8	121,618	10	1,234,437	100
Non controlling interest	587,185	23	669,285	26	453,680	18	830,065	33	2,540,215	100
	822,127	22	1,448,687	38	552,155	15	951,683	25	3,774,652	100

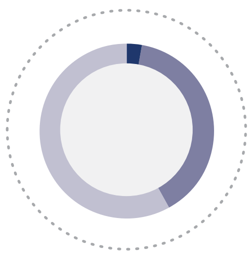
	1st Quarter	%	2nd Quarter	%	3rd Quarter	%	4th Quarter	%	FY 2018	%
Earnings/(loss) per ordinary share (Rs.)	2.30		7.64		0.97		1.00		11.91	
Net assets per ordinary share	210.31		211.54		212.93		209.25		209.25	
Market value per share (Rs.)	256.10		207.20		210.50		206.10		206.10	
Net profit on segmental basis										
Investment holdings	(53,332)	23	(66,734)	29	(57,484)	25	(52,549)	23	(230,099)	100
Portfolio & Asset management	256,773	34	37,544	5	178,192	23	288,164	38	760,673	100
Oil palm plantations	452,321	24	1,562,996	84	84,870	5	(236,042)	(13)	1,864,145	100
Oils & fats	(273,604)	(108)	29,203	11	126,043	50	372,508	147	254,150	100
Beverages	250,153	15	76,493	5	379,118	23	929,630	57	1,635,394	100
Real estate	32,752	(7)	36,045	(7)	36,831	(8)	30,297	122	135,925	100
Leisure	12,107	15	31,307	39	20,848	26	16,780	21	81,042	100
Management services	(4,543)	526	(7,477)	866	33,897	(3,928)	(22,740)	2,635	(863)	100
Segment operating profit	672,627	17	1,699,377	44	802,315	21	1,326,048	18	4,500,367	100
Foreign exchange gain/(loss)	149,500	31	(250,690)	5	(250,160)	0	(374,365)	64	(725,715)	100
	822,127		1,448,687		552,155		951,683		3,774,652	

Group Profit allocation 2018
(%)



- Non Cash Book Profit & Gain / (Loss)
- Depreciation & amortization
- Operating Cash profits

Group Profit allocation 2017
(%)



- Non Cash Book Profit & Gain / (Loss)
- Depreciation & amortization
- Operating Cash profits

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Board of Directors of Bukit Darah PLC have pleasure in presenting to the shareholders their Report together with the Audited Financial Statements for the year ended 31st March 2018.

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 on 21st June 2018.

GENERAL

Bukit Darah PLC is a public limited liability Company incorporated in Sri Lanka in 1916.

THE PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activities of the Company consist of investing in Oil Palm Plantation, Oils & Fats, Beverage, Portfolio and Asset Management, Real Estate, Leisure and Management Services sectors.

The principal activities of the subsidiaries and joint venture are set out in the business review section of this Annual Report.

There have been no significant changes in the nature of the activities of the Group and the Company during the financial year under review.

REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

The Chairman's Statement on pages 15 to 17 and Sector Reviews on pages 21 to 27 provide an overall assessment of the business performance of the Group and its future developments. These reports together with audited financial statements reflect the state of affairs of the Company and the Group.

The segment-wise contribution to Group Results, Assets and Liabilities are provided in Note 7 to the financial statements on pages 136 to 143.

FINANCIAL STATEMENTS

The Financial Statements of the Group and the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and comply with the requirements of the Companies Act, No. 07 of 2007.

The aforementioned Financial Statements for the year ended 31st March 2018, duly signed by the Director Finance, Carsons Management Services (Private) Limited, the Secretariat, together with two Directors of the Company are given on page 109 which form an integral part of this Annual Report of the Board of Directors.

SIGNIFICANT ACCOUNTING POLICIES

Details of accounting policies have been discussed in note 4 of the financial statements. There have been no significant changes in the accounting policies adopted by the Group during the year under review.

Revenue

Revenue generated by the company amounted to Rs. 188 Mn (2017 - Rs.144 Mn), whilst group revenue amounted to Rs. 79,849 Mn (2017 - Rs.64,478 Mn). Contribution to group revenue from the different business segments is provided in Note 7 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Results and Appropriations

The profit after tax of the holding Company was Rs.159.9 Mn (2017 - Rs.114 Mn) whilst the Group profit/(loss) attributable to equity holders of the parent for the year was Rs. 1,234.4 Mn (2017 - Rs.1,503.6 Mn). Results of the Company and of the Group are given in the income statement.

Detailed description of the results and appropriations are given below.

(Amounts expressed in Sri Lankan Rs. '000)

	Group		Company	
For the year ended 31st March	**2018**	**2017**	**2018**	**2017**
	Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**
Results from operating activities	8,976,238	2,789,885	161,060	115,688
Net insurance receipts on flood damages	1,957,622	1,017,007	-	-
Reversal of unabsorbed VAT provision	-	339,811	-	-
Foreign exchange (losses)/gains	(725,715)	376,077	-	-
Net finance cost	(4,496,028)	(4,423,660)	-	-
Share of net results of joint venture	11,027	2,747	-	-
Change in fair value of biological assets	1,017,130	33,378	-	-
Change in fair value of investment properties	621,085	-	-	-
Changes in fair value of financial assets held for trading	(32,906)	(47,131)	-	-
Profit before tax accruing to the company and subsidiaries	7,328,453	88,115	161,060	115,688
Provision for taxation	(3,654,208)	(1,602,363)	(1,097)	(1,653)
Profits from continuing operations	3,674,245	(1,514,248)	159,963	114,035
Profit from discontinued operation, net of tax	100,407	4,400,540	-	-
Profit for the year	3,774,652	2,886,293	159,963	114,035
Profit/(loss) attributable to non controlling interest	(2,540,215)	(1,382,648)	-	-
Profit/(loss) attributable to owners of the company	1,234,437	1,503,645	159,963	114,035
Other adjustments	8,969	(528,069)	1,959	1,379
Balance brought forward from the previous year	22,116,699	21,257,893	6,666,151	6,667,506
Amount available for appropriation	23,360,105	22,233,468	6,828,073	6,782,920
Dividend				
Preference Share dividend				
Annual Dividend	(147)	(145)	(147)	(145)
8% Participating Cumulative Preference dividend paid - 2018 - Rs 10.75 (2017 - Rs. 7.95)	(19,775)	(14,624)	(19,775)	(14,624)
Ordinary Share dividend				
Ordinary dividend paid	(101,297)	(102,000)	(137,700)	(102,000)
Balance to be carried forward next year	23,238,886	22,116,699	6,670,451	6,666,151

Reserves

Summary of the Group's reserves is given below:

	Group		Company	
As at 31st March	**2018**	**2017**	**2018**	**2017**
	Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**
Capital Reserve	2,451,129	2,695,839	40,000	40,000
Revenue Reserve	18,520,535	17,426,236	6,670,451	6,666,151
Total	20,971,664	20,122,075	6,710,451	6,706,151

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The movements are shown in the Statements of Changes in Equity given on page 110 to 111 the Annual Report.

Capital Expenditure

Details of the Group capital expenditure undertaken during the year by each sector are:

For the year ended / as at 31st March	2018 Rs. '000	2017 Rs. '000
Portfolio and Asset Management		
Property, plant & equipment	450	421
Intangible assets	22,227	15,350
Oil Palm Plantations		
Property, plant & equipment	2,184,608	1,570,529
Bearer Plants	2,034,116	2,339,760
Intangible assets	172,821	347,177
Oils & Fats		
Property, plant & equipment	138,396	97,950
Intangible assets	5,686	13,951
Beverage		
Property, plant & equipment	1,387,322	3,431,349
Intangible assets	2,038	2,640
Real Estate		
Property, plant & equipment	500	4,786
Investments Properties	21,696	-
Leisure		
Property, plant & equipment	49,301	261,067
Management Services		
Property, plant & equipment	6,473	27,233
	6,025,634	8,112,213

Value of the Investment Portfolio

The market value/valuation of the Group's investment portfolio as at 31st March, 2018 was Rs. 12,378 Mn (2017 - Rs.11,731 Mn).

Value of the Investments Properties

Investment properties of business units, when significantly occupied by Group companies, are classified as property, plant and equipment in the consolidated financial statements in compliance with LKAS 40.

All properties classified as investment property were valued in accordance with the requirements of LKAS 40. The Group revalued all its investment properties as at 31 March 2018. The carrying value of investment property of the Group is Rs 3,447.7 Mn (2017 - Rs.2,805 Mn). Valuations were carried out by Mr. S.Sivaskantha, F.I.V (Sri Lanka) Perera Sivaskantha & Company, Incorporated Valuers.

Details of the revaluation of property, plant and equipment and investment property are provided in notes 20 and 24 to the financial statements.

Details of Group properties as at 31 March 2018 are disclosed in the Group Real Estate Portfolio section of the Annual Report.

Market Value of Freehold Properties

Certain freehold properties (land and buildings) of the Group have been revalued based on the independent professional valuation and written-up in the books of account to conform to market value of such properties. Details of such revaluation are given in note 20(c) to the financial statements.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Group and the Company which reflect a true and fair view of the state of its affairs. The Directors are of the view that the Income Statement, Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flow and Notes thereto appearing on pages 106 to 232 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act, No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and amendments thereto and Listing

Rules of the Colombo Stock Exchange. The "Statement of Directors' Responsibility" for the Financial Reporting is given on pages 95 to 96 which forms an integral part of this Report.

INTERESTS REGISTER

The Company maintains an Interests Register conforming to the provisions of the Companies Act No.07 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. 07 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.

DIRECTORS' BENEFITS

The Directors' remuneration of the Company for the financial year ended 31st of March 2018 are given in note 16 (d) and note 50 to the Financial Statements as per the requirements of Section 168 (1) (f) of the Companies Act, No. 07 of 2007.

DIRECTORS' INTEREST IN CONTRACTS AND SHARES AS AT THE REPORTING DATE

Directors' interests in contracts of the Company are disclosed in Note 50 to the Financial Statements and have been declared at Meetings of the Board of Directors. The Directors have had 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 shares issued by the Company.

DIRECTORS	No of Ordinary Shares	
	31.03.2018	**31.03.2017**
Mr. H. Selvanathan (Chairman)	153,112	153,112
Mr. M. Selvanathan	44,214	44,214
Mr. I. Paulraj	1,127	1,127
Mr. D . C. R . Gunawardena	-	-
Mr. P.C.P. Tissera (Resigned w.e.f 15th August 2017)	-	-
Mr. L. R. De Lanerolle	3,074	3,074
Mr. S .K. Shah	-	-
Mr. M. Dayananda	-	-
8% Participating Cumulative Preference Shares		
Mr. H. Selvanathan (Chairman)	345,130	345,130
Mr. M. Selvanathan	824,231	824,231

Directors shareholdings in group quoted companies.

SUBSIDIARIES	No of Ordinary Shares	
	31.03.2018	**31.03.2017**
Carson Cumberbatch PLC		
Mr. H. Selvanathan	76,852	76,852
Mr. M. Selvanathan	1,805,146	1,805,146
Mr. I. Paulraj	129	129
Mr. L. R. De Lanerolle	4,051	4,051
M/s. M. Selvanathan & H. Selvanathan	449,820	449,820
Ceylon Guardian Investment Trust PLC		
Mr. I. Paulraj	257	257
Mr. D. C. R. Gunawardena	257	257
Ceylon Investment PLC		
Mr. I. Paulraj	257	257
Mr. D. C. R. Gunawardena	257	257
Ceylon Beverage Holdings PLC		
Mr. H. Selvanathan	690	690
Mr. M. Selvanathan	690	690
Mr. I. Paulraj	33	33
Mr. D. C. R. Gunawardena	15	15
Mr. S. K. Shah	2,632	2,632

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

SUBSIDIARIES	No of Ordinary Shares	
	31.03.2018	31.03.2017
Lion Brewery (Ceylon) PLC		
Mr. H. Selvanathan	1,579	1,579
Mr. M. Selvanathan	1,579	1,579
Mr. I. Paulraj	1,675	1,675
Mr. D. C. R. Gunawardena	34	34
Mr. S. K. Shah	6,016	6,016
Shalimar (Malay) PLC		
Mr. M. Selvanathan	1	1
Selinsing PLC		
Mr. M. Selvanathan	1	1
Good Hope PLC		
Mr. M. Selvanathan	1	1
Indo-Malay PLC		
Mr. M. Selvanathan	1	1
Equity Two PLC		
Mr. I. Paulraj	33,450	33,450
Mr. S. K. Shah	9,300	9,300
Guardian Capital Partners PLC		
Mr. H. Selvanathan	1,261	1,261
Mr. M. Selvanathan	63,409	63,409
Mr. I. Paulraj	200	200
Mr. D. C. R. Gunawardena	25	25

DIRECTORS

The names of the Directors who served during the year are given under Corporate Information provided in page No. 20 of the Annual Report.

Changes in directorate

Mr. P. C. P. Tissera resigned from the Board w.e.f 15th August 2017.

Directors to retire by rotation

In terms of Articles 82 and 83 of the Articles of Association of the Company, Mr. S. K. Shah retires by rotation and being eligible offers himself for re-election.

Reappointment of Directors as per Sec.210 of the Companies Act, No. 7 of 2007

Further to the recommendation of the Nomination Committee of the Company and the Board, it is recommended that Messrs. I. Paulraj, L. R. De Lanerolle, M. Dayananda and M. Selvanathan who are over 70 years of age be re-appointed as Directors of the Company for a further period of one year from the conclusion of the Annual General Meeting and that the age limit stipulated in Section 210 of the Companies Act No.7 of 2007 shall not be applicable to the said Directors.

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).

Board of Directors

The following Directors held office during the year and their brief profiles are given on pages 38 to 39 of the Annual Report.

Name of the Director	Executive	Non-Executive	Independent
Mr. H. Selvanathan (Chairman)	✓	-	-
Mr. M. Selvanathan	✓	-	-
Mr. I. Paulraj	-	✓	-
Mr. D . C. R . Gunawardena	-	✓	-
Mr. P.C.P. Tissera (Resigned w.e.f 15th August 2017)	✓	-	-
Mr. L. R. De Lanerolle	-	✓	✓
Mr. S .K. Shah	✓	-	-
Mr. M. Dayananda		✓	✓

Alternate Directors

Mr. K. Selvanathan (for Mr. M. Selvanathan)

Each of the Non-Executive Directors of the Company have submitted a signed declaration on Independence/ Non-Independence as per Rule 7.10.2(b) of the Listing Rules of the Colombo Stock Exchange (CSE). The said declarations were tabled at a Board Meeting of the Board of Directors of the Company held on 21st June 2018, in order to enable the Board of Directors to determine the Independence/ Non- Independence of each of the Non-Executive Directors, in terms of Rule 7.10.3(a) of the Listing Rules of the CSE.

Directors' Meeting Attendance

Eleven Board Meetings were convened during the financial year and the attendance of the Directors were as follows;

Director	Meetings attended (out of 11)
Mr. H. Selvanathan (Chairman)	9
Mr. M. Selvanathan	11
Mr. I. Paulraj	11
Mr. D . C. R . Gunawardena	11
Mr. P.C.P. Tissera (Resigned w.e.f 15th August 2017)	5
Mr. L. R. De Lanerolle	11
Mr. S .K. Shah	8
Mr. M. Dayananda	11

Board Evaluation

The 'Board Evaluation Form' of the Company focuses on the following areas;

- Core Board Responsibilities
- Board Meetings
- Committee Meetings (any/ all sub-committees)
- Relationship with Management
- Individual Self – assessments
- Stakeholder and Shareholder communication / relationship
- Suggestions/ comments

The comments made by the Directors in the Board Evaluation Form are collated by the Nomination Committee of the Company and the results and proposed actions are reported to the Board of Directors. The suggestions and recommendations made by the Directors are being reviewed and implemented by the Company.

Board Sub - Committees

The Board, while assuming the overall responsibility and accountability for the management of the Company, has also appointed Board subcommittees to ensure more effective control over certain affairs of the Company, conforming to the Corporate Governance Standards of the Listing Rules of the CSE and industry best practices. Accordingly, the following Board subcommittees have been constituted by the Board.

- Remuneration Committee
- Audit Committee
- Nomination Committee
- Related Party Transactions Review Committee

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Remuneration Committee

The Remuneration Committee of the Company comprises of the following members;

Remuneration Committee Members	Executive	Non-Executive	Independent
Mr. M. Dayananda (Chairman)	-	✓	✓
Mr. D .C.R. Gunawardena	-	✓	-
Mr. L.R.De Lanerolle	-	✓	✓

Scope and Objective

The primary objective of the Remuneration Committee is to lead to 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 Non-Executive Directors. Based on the recommendation of the Remuneration Committee, the Board approves the remuneration to the respective Directors.

The Chief Executive Officer or Director-in-charge of the subsidiary companies 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 or 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 authorised 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.

During the period under review the Committee had two meetings with all members in attendance.

Reporting and Responsibilities

The Committee Chairman reports formally to the Board on its proceedings on all matters within its duties and responsibilities.

The Committee makes recommendations to the Board as deemed appropriate on any area within its limit where action or improvements are needed.

Aggregated remuneration paid to the Non-Executive Directors of the Company is disclosed under note 16 (d) on page 149 of the Annual Report. Executive Directors are not compensated for their role on the Board.

Audit Committee

The Audit Committee of the Company comprises of the following members;

Audit Committee Members	Executive	Non-Executive	Independent
Mr. L. R . De Lanerolle (Chairman)	-	✓	✓
Mr. M. Dayananda	-	✓	-
Mr. D . C. R . Gunawardena	-	✓	✓

Nomination Committee

The Nomination Committee of the Company comprises of the following members;

Nomination Committee Members	Executive	Non-Executive	Independent
Mr. I . Paulraj (Chairman)	-	✓	-
Mr. D .C. R. Gunawardena	-	✓	-
Mr. L. R. De Lanerolle	-	✓	✓

Scope and Objective

The primary objective of the Nomination Committee is to lead the process for Board appointments of new Directors within group companies and the nominations of members to represent the Company in group companies / investee companies.

Functions and Proceedings

The Nomination Committee recommends new appointments to the Board and the group companies. Based on the recommendation of the Nomination Committee, the respective Board approves the new appointments of Executive and Non-Executive Directors to their Boards.

Any Director of the Board and the Chief Executive Officer/ Director-in-charge of the subsidiary companies and other members of senior management may be invited to attend Meetings of the Nomination Committee. The Committee may also invite appointed external consultants to aid the Committee in the discharge of its duties. The Committee is authorised by the Board to seek appropriate professional advice internally and externally as and when considered necessary.

The Nomination Committee meets at least twice a year. During the period under review the Committee had two meetings with all the members in attendance.

Related Party Transactions Review Committee

The Related Party Transactions Review Committee of the Company comprises of the following members;

Related Party Transactions Review Committee Members	Executive	Non-Executive	Independent
Mr. L.R.De Lanerolle (Chairman)	-	✓	✓
Mr. M. Dayananda	-	✓	✓
Mr. D.C.R. Gunawardena	-	✓	-
Mr. H. Selvanathan	✓	-	-
Mr. M. Selvanathan	✓	-	-

The Related Party Transactions Review Committee Report is given on page 97 of this Annual Report.

Declaration

The Directors have made self declarations for the purpose of identifying parties related to them. The said declarations were noted at the Related Party Transactions Review Committee Meetings.

The Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions, during the financial year.

Non-Recurrent Related Party Transactions

There were no Non-Recurrent Related Party transactions which in aggregate value exceeded 10% of the equity or 5% of the total assets of the Company as per audited Financial Statements of 31st March 2018.

Recurrent Related Party Transactions

All the Recurrent Related Party transactions which in aggregate value exceeded 10% of the revenue of the Company as per 31st March 2018 audited Financial Statements are disclosed under Note 50 on page 231 to the Financial Statements, as required by Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Internal Control and Risk Management

The ultimate responsibility to establish, monitor and review a group wide internal control system rests with the Board of Directors. The intensity, depth and the tolerance limits for each component of the internal control system would be based on the weight of the element of risk imposed on the sustenance of the business by the respective area of operation. Whilst a strong internal control system would mitigate the crystallization of risk elements to a greater extent, employment of external support structures would also be necessary based on the risk assessments made thereon.

The delegation of the effective maintenance of internal controls and risk identification and mitigation is handed down to the respective management within the guidelines of benchmark policies, procedures and authority limits clearly laid down. This team is supported by the risk officers appointed per sector. The risk officers would confer with the respective management teams and will update the risk registers and the relevant action plans to be followed by the management teams in their respective spheres of operation. Group Internal Audit, whose scope of scrutiny is entirely driven by the grading of the risk involved will be monitoring and providing the feedback to the management and the respective Audit Committees.

Regular submission of compliance and internal solvency certificates vouched by the heads of the respective divisions as a mandatory agenda item keeps the directors abreast of the health of the company resource base and governance requirements. This allows the Board to have total control of the fulfilment of governance requirements.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

INDEPENDENT AUDITORS

Independence confirmation has been provided by Messrs KPMG as required by Section 163 (3) of the Companies Act No. 07 of 2007, in connection with the audit for the year ended 31st March 2018 confirming that KPMG is not aware of any relationship with or interest in the Group and the Company that would impair their independence within the meaning of the Code of Professional Conduct and Ethics issued by the ICASL, applicable as at the reporting date.

Company

Company's Auditors during the year under review was Messrs KPMG, Chartered Accountants.

A sum of Rs 355,000/- was paid to them by the Company as audit fees for the year ended 31st March 2018 (2017- Rs.335,000/-) In addition , they were paid Rs.Nil by the Company as fees for non audit related services.

The retiring Auditors have expressed their willingness to continue in office. A resolution to re-appoint them as Auditors 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 Auditor, its effectiveness and its relationship with the group, including the scope of audit and non-audit fees paid to the Auditor.

Group

The group works with firms of Chartered Accountants in Sri Lanka and abroad, namely, KPMG and Ernst & Young. Details of audit fees are set out in Note 16(b) of the financial statements.

Further details on the work of the Auditor and the Audit Committee are set out in the Audit Committee Report.

Independent Auditor's Report

The Financial Statements of the Company and the consolidated Financial Statements of the Group for the year ended 31st of March 2018 have been audited by Messrs. KPMG a firm of Chartered Accountants and their report on the Financial Statements, as required by Section 168 (1) (c) of the Companies Act, No 07 of 2007, which forms an integral part of the Annual Report of the Board of Directors, is given on page 84.

CORPORATE SOCIAL RESPONSIBILITIES

Bukit Darah PLC and its subsidiaries have engaged in a variety of CSR initiatives on the fundamental premise of supporting sustainable and holistic socio-economic development of the country, and also in the region where its business interests lie. The detailed report consisting of completed and on-going initiatives are included in the Sustainability section of the Annual Report.

HUMAN RESOURCE

The Group continued to invest in Human Capital Development and implement effective Human Resource practices and policies to develop and build an efficient and effective workforce aligned around new business priorities and to ensure that its employees are developing the skills and knowledge required for the future success of the Group.

The number of persons employed by the Group as at 31st March 2018 was 11,935 (31st March 2017 - 12,583.). The Company had no employees as at 31st March 2018 (2017 - Nil).

DIVIDEND

A first interim dividend of Rs. 1/35 per Ordinary Share and Rs. 10/75 per 8% Participating Cumulative Preference Share for the year ended 31st March 2018 was declared by the Board on 9th March 2018 and the said dividend distributions were made on 28th March 2018.

The Board of Directors have not recommended a final Dividend for the year ended 31st March 2018.

The details of the dividends paid during the year are set out in Note 19 to the financial statements.

Solvency Test

Taking into account the First interim dividend distribution for the financial year ended 31st March 2018, the Directors are satisfied that the Company would meet the Solvency Test requirement under Section 56(2) of the Companies Act No. 07 of 2007 immediately after the distribution.

The Company's Auditors, M/s. KPMG, Chartered Accountants have issued a Certificate of Solvency confirming same.

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2018 was Rs.412,634,771/- consisting of 102,000,000 Ordinary shares and 1,839,568, 8% Participating Cumulative Preference Shares. There was no change in the Stated Capital of the Company during the year.

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 these financial statements.

Compliance with Laws and Regulations
The Company has at all times ensured that it complied with the applicable laws and regulations including the listing rules of the Colombo Stock Exchange as a listed Company. The management officers responsible for compliance, tables a report on the compliance at the quarterly meetings of the Audit Committee Board.

GOING CONCERN
The Directors after making necessary inquiries and reviews including reviews of the budget for the ensuing year capital expenditure requirements, future prospects and risks, cash flow and such other matters required to be addressed in the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka are satisfied that the Company has adequate resources to continue operations into the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

EVENTS AFTER THE REPORTING DATE
The events after the reporting date are given in Note 49 to the financial statements.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT
"The commitments made on account of capital expenditure and contingent liabilities as at 31st March 2018 are given in note 48 and note 42(d) respectively to the financial statements."

Research and Development
The Group has an active approach to research and development and recognises the contribution that it can make to the Group's operations. Significant expenditure has taken place over the years and substantial efforts will continue to be made to introduce new products and processes and develop existing products and processes to improve operational efficiency.

DONATIONS
The Group made no donations during the year under review (2017 - Rs.Nil). Company – Nil (2017- Nil)

OUTSTANDING LITIGATION
In the opinion of the Directors and in consultation with the Company lawyers, litigations currently pending against the Company/Group will not have material impact on the reported financial results or future operations of the Company/ Group. Details of litigations pending against the Company/ Group are given in Note 42(d) and 48(ii)) on pages 212 and 229 of the Annual Report.

SHARE INFORMATION
Information relating to earnings, dividends, net assets and market price per share is given on pages 74 to 83 of the Annual Report. Information on share trading is given on page 74 of the Annual Report.

ANNUAL REPORT
The information provided herein is in pursuance of the requirements of the Companies Act No.07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Board of Directors have approved the Financial Statements of the Company together with the Reviews which form part of the Annual Report on 21st June 2018. The appropriate number of copies of the Annual Report will be submitted to the Colombo Stock Exchange, the Sri Lanka Accounting and Auditing Standards Monitoring Board and the Registrar General of Companies, within applicable time frames.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

MAJOR SHAREHOLDERS

Twenty Major Shareholders - Ordinary Shares

No. of Shares as at 31st March	2018	%	2017	%
Rubber Investment Trust Limited A/C No.03*	20,438,250	20.04	20,438,250	20.04
Portelet Limited	9,409,500	9.23	9,409,500	9.23
Skan Investments (Pvt) Limited.	8,357,904	8.19	8,357,904	8.19
Goodhope Holdings (Pvt) Limited.	8,149,039	7.99	8,149,039	7.99
Newgreens Limited	7,905,000	7.75	7,905,000	7.75
Interkrish Investment Company (Pvt) Limited.	7,314,903	7.17	7,314,903	7.17
Krish Investment Company (Pvt) Ltd.	7,304,150	7.16	7,304,150	7.16
Carson Cumberbatch PLC A/C No.2*	6,270,781	6.15	6,270,781	6.15
Mrs. V. Nataraj	4,392,535	4.31	55	0.0001
Mr. V. Nataraj	4,312,911	4.23	55	0.0001
Gee Gees Properties (Pvt) Ltd	3,734,220	3.66	3,734,220	3.66
Employees Provident Fund	2,857,872	2.80	2,857,872	2.80
S Kanapathy Chetty (Private) Limited.	2,139,922	2.10	2,139,922	2.10
Pershing LLC S/A Averbach Grauson & Co.	1,310,533	1.28	864,296	0.85
Ceylon Finance and Securities (Private) Ltd	1,006,085	0.99	1,006,085	0.99
Thurston Investments Limited	871,570	0.85	914,269	0.90
Mr. E.A. Samaraweera	612,000	0.60	612,000	0.60
Mrs. H. Pope (Decd)	612,000	0.60	612,000	0.60
Mr. W. Tippetts	520,200	0.51	520,200	0.51
Mr. K.C. Vignarajah	496,045	0.49	494,079	0.48

* Not eligible to vote at a General Meeting of the Company as per Section 72 of the Companies Act No. 07 of 2007.

ANNUAL GENERAL MEETING

The 102nd Annual General Meeting of the Company will be held on Monday, the 30th day of July 2018 at 11.00 a.m at the Auditorium, the Institute of Chartered Accountants of Sri Lanka, Ground Floor, 30A, Malalasekera Mawatha, Colombo 07, Sri Lanka

The Notice of the Annual General Meeting, setting out the business which will be transacted thereat is on page 238 of the Annual Report.

Signed on behalf of the Board

(Sgd.)
H. Selvanathan
Chairman

(Sgd.)
M. Selvanathan
Director

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

Carsons Management Services (Private) Limited
Secretaries

Colombo
21st June 2018

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Statement sets out the responsibility of the Board of Directors, in relation to the Financial Statements of the Bukit Darah PLC and the Consolidated Financial Statements of the Company and its Subsidiaries (the Group). The responsibilities of the External Auditors in relation to the Financial Statements are set out in the "Independent Auditors' Report" given on pages 102 to 105

In terms of Sections 150 (1), 151, 152 and 153 (1) and (2) of the Companies Act No. 07 of 2007, the Board of Directors of the Company are responsible for ensuring that the Group and the Company keep proper books of account of all the transactions and prepare Financial Statements that give a true and fair view of the financial position of the Group and the Company as at end of each financial year and place them before a general meeting. The Financial Statements comprise of the Statement of Financial Position as at 31st March 2018, the Income Statement and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and Notes thereto.

Accordingly, the Board of Directors confirm that the Financial Statements of the Group and the Company give a true and fair view of the

- financial position of the Group and the Company as at March 31, 2018; and
- financial performance of the Group and the Company for the financial year then ended.

Compliance report

The Board of Directors also wishes to confirm that:

(a) appropriate Accounting Policies have been selected and applied in preparing the Financial Statements exhibited on pages 116 to 133 based on the latest financial reporting framework on a consistent basis, while reasonable and prudent judgements have been made so that the form and substance of transactions are properly reflected and material departures, if any, have been disclosed and explained;

(b) the Financial Statements for the year 2018, prepared and presented in this Annual Report are in agreement with the underlying books of account and are in conformity with the requirements of the following:

- Sri Lanka Accounting Standards;
- Companies Act No. 07 of 2007 (Companies Act);
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995;
- Listing Rules of the Colombo Stock Exchange (CSE), and
- Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka);

(c) proper accounting records which correctly record and explain the Company transactions have been maintained as required by Section 148 (1) of the Companies Act to determine at any point of time the Company financial position, with reasonable accuracy, enabling preparation of the Financial Statements, in accordance with the Companies Act to facilitate proper audit of the Financial Statements;

(d) they have taken appropriate steps to ensure that the Group and the Company maintain proper books of account and review the financial reporting system directly by them at their regular meetings and also through the Audit Committee. The Report of the said Committee is given on pages 98 to 99 .The Board of Directors approves the Interim Financial Statements following a review and recommendation by the Audit Committee;

(e) they accept responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report;

(f) they have taken reasonable measures to safeguard the assets of the Group and the Company and to prevent and detect frauds and other irregularities. In this regard, the Board of Directors have instituted what they reasonably believe is an effective and comprehensive system of internal controls comprising internal checks, internal audit and financial and other controls required to carry on the business in an orderly manner and safeguard its assets and secure as far as practicable, the accuracy and reliability of the records.

(g) to the best of their knowledge, all taxes, duties and levies payable by the Company and its Subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company

STATEMENT OF DIRECTORS' RESPONSIBILITY

and its Subsidiaries, and all other known statutory dues as were due and payable by the Company and its Subsidiaries as at the reporting date have been paid or, where relevant, provided for.

(h) as required by Section 56 (2) of the Companies Act, they have authorized distribution of the dividends paid upon being satisfied that the Company would satisfy the solvency test after such distributions are made in accordance with Section 57 of the Companies Act and have obtained in respect of dividends paid, necessary certificates of solvency from the External Auditors;

(i) as required by Sections 166 (1) and 167 (1) of the Companies Act, they have prepared this Annual Report in time and ensured that a copy thereof is sent to every shareholder of the Company, who have expressed desire to receive a hard copy or to other shareholders a soft copy each in a CD containing the Annual Report within the stipulated period of time as required by the Rule 7.5 (a) and (b) on Continuing Listing Requirements of the Listing Rules of the CSE;

(j) that all shareholders in each category have been treated equitably in accordance with the original terms of issue;

(k) that the Company has met all the requirements under Rule 7 on Continuing Listing Requirements of the Listing Rules of the CSE, where applicable;

(l) that after considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the "Code of Best Practice on Corporate Governance" issued by the CA Sri Lanka, the Board of Directors have a reasonable expectation that the Company and its Subsidiaries possess adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the Financial Statements;

(m) the Financial Statements of the Group and the Company have been certified by the Financial Officer, who is responsible for the preparation of accounts, as required by Sections 150 (1) (b) and 152 (1) (b) of the Companies Act and also have been signed by Two Directors of the Company on 21st June 2018 as required by Sections 150 (1) (c) and 152 (1) (c) of the Companies Act and other regulatory requirements; and

(n) the Company's External Auditors, Messrs. KPMG who were appointed in terms of Section 158 of the Companies Act and in accordance with a resolution passed at the last Annual General Meeting, were provided with every opportunity to undertake the inspections they considered appropriate. They carried out reviews and sample checks on the system of internal controls as they considered appropriate and necessary for expressing their opinion on the Financial Statements and maintaining accounting records. They have examined the Financial Statements made available to them by the Board of Directors together with all the financial records, related data and minutes of shareholders' and Directors' meetings and expressed their opinion which appears as reported by them on page 102;

Accordingly, the Board of Directors are of the view that they have discharged their responsibilities as set out in this Statement.

By Order of the Board,

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

Carsons Management Services (Private) Limited
Secretaries

Colombo
21st June 2018

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Composition of the Committee

The Related Party Transactions Review Committee (RPTRC) of the Company comprises of five Members as follows :

1. Mr. L. R. De Lanerolle (Chairman)-Non-Executive/Independent Director
2. Mr. M. Dayananda-Non-Executive/ Independent Director
3. Mr. D.C.R. Gunawardena - Non-Executive Director
4. Mr. H. Selvanathan - Executive Director
5. Mr. M. Selvanathan - Executive Director

Meetings of the Related Party Transactions Review Committee

Bukit Darah PLC-RPTRC held four (04) Meetings during the financial year to discuss matters relating to the Company and where necessary the approval of the Members were also sought via circulation of papers.

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

Meetings attended (out of 04)	
Mr. L. R. De Lanerolle	04
Mr. M. Dayananda	04
Mr. D. C. R. Gunawardena	04
Mr. H. Selvanathan	02
Mr. M. Selvanathan	04

Purpose of the Committee

The objective of the RPTRC is to review all Related Party Transactions (RPTs) of the Company, other than those exempted by the 'Related Party Transactions Compliance Code' (RPT Code), prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

Policies and procedures

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

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

The RPTRC in discharging its function endeavours to ensure that :

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

The Committee has a criteria for designating Key Management Personnel (KMP) and quarterly disclosures are made by the KMPs so designated, as relevant.

The Related Party Transactions of the Company for the period 1st April 2017 to 31st March 2018 have been reviewed by the Members of the RPTRC and the comments and observations of the Committee have been communicated to the Board of Directors of the Company.

(Sgd.)
L. R. De Lanerolle
Chairman – Related Party Transactions Review Committee
Bukit Darah PLC

Colombo
21st June 2018

AUDIT COMMITTEE REPORT

The Audit Committee of the Company comprises of three members as follows :

Audit Committee Members	Executive / Non-Executive / Independent
Mr. L. R. De Lanerolle (Chairman)	Non-Executive, Independent
Mr. D. C. R. Gunawardena	Non-Executive
Mr. M. Dayananda	Non-Executive, Independent

Mr. L. R. De Lanerolle is a Director of Overseas Realty (Ceylon) PLC.

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

Mr. M. Dayananda is a Non-Executive/Independent Director of Bukit Darah PLC, Pegasus Hotels of Ceylon PLC and Nestle Lanka PLC and was a Non-Executive Director of Delmege Ltd. An expert on economic issues and he was a former Chairman of the Sri Lanka Business Development Centre.

The purpose of the Audit Committee of the Company is as follows :

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.

Bukit Darah PLC-Audit Committee held five (05) Meetings during the financial year to discuss matters relating to the Company and the attendance of the Members of the Audit Committee were as follows :

Audit Committee Members	Meetings attended (out of 05)
Mr. L. R. De Lanerolle (Chairman)	05
Mr. D. C. R. Gunawardena	05
Mr. M. Dayananda	05

The Head of Finance, internal auditors and senior management staff members of Carsons Management Services (Private) Limited, who provides secretariat services to the Company also attended the Audit Committee Meetings by invitation.

The Audit Committee met the External Auditors, Messrs.KPMG twice during the year to discuss the audit scope, including the Key Audit Matters and to deliberate the draft Financial Report and Accounts at the completion stage of the audit. The Committee also discussed draft Financial Report and Accounts, with the External Auditors, without the management being present to foster an unbiased, independent dialogue.

The Audit Committee approved the audit plan for the financial year 2017/2018 and the Group Internal Audit (GIA) carried out 02 audits of the Company based on the plan.

The findings and contents of the Group Internal audit reports have been discussed with the relevant management staff and subsequently the audit reports were circulated to the Audit Committee and to the senior management.

The objectives of the GIA work was to have an independent review of the system of internal controls as established by the management, its adequacy and integrity vis-à-vis objectives served and to determine the extent of adherence to the controls by staff responsible for the function and to take corrective/preventive action where necessary.

The interim financial statements of the Company have been reviewed by the Audit Committee Members at Audit Committee Meetings, prior to release of same to the Regulatory Authorities and to the shareholders.

With the introduction of the new audit report this year, the Audit Committee has introduced a process to discuss the areas which are identified as Key Audit Matters by Messrs. KPMG for reporting in the audit report, at the audit planning and completion stages.

The draft financial statements of the Company for the year ended 31st March 2018 which are incorporated to the Annual Report of the Company were reviewed at a Meeting of the Audit Committee, together with the External Auditors, Messrs.KPMG and were recommended for Board approval, prior to release of same to the Regulatory Authorities and to the shareholders. The Audit Committee was provided with confirmations and declarations as required, by Carsons Management Services (Private) Limited, Secretariat that the said financial statements were prepared in accordance with the Sri Lanka Accounting Standards 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.

The Audit Committee has determined that Messrs.KPMG, Chartered Accountants, Auditors were independent on the basis that they did not carry out any management related functions of the Company or the Group entities in their capacity as Auditors.

The Audit Committee has concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors for the financial year ending 31st March 2019, subject to the approval of the shareholders at the Annual General Meeting.

(Sgd)
L. R. De Lanerolle
Chairman – Audit Committee
Bukit Darah PLC

Colombo
21st June 2018

FINANCIAL

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FINANCIAL CALENDAR

Financial Year end		31st March 2018
Announcement of results		
1st Quarter ended 30th June 2017	-	14th August 2017
2nd Quarter ended 30th September 2017	-	14th November 2017
3rd Quarter ended 31st December 2017	-	14th February 2018
4th Quarter ended 31st March 2018	-	31st May 2018
1st Interim Dividend	-	9th March 2018
Notice of Annual General Meeting	-	5th July 2018
102nd Annual General Meeting	-	30th July 2018

INDEPENDENT AUDITORS' REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
Internet : www.kpmg.com/lk

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bukit Darah PLC ("the Company") and the consolidated financial statements of the company and its subsidiaries ("the Group"), which comprise the statement of financial position as at March 31, 2018, and the income statement, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at March 31, 2018, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant in our audit of the company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of bearer plants and property plant and equipment	
Risk Description	**Our responses**
Plantation sector of the Group revalued their bearer plants and property plant and equipment during the year in order to assess its impairment. Accordingly the sector reported a net impairment of such assets amounting to LKR 652 mn. for the year ended 31st March 2018. Refer note 11 and note 4 to the Financial statements. The Plantation sector has engaged professional valuers to determine the enterprise valuation using income approach in order to ascertain values for the bearer plants and the related property plant and equipment. Based on the valuation report the values are allocated to bearer plants, property plant and equipment and other assets. Estimating the fair value is a complex process which involves a significant degree of judgment and estimates in respect of discount rates, inflation, projected CPO prices and volumes etc. A change in the key assumptions will have a significant impact to the valuation.	**Our audit procedures among others included** We involved the component auditors of the plantation sector in assessing the valuation methodology assumptions used and in evaluating the competency, capability and objectivity of the valuer. Internal valuation consultants of the component auditors were used in evaluating the appropriateness of the related assumptions. Evaluating the adequacy of the groups disclosures regarding valuation of bearer plants and Property plant and equipment

KPMG

Impairment assessment of bearer plants and property plant and equipment	
Risk Description	**Our responses**
We identified assessing the valuation of bearer plants and related property plant and equipment relating to plantation sector of the Group as a key audit matter because of the complexity of the valuations and because of the significant judgments and estimation involved.	

Valuation of Investment Property	
Risk Description	**Our responses**
As described in Note 24 and Note 4 (Investment properties), the fair value of investment properties amounted to Rs. 3.447 bn as at 31 March 2018. These investment properties are stated at fair value, based on valuations by a professional external valuer engaged by the entity. Valuation of investment properties is considered to be a key audit matter due to the materiality of the carrying amount and the subjective nature of property valuations using assumptions which depend on the nature of property, its location and expected future net rental values, market yields, capitalization rates and comparable market transactions. A change in the key assumptions will have a significant impact to the valuation.	**Our audit procedures among others included** Assessing the objectivity and independence of the external valuer and the competence and qualification of the external valuer. Challenging the appropriateness of the valuation techniques used by the external valuer, taking into account the profile of the investment properties. Discussions with management and the external valuer and compare the key assumptions used against externally published market comparable or industry data where available and challenging the reasonableness of key assumptions based on our knowledge of the business and industry and internal benchmarks. Evaluating the alternative valuation method in order to determine the highest and best use of the property. Assessing the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions in the estimates.

Carrying value of Brands acquired from Millers Brewery Limited	
Risk Description	**Our responses**
The group has recognized intangible asset relating to Brands acquired with a carrying value of Rs. 2.3 Billion as at the reporting date. Refer note 25 and note 4 to the Financial statements. The annual impairment testing relating to brand which is an intangible asset is considered to be a key audit matter due to the significant judgment required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amounts has been derived from discounted forecasted cash flow model. This model uses several key assumptions, including estimates of future sales volume growth rate, contribution growth rate, marketing expense per dozen and discount rate.	**Our audit procedures among others included** Evaluating the appropriateness and consistency of underline assumptions in determining forecasted cash flows, which includes future sales volume growth rate, contribution growth rate, marketing expense per dozen and discount rate. Comparing the data used in the forecasted cash flow model with information maintained by management. Assessing the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgments.

INDEPENDENT AUDITORS' REPORT

KPMG

Other Information
Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3272 (FCA).

KPMG
CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
21st June 2018

INCOME STATEMENT

(Amounts expressed in Sri Lankan Rs.'000)

		Group			Company		
For the year ended 31st March	**Note**	**2018**	**2017**	**% Change**	**2018**	**2017**	**% Change**
Continuing operations							
Revenue	7	79,849,368	64,478,918	24	188,007	143,973	31
Direct operating expenses	8	(58,642,899)	(47,836,490)	23	-	-	-
Gross profit		21,206,469	16,642,428	27	188,007	143,973	31
Progressive insurance receipts on business interruption	12	1,205,359	1,000,000	21	-	-	-
Change in fair value of investment properties	24	621,085	-	-	-	-	-
Change in fair value of biological assets	22	1,017,130	33,378	2,947	-	-	-
Change in fair value of financial assets held for trading	32	(32,906)	(47,131)	(30)	-	-	-
Other income	9	1,377,802	691,375	99	-	-	-
Distribution expenses		(5,397,187)	(4,551,578)	19	-	-	-
Administrative expenses		(6,788,503)	(7,289,794)	(7)	(26,947)	(28,285)	(5)
Other operating expenses	10	(349,881)	(271,726)	29	-	-	-
Impairment of business assets	11	(1,072,462)	(2,430,819)	(56)	-	-	-
Foreign exchange (losses) /gains	14	(725,715)	376,077	(293)	-	-	-
Profit from operations		11,061,191	4,152,210	166	161,060	115,688	39
Inventory and fixed assets quantified and written-off date due to flood related damages		-	(1,349,287)	-	-	-	-
Progressive insurance receipts on property damages	12	752,263	1,366,294	(45)	-	-	-
Reversal of unabsorbed VAT provision	13	-	339,811	-	-	-	-
Profit before finance cost		11,813,454	4,509,028	162	161,060	115,688	39
Net finance cost	15	(4,496,028)	(4,423,660)	2	-	-	-
Share of net result of joint venture	28	11,027	2,748	301	-	-	-
Profit before Income tax expenses	16	7,328,453	88,116	8,217	161,060	115,688	39
Income tax expenses							
Current taxation	17	(2,287,367)	(1,209,203)	89	(1,097)	(1,653)	(34)
Deferred taxation	17	(1,366,841)	(393,160)	248	-	-	-
		(3,654,208)	(1,602,363)	128	(1,097)	(1,653)	(34)
Profit / (loss) from continuing operations	-	3,674,245	(1,514,247)	(343)	159,963	114,035	40
Discontinued operations							
Profit/(Loss) for the year from discontinued operations, net of tax	35	100,407	(355,078)	(128)	-	-	-
Profits from disposal of Plantation Assets		-	6,225,874	-	-	-	-
Transfer from Translation Reserve on discontinued overseas branch operation		-	(1,470,256)	-	-	-	-
Net impact from discontinued operations, net of tax	35	100,407	4,400,540	(98)	-	-	-
Profit for the year		3,774,652	2,886,293	31	159,963	114,035	40
Profit Attributable to:							
Owners of the Company	7	1,234,437	1,503,645	(18)	159,963	114,035	40
Non controlling interest	7	2,540,215	1,382,648	84	-	-	-
		3,774,652	2,886,293	31	159,963	114,035	40
Earnings per ordinary share (Rs.)	18	11.91	14.60	(18)	1.37	0.97	41
Earnings / (loss) per ordinary share - Continuing operations (Rs.)	18	11.32	(8.30)	(236)	1.37	0.97	41
Dividend Per ordinary share (Rs.)	19	1.35	1.00	35	1.35	1.00	35

The Notes from pages 114 to 232 form an integral part of these financial statements.
Figures in brackets indicate deductions.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Amounts expressed in Sri Lankan Rs. '000)

	Group		Company	
For the year ended / as at 31st March	**2018**	**2017**	**2018**	**2017**
Profit for the year	3,774,652	2,886,293	159,963	114,035
Other Comprehensive Income				
Items that may be reclassified subsequently to profit or loss:				
Net change in fair value of available-for-sale financial assets	774,091	660,102	-	-
Transfer of realised loss on available-for-sale financial assets	(130,241)	(696,487)	-	-
Exchange differences on translation of foreign operations	(368,816)	(290,007)	-	-
Transfer of translation reserve on discontinued overseas branch operations to the statement of profit or loss	-	1,470,256	-	-
Share of other comprehensive income / (expences) of joint venture company, net of tax	(5,720)	2,505	-	-
Items that will not be reclassified subsequently to profit or loss:				
Revaluation Surplus on Property, Plant & Equipment	-	734,196	-	-
Deferred tax expenses on revaluation surplus	(677,733)	(25,952)	-	-
Actuarial (losses) /gains on employee benefits	(138,092)	34,045	-	-
Deferred tax benefits / (expenses) on actuarial gain / (losses)	40,720	3,385	-	-
Other comprehensive income / (expenses) for the year, net of tax	(505,791)	1,892,043	-	-
Total Comprehensive Income for the year	3,268,861	4,778,336	159,963	114,035
Attributable to:				
Owners of the Company	961,895	2,411,076	159,963	114,035
Non controlling interest	2,306,966	2,367,260	-	-
	3,268,861	4,778,336	159,963	114,035

The Notes from pages 114 to 232 form an integral part of these financial statements.
Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

(Amounts expressed in Sri Lankan Rs. '000)

		Group		Company	
As at 31st March	**Note**	**2018**	**2017**	**2018**	**2017**
ASSETS					
Non - Current Assets					
Property, plant & equipment	20	50,911,747	53,777,058	-	-
Bearer Plants	21	31,730,624	27,517,143	-	-
Prepaid lease payment for land	23	4,379,949	4,927,618	-	-
Investment properties	24	3,447,798	2,805,017	-	-
Intangible assets	25	5,042,130	4,922,984	-	-
Investments in subsidiaries	26	-	-	7,139,062	7,139,062
Investments in joint ventures	28	41,184	36,928	-	-
Available-for-sale financial assets	29	9,780,301	8,568,144	-	-
Deferred tax assets	17 (c)	3,537,087	3,116,709	-	-
Other financial receivables	31	169,966	152,396	-	-
Other non financial receivables	31	6,510,303	6,288,883	-	-
Total non - current assets		115,551,089	112,112,880	7,139,062	7,139,062
Current Assets					
Inventories	30	6,469,855	5,951,823	-	-
Trade receivables	31	3,607,319	3,829,381	-	-
Other financial receivables	31	1,914,747	1,064,549	-	-
Other non financial receivables	31	7,452,441	5,540,075	1,901	645
Current tax recoverable	17	99,385	58,491	-	-
Financial assets held for trading	32	2,597,369	3,163,050	-	-
Derivative financial instruments	33	103,756	14,237	-	-
Biological assets	22	1,724,203	712,845	-	-
Cash and cash equivalents	34	13,457,452	15,438,003	115,258	55,428
		37,426,527	35,772,454	117,159	56,073
Assets held for sale	35	660,825	647,447	-	-
Total current assets		38,087,352	36,419,901	117,159	56,073
Total assets		153,638,441	148,532,781	7,256,221	7,195,135
EQUITY AND LIABILITIES					
EQUITY					
Stated capital	36	412,635	412,635	412,635	412,635
Capital reserves	37	2,451,129	2,695,839	40,000	40,000
Revenue reserves	38	18,520,535	17,426,236	6,670,451	6,666,151
Equity attributable to owners of the Company		21,384,299	20,534,710	7,123,086	7,118,786
Non-controlling interest	27	32,771,762	30,975,002	-	-
Total equity		54,156,061	51,509,712	7,123,086	7,118,786
Investment through subsidiary	39	(10,688)	(10,688)	-	-
Total equity		54,145,373	51,499,024	7,123,086	7,118,786

(Amounts expressed in Sri Lankan Rs. '000)

		Group		Company	
As at 31st March	**Note**	**2018**	**2017**	**2018**	**2017**
LIABILITIES					
Non - Current Liabilities					
Loans and borrowings	40	40,396,059	32,723,320	-	-
Debenture	41	2,000,000	2,998,800	-	-
Other financial payables	42	87,695	77,607	-	-
Other non financial liabilities	43	1,462,835	1,144,164	-	-
Deferred tax liabilities	17 (c)	8,262,412	5,808,832	-	-
Total non - current liabilities		52,209,001	42,752,723	-	-
Current Liabilities					
Trade payables	42	3,729,543	2,730,405	-	-
Other financial payables	42	15,437,639	14,431,665	132,970	76,169
Current tax liabilities	17	1,063,857	381,070	165	180
Derivative financial instrument	33	10,916	-	-	-
Loans and borrowings	40	25,931,530	35,799,962	-	-
Debenture	41	1,110,582	937,932	-	-
Total current liabilities		47,284,067	54,281,034	133,135	76,349
Total liabilities		99,493,068	97,033,757	133,135	76,349
Total equity and liabilities		153,638,441	148,532,781	7,256,221	7,195,135
Net assets per ordinary share	44	209.25	200.92	69.43	69.39

The Notes from pages 114 to 232 form an integral part of these financial statements.
I certify that these financial statements are in compliance with the requirements of Companies Act No. 7 of 2007.

(Sgd.)
A.P. Weeratunge
Director Finance
Carsons Management Services (Private) Limited

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were approved by the Board on 21st June 2018.

(Sgd.)
M. Selvanathan
Director

(Sgd.)
D. C. R. Gunawardena
Director

STATEMENT OF CHANGES IN EQUITY

(Amounts expressed in Sri Lankan Rs.'000)

	Stated Capital		Capital Reserve	
Group	**Ordinary Share**	**Preference Share**	**Capital Redemption Reserve**	**Other Capital Reserve**
Balance as at 31st March 2016	371,880	40,755	40,000	2,384,392
Total Comprehensive Income				
Profit for the year	-	-	-	-
Other comprehensive income for the year	-	-	-	290,030
Total Comprehensive income for the year	-	-	-	290,030
Transaction with owners of the Company, recognised directly in equity				
Goodwill on changing shareholdings	-	-	-	-
Dividend paid	-	-	-	-
Subsidiary dividend to non-controlling interest	-	-	-	-
Expenses relating to sharebuyback	-	-	-	-
Sharebuy-back	-	-	-	-
Forefieture of uncliamed dividends	-	-	-	-
Transfer and other reserve movements	-	-	-	(3,836)
Acquisition, disposal and changes in non-controlling interest	-	-	-	(14,747)
Total Transactions with owners of the Company	-	-	-	(18,583)
Balance as at 31st March 2017	371,880	40,755	40,000	2,655,839
Total Comprehensive Income				
Profit for the year	-	-	-	-
Other comprehensive income / (expenses) for the year	-	-	-	(198,014)
Total Comprehensive income / (expenses) for the year	-	-	-	(198,014)
Transaction with owners of the Company, recognised directly in equity				
Dividend paid	-	-	-	-
Subsidiary dividend to non-controlling interest	-	-	-	-
Forefieture of uncliamed dividends	-	-	-	-
Transactions with owners in their capacity as owners	-	-	-	-
Adjustments on Land Acquisition	-	-	-	(43,510)
Goodwill on changing shareholdings	-	-	-	-
Transfer and other reserve movements	-	-	-	(140)
Acquisition, disposal and changes in non-controlling interest	-	-	-	(3,046)
Total Transactions with owners of the Company	-	-	-	(46,696)
Balance as at 31st March 2018	371,880	40,755	40,000	2,411,129
Company				
Balance As at 31st March' 2016	371,880	40,755	40,000	
Total Comprehensive Income				
Profit for the year	-	-	-	
Transaction with owners of the Company, recognised directly in equity				
Forfeiture of unclaimed dividends	-	-	-	
Dividend paid	-	-	-	
Balance As at 31st March' 2017	371,880	40,755	40,000	-
Total Comprehensive Income				
Profit for the year	-	-	-	-
Transaction with owners of the Company, recognised directly in equity				
Forefieture of uncliamed dividends	-	-	-	-
Dividend paid	-	-	-	-
Balance As at 31st March' 2018	371,880	40,755	40,000	-

The Notes from pages 114 to 232 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Currency Translation Reserve	Revenue Reserve Revenue reserve	 Available for Sale Financial Assets	Retained Earnings	Attributable to Owners of the Company	Non-Controlling Interest	Total Equity
(5,839,412)	41,697	505,628	21,257,893	18,802,833	29,148,203	47,951,036
-	-	-	1,503,645	1,503,645	1,382,648	2,886,293
572,760	-	2,060	42,581	907,431	984,612	1,892,043
572,760	-	2,060	1,546,226	2,411,076	2,367,260	4,778,336
-	-	-	(19,860)	(19,860)	7,473	(12,387)
-	-	-	(116,769)	(116,769)	-	(116,769)
-	-	-	-	-	(469,600)	(469,600)
			(5,216)	(5,216)	(4,165)	(9,381)
-	-	-	35,412	35,412	(146,413)	(111,001)
-	-	-	2,272	2,272	5,125	7,397
-	(3,069)	1,065	(432,022)	(437,862)	(194,025)	(631,887)
28,809	-	-	(151,237)	(137,175)	261,143	123,968
28,809	(3,069)	1,065	(687,420)	(679,198)	(540,462)	(1,219,660)
(5,237,843)	38,628	508,753	22,116,699	20,534,711	30,975,002	51,509,712
-	-	-	1,234,437	1,234,437	2,540,215	3,774,652
(208,870)	-	181,206	(46,864)	(272,542)	(233,249)	(505,791)
(208,870)	-	181,206	1,187,573	961,895	2,306,966	3,268,861
-	-	-	(121,219)	(121,219)	-	(121,219)
-	-	-	-	-	(656,165)	(656,165)
-	-	-	5,240	5,240	7,669	12,909
-	-	-	80,061	80,061	95,210	175,271
-	-	-	-	(43,510)	(62,345)	(105,855)
-	-	-	24,896	24,896	48,173	73,069
-	150	-	(48,917)	(48,907)	48,385	(522)
(375)	-	-	(5,447)	(8,868)	8,868	-
(375)	150	-	(65,386)	(112,307)	(510,205)	(622,512)
(5,447,088)	38,778	689,959	23,238,886	21,384,299	32,771,762	54,156,061
-	-	-	6,667,506	7,120,141	-	7,120,141
-	-	-	114,035	114,035	-	114,035
-	-	-	1,379	1,379		1,379
-	-	-	(116,769)	(116,769)	-	(116,769)
-	-	-	6,666,151	7,118,786	-	7,118,786
-	-	-	159,963	159,963	-	159,963
-	-	-	1,959	1,959	-	1,959
-	-	-	(157,622)	(157,622)	-	(157,622)
-	-	-	6,670,451	7,123,086	-	7,123,086

STATEMENT OF CASH FLOW

(Amounts expressed in Sri Lankan Rs. '000)

	Group		Company	
For the year ended 31st March	**2018**	2017	**2018**	2017
Cash flows from operating activities				
Profit before income tax expenses from continuing operations	7,328,453	88,116	161,060	115,688
Profit before income tax expenses from discontinuing operations	100,407	4,178,184	-	-
	7,428,860	4,266,300	161,060	115,688
Adjustments for:				
Foreign exchange gain	-	1,470,256	-	-
Change in fair value of biological assets	(1,017,130)	(33,378)	-	-
Gain from changes in fair value of investment properties	(621,085)	-	-	-
Mark to market value adjustments - unrealized	32,906	47,131	-	-
Unwinding of discount on compensation receivable	(17,570)	(15,718)	-	-
Impairment of business assets/new investments	1,072,462	2,690,223	-	-
Share of net result of joint venture	(11,027)	(2,747)	-	-
Depreciation on property, plant & equipment	2,737,313	3,579,579	-	-
Depreciation on Bearer Plants	1,254,269	1,122,421	-	-
Amortization of intangible assets/prepaid lease payment	231,736	252,762	-	-
Provision for retiring gratuity	300,321	459,705	-	-
Finance expenses	4,322,317	4,722,142	-	-
Profits from disposal of Plantation Assets	-	(6,225,874)	-	-
Profit on disposal of property, plant & equipment	(24,164)	(33,761)	-	-
Unrealized gain/loss on Derivative financial instruments	(72,186)	17,331	-	-
Loss on flood related PPE write-off	-	525,850	-	-
Progressive insurance receipts on property damages	(752,263)	(1,366,294)	-	-
PPE write-off	-	25,570	-	-
Deposit liability write back	(5,070)	3,779	-	-
Amortisation reversal of excise license	(22,570)	-	-	-
Reversal of unabsorbed VAT provision	-	(339,811)	-	-
Provision for Inventories	80,410	61,680	-	-
Exchange impact on translation of foreign operations	1,381,602	234,985	-	-
	8,870,271	7,195,831	-	-
Operating profit before working capital changes	16,299,131	11,462,130	161,060	115,688
(Increase)/Decrease in inventories	(598,442)	741,237	-	-
(Increase)/Decrease in trade and other receivables	(1,564,152)	(583,368)	(1,256)	2,077
Increase/(Decrease) in trade and other payables	1,792,023	(732,533)	(1,384)	6
	15,928,560	10,887,466	158,420	117,771
Net cash movement in investments	(118,799)	(506,067)	-	-

For the year ended 31st March	Group 2018	Group 2017	Company 2018	Company 2017
Cash generated from operations	15,809,761	10,381,399	158,420	117,771
Interest paid	(4,965,075)	(5,478,756)	-	-
Income tax paid	(1,534,501)	(2,442,617)	(1,112)	(1,563)
Gratuity paid	(108,323)	(387,951)	-	-
Net cash generated from operating activities	9,201,862	2,072,075	157,308	116,208
Cash flows from investing activities				
Payments for property, plant & equipment/investment property	(3,568,990)	(5,055,051)	-	-
Payments for bearer plant development costs	(2,034,116)	(2,339,760)	-	-
Payments for intangible assets/prepaid lease payments	(202,772)	(360,284)	-	-
Payments for acquisition of additional interest in subsidiaries	(19,338)	(77,408)	-	-
Movement in non current VAT and other receivables	(657,688)	(439,063)	-	-
Movement in plasma investment	(651,056)	(17,484)	-	-
Proceeds from disposal of non-current investments in subsidiaries	267,851	-	-	-
Proceeds from disposal of property, plant & equipment and bearer plants	98,420	894,914	-	-
Proceeds from disposal of assets held for sale	-	18,910,433	-	-
Deposits received	226,093	36,517	-	-
Deposits refunded	(56,031)	(4,059)	-	-
Net cash (used in)/generated from investing activities	(6,597,627)	11,548,755	-	-
Cash flows from financing activities				
Proceeds from long - term loans	1,576,409	151,550	-	-
Settlement of borrowings	(1,736,200)	(10,734,367)	-	-
Conversion of overdraft and short term loan into term loans	5,585,252	-	-	-
Payment of finance lease creditors	(93,135)	(157,577)	-	-
Settlement of debenture	(799,400)	(799,400)	-	-
Share buyback from NCI & Expenses relating to share buyback	-	(120,382)	-	-
Progressive insurance receipts on property damages	752,263	1,366,294	-	-
Dividend paid to non - controlling shareholders by subsidiaries	(617,803)	(448,029)	-	-
Dividend paid by the Company	(97,478)	(82,992)	(97,478)	(109,954)
Net cash generated from/(used in) financing activities	4,569,908	(10,824,903)	(97,478)	(109,954)
Net increase in cash & cash equivalents	7,174,143	2,795,927	59,830	6,254
Cash & cash equivalents at the beginning of the year	(7,756,324)	(10,552,251)	55,428	49,174
Cash & cash equivalents at the end of the year (Note 34 b)	(582,180)	(7,756,324)	115,258	55,428

The Notes from pages 114 to 232 form an integral part of these financial statements.
Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Bukit Darah PLC is a limited liability company which is incorporated in Sri Lanka. The shares of the Company have a primary listing on the Colombo Stock Exchange.

The registered office and principal place of business of the Company is located at No. 61, Janadhipathi Mawatha, Colombo 01.

The consolidated financial statements of the Company as at and for the year ended 31 March 2018 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in jointly controlled entity.

The Group is a diversified conglomerate and one of the foremost business establishments in Sri Lanka backed by a heritage of well over 100 years. Today it is positioned as a company whose outlook is regional, focused on a future which is technology oriented, results driven and world class.

The businesses range from oil palm plantations and related oils & fats industry in Malaysia, India and Indonesia, to brewing, importing and distribution of alcoholic beverages, investment holdings, portfolio management, real estate and leisure in Sri Lanka. The Group has offices in Malaysia, Singapore, India and Indonesia.

The Group has 12 listed subsidiaries, listed on the Colombo Stock Exchange, out of the 54 subsidiaries and 1 jointly controlled entity set out in Note 26 and 28 on pages 176 to 182 in the financial statements.

There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

The Group had 11,935 (2017 -12,583) employees at the end of the financial year. The Company had no employees as at the reporting date (2017 - Nil).

2. BASIS OF PREPARATION

Statement of compliance

The financial statements of the Company and the Group comprise the statement of financial position, income statement, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows together with the notes to the financial statements.

The consolidated financial statements have been prepared in accordance with Sri Lanka Accounting Standards (LKAS I SLFRS) laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of Companies Act, No. 7 of 2007.

The consolidated financial statements were authorised for issue by the Board of Directors on 21st June 2018.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the financial statements, except for the following material items in the statement of financial position;

- Derivative financial assets are measured at fair value;
- Non- derivative financial instruments classified fair value through profit or loss are measured at fair value;
- Available-for-sale financial assets are measured at fair value;
- Biological assets are measured at fair value less costs to sell;
- Bearer plants are measured at cost;
- Land and buildings are measured at revalued amounts;
- Defined benefit obligation are measured at its present value, based on an actuarial valuation as explained in Note 43
- Investment properties are measured at fair value.

Going Concern

These financial statements have been prepared on the basis that the Company and the Group would continue as a going concern for the foreseeable future.

Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate ('the functional currency'). The consolidated financial statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency.

Rounding

All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand (Rs'000), except when otherwise indicated.

Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with LKAS/SLFRS 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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes;

Significant accounting judgements and estimates

Determination of owner-occupied properties and investment properties in determining whether a property qualifies as investment property the company makes a judgment whether the property generates independent cash flows rather than cash flows that are attributable not only to the property but also other assets. Judgment is also applied in determining if ancillary services provided are significant, so that a property does not qualify as investment property.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Assumptions and estimation uncertainties:

Assessment of Impairment -Key assumptions used in discounted cash flow projections.

The Group assesses at each reporting date whether there is objective evidence that an asset or portfolio of assets is impaired. The recoverable amount of an Asset or Cash Generating Unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to present value using appropriate discount rates that reflects the current market assessments of the time value of money and risks specific to the asset. The carrying value of goodwill is reviewed at each reporting date and is written down to the extent that it is no longer supported by probable future benefits. Goodwill is allocated to CGU for the purpose of impairment testing.

Biological assets comprise fresh fruit bunches ('FFB')

Biological assets are stated at fair value less estimated costs to sell. Gains or losses arising on initial recognition of FFB at fair value less estimated costs to sell and from the changes in fair value less estimated costs to sell of FFB at each reporting date are included in income statement for the period in which they arise.

The fair value of the FFB is measured by reference to estimated FFB quantities and publicly available index price set by government.

In determining the estimated FFB production quantities, the Group considers the estimated yield of the biological assets which is dependent on the age of the oil palm trees, the location, soil type and infrastructure.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, the Group assessed the probability of expected future cash inflows based on expected revenues from existing orders and contracts for the next 5 years.

Where taxable profits are expected in the foreseeable future, deferred tax assets are recognised on the unused tax losses.

Defined benefit plans

The assessment of the liability of defined benefit obligations involves a significant element of assumptions; including discount rates, future salary increases, mortality rates and future pension increases and due to the long-term nature of these plans, such estimates are subject to uncertainty.

Current taxation

Current tax liabilities arise to the group in various jurisdictions. These liabilities are provided for in the financial statements applying the relevant tax statutes and regulations which the management believes reflect the actual liability. There can be instances where the stand taken by the group on transactions is contested by revenue authorities.

Any additional costs on account of these issues are accounted for as a tax expense at the point the liability is confirmed on any group entity.

Value added tax ("VAT") relating to plantation activities

The group Plantation sector has VAT receivables relating to input VAT incurred on its plantation activities to produce Fresh Fruit Bunches ("FFB") in Indonesia. Based on the government regulation, with effect from 1 January 2007, FFB has been classified as a Certain Strategic Taxable Good and is exempted from the input VAT. In consequence, input VAT in relation to activities in producing FFB cannot be credited against the sector's output VAT. Instead, such input VAT components should be charged as an expense.

NOTES TO THE FINANCIAL STATEMENTS

Pursuant to a decision letter from the Supreme Court of the Republic of Indonesia on a Judicial Review over the above regulation, certain articles have been revoked. Effective from 22 July 2014, FFB is no longer classified Strategic Taxable Good and is therefore subject to input VAT. As a result, input VAT in relation to activities in producing FFB can be claimed against the Group's output VAT.

Prior to the decision letter from the Supreme Court of the Republic of Indonesia, management is of the opinion that the Group's plantations are not affected by this regulation since they are ultimately in the business of production of Crude Palm Oil ("CPO"), Palm Kernel ("PK") and Palm Kernel Oil ("PKO"), whereby FFB produced by the Plantation sector will be further processed into VAT produces. As such, all input VAT in relation with plantation activities can be claimed and offset against the output VAT of CPO, PK and PKO. Accordingly, the net VAT is presented as a recoverable amount in The balance sheet.

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the capital structure of the company.

Fair value of free hold land

Where the fair value of freehold land recorded on the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

The judgements include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of freehold land. The valuation of freehold land is described in more detail in Note 20.

The Management has engaged an independent valuer to ascertain the fair value of freehold land. As the fair value exceeded the carrying value of freehold land, no impairment charge was required.

Materiality and aggregation

Each material class of similar items is presented in aggregate in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

3. DETERMINATION OF FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows;

- Leve 1- Quoted Prices (unadjusted) in active markets for identifiable assets and liabilities.
- Level 2 - Inputs other than quoted price included in Level 1 that are observable from the asset or liability either directly (as prices) or indirectly (derived prices)
- Level 3-Inputs from the assets or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

4. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the accounting policies to all periods presented in financial statements of the Group and the company unless otherwise indicated.

Basis of consolidation and business combinations

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee
- Exposure, or rights, variable returns from its involvements with the investee
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee
- Right arising from other contractual arrangements
- The Group's voting right and potential voting right

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquire. For each business combination, the Group elects whether to measure the non-controlling interests in acquire at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of LKAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of LKAS 39, it is ensured in accordance with the appropriate LKAS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash generating unit and part of the operation within that unit is disposed of the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Subsidiaries

Subsidiaries are entities controlled by the group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The cost of an acquisition is measured at the fair value of the consideration, including contingent consideration. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair value at the date of acquisition. Subsequent to the acquisition the Company continues to recognize the investment in subsidiary at cost.

The consolidated financial statements are prepared to a common financial year end of 31st March.

Loss of control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Subsequently that retained interest is accounted for as an equity-accounted investee (Note 28) or as an available-for-sale financial asset (Note 29) depending on the level of influence retained.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of acquirer's identifiable net assets at the date of acquisition. Changes in the Group's interest in the subsidiary that do not results in a loss of control are accounted for as equity transaction.

Interest in equity accounted investee

The Group's interest in equity accounted investee comprise a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, here by the Group has right to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint venture are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition the consolidated financial statements includes the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Financial year end

All companies in the Group have a common financial year which ends on 31st March, except the following.

Company	Nature of Relationship	Financial year end
Guardian Acuity Asset Management Limited	Jointly controlled entity	31st December
The Sri Lanka Fund	Subsidiary	31st December

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates as at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate as at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognised in profit or loss. However, foreign currency differences arising from the retranslation of the following items are recognised in other comprehensive income:

- Available- for- sale equity investment (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- Qualifying cash hedges to the extent the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Sri Lanka Rupees at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Sri Lanka Rupees at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation not a fully owned subsidiary, then the relevant is proportion of the translation difference is allocated to non- controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

Financial assets

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial asset at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised when the Group's contractual right to receive cash flows from the asset has expired

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or the Group has transferred its right to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of asset. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognized in other comprehensive income is recognised in the income statement.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned.

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Financial assets held for trading

A financial asset is classified as at financial assets held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at financial assets held for trading are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets classified as financial assets held for trading comprise short-term sovereign debt securities actively managed by the Group's treasury department to address short-term liquidity needs.

Financial assets designated as fair values through profit or loss comprise equity securities that otherwise would have been classified as available for-sale.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

The group does not have any held to maturity financial assets as at reporting date.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Available-for-sale financial assets

Available-for-sale financial assets are non derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for- sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

Impairment

Financial Assets

A financial asset not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20 percent to be significant and a period of 9 months to be prolonged.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to - maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognized previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed

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reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

Non-current assets held for sale and Discontinued operations

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

Comparatives in the statement of the financial position are not re-presented when a non-current assets is classified as held for sale.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which;

- Represent a separation major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, debt securities issued (including certain preference shares), bank overdrafts, and trade and other payables. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. 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.

Stated capital

Ordinary shares

Ordinary shares are classified as equity. Costs attributable to the issue of ordinary shares are recognised as an expense.

Derivative financial instruments, including hedge accounting

The Group uses derivative financial instruments such as forward freight agreements and commodities futures contracts to hedge its risk associated with commodity price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently re-measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designed as a hedging instrument, and if so, the risk management objective of the hedge

The Group has not adopted hedge accounting as at 31st March 2018.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions.

Property, plant and equipment

Recognition and measurement

All items of property, plant equipment are initially recorded at cost. Where items of property, plant & equipment are subsequently revalued, the entire class of such assets is revalued. Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the reporting date. Subsequent to the initial recognition of the asset at cost, the revalued property, plant & equipment are carried at revalued amounts less accumulated depreciation thereon and accumulated impairment losses.

The Group applies revaluation model to freehold properties and cost model to the remaining assets under property, plant & equipment which are stated at historical cost less accumulated depreciation less accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labour;
- Any other cost directly attributable to bringing the assets to a working condition for their intended use;
- When the group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalized borrowing cost;

Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Revaluation of freehold properties

The freehold properties of the Group are carried at revalued amounts. Revaluation of these assets are carried out at least three (3) to five (5) years in order to ensure the book value every year reflect the realizable value of such assets, and are depreciated over the remaining useful lives of such assets, wherever applicable.

When an asset is revalued, any increase in the carrying amount is recognized in other comprehensive income and accounted in equity under revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognized as an expense. In these circumstances, the increase is recognized as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized as an expense unless it reverses a previous increment relating to that asset, in which case it is charged in other comprehensive income to the extent that the decrease does not exceed the amount held in the evaluation surplus in respect of that same asset. The decrease recognized in other comprehensive income to reduce the amount accumulated in equity under revaluation reserve. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to accumulated profits on retirement or disposal of the asset.

Reclassification to investment property

When the use of a property changes from owner occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on this re-measurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or Loss.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

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Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows;

	No of Years
Land improvements	30
Leasehold Land	36 - 42
Buildings - Leased	20 - 42
Buildings - Freehold	20 - 42
Plant & machinery	5 - 27
Motor vehicles	4 - 5
Furniture, fittings & office equipment	5 - 16
Computers	3 - 5
Returnable Containers	5
Cutlery, Crockery and glassware	5

Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Disposal

The gains or losses arising on disposal or retirement of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment are recognized net within Other Income in the Statement of Income. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Returnable containers

Returnable containers of subsidiary Lion Brewery (Ceylon) PLC are classified under Property, Plant and Equipment. All purchases of returnable containers will be recognised at cost and depreciated over a period of 5 years. In the event a returnable container breaks within the premises of the company, the written down value, on a First in First out (FIFO) basis, will be charged to Statement of Income as breakages.

Deposits are collected from the agents for the returnable containers in their possession and are classified under current liabilities as explained in Note 42(b) The said deposit will be refunded to the agent only upon them returning these returnable containers due to cessation of their operation or due to a contraction in sales.

Capital Work-in-Progress

Capital work-in-progress represents the accumulated cost of materials and other costs directly related to the construction of an asset. Capital in progress is transferred to the respective asset accounts at the time it is substantially completed and ready for its intended use.

Bearer Plants

Bearer plants comprise of mature and immature oil palm plantations.

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

No depreciation is provided during the immature period. The carrying values of the Immature Plantation are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recovered.

Mature plantations are measured at cost less accumulated depreciation and impairment losses. Depreciation is provided on straight-line basis over estimated useful life of 22 years of the Mature Plantations and recognized in Profit or Loss Statement. Carrying values of the Mature Plantation are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recovered.

The residual value, useful life and depreciation method are reviewed at each reporting date and adjusted prospectively, if appropriate.

Bearer plants are de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the bearer plant is included in profit or loss in the year the asset is de-recognised.

Plasma advances
Costs incurred during the development of Plasma oil palm plantation area up to the productive stage of the oil palm plantation are capitalised as Plasma development costs in the Advances to Plasma account. Once the Plasma oil palm plantation area reaches its productive stage, the area will be transferred to the Plasma farmers based on the agreed conversion amounts, which are generally determined at the inception date of the Plasma arrangement. The Plasma arrangement is based on an agreement between the relevant plantation company and a cooperative, which represents the Plasma farmers. The difference between the accumulated development costs of Plasma oil palm plantations and their conversion values is charged to the Income Statement.

Lease land rights
Land rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. Land use rights are amortised over the period of the lease.

Intangible assets and goodwill
Recognition and measurement
Goodwill
Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see Note 25.

Subsequent measurement
Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity accounted investee as a whole.

Customer relationships
Customer relationships acquired as part of business combination were initially recognised at their fair value at the date of acquisition and are subsequently carried at cost less accumulated amortisation and impairment. Customer relationships are amortised over 10 years and tested for impairment annually.

Research and development
Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred. Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs.

Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Software
All computer software costs incurred, licensed for use by the Group, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it's probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category intangible assets and carried at cost less accumulated amortization and any accumulated impairment losses. These costs are amortised to the Statement of Income using the straight line method over 3 to 10 years.

Brands
Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Other intangible assets
Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

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Amortisation
Except for goodwill and brand intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows;

	No of Years
Customer relationship	10
Land rights	30
Software development cost and licenses	3 - 10
Excise License	10

Amortisation methods, useful lives and residual value are reviewed at each reporting date and adjusted if appropriate.

Impairment
Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

Investment property
Investment property is property held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods and services or for administrative purposes. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-today servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions as at the balance sheet date. Formal valuations are carried out every 3 years by qualified valuers. Gains or losses arising from changes in the fair values of investment properties are included in the Statement of Income in the year in which they arise. Investment properties are derecognised when either they have been disposed of or when the Investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the Statement of Income in the year of retirement or disposal.

Transfers are made to/from investment property when, and only when, there is a change in use, evidenced by commencement/ end of owner occupation, commencement of development with a view to sale, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant & equipment up to the date of change in use. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the Statement of Income. When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the Statement of Income.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in income statement. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Biological assets
Biological assets comprise of fresh fruit bunches ("FFB") of oil palm plantations. Biological assets are stated at fair value less estimated costs to sell. Gains or losses arising on initial recognition of FFB at fair value less estimated costs to sell and from the changes in fair value less estimated costs to sell of FFB at each reporting date are included in profit or loss for the period in which they arise.

The fair value of the FFB is measured by reference to estimated FFB quantities and publicly available index price set by Indonesian government.

In determining the estimated FFB production quantities, the Group considers the estimated yield of the biological assets which is dependent on the age of the oil palm trees, the location, soil type and infrastructure.

Inventories

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

The cost of inventories of the group;

Raw Material and Containers	Cost of purchase together with any incidental expenses
Work - in – progress	Raw material cost and a proportion of manufacturing expenses
Finished Goods	Raw material cost and manufacturing expenses in full
Food Items	Weighted average cost basis
Linen Stock	In the year of purchase at cost of purchase and in the second year in use at 25% of the Cost of purchase

Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Income Statement in the periods during which related services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans are calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets (if applicable) are deducted. All actuarial gain/ (loss) are recognised in the Other Comprehensive Income.

The discount rate is the yield at the reporting date on high quality corporate bonds, that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method.

The defined benefit plans are regulated at each of the geographical locations the Group operates in and the salient features of each of such plans are tabulated below;

Sri Lankan Subsidiaries

All local companies are liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983.

The liability recognised in the Financial Statements in respect of defined benefit plans are the present value of the defined benefit obligation as at the reporting date. The defined benefit obligation is calculated by a qualified actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. Such actuarial valuations will be carried out once in every year. The liability is not externally funded. All Actuarial gains or losses are recognised immediately in other comprehensive income.

Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

Indonesian Subsidiaries

The subsidiaries recognize an unfunded retirement benefits liability, relating to the settlement of termination, gratuity, compensation and other benefits set forth in Labor Law No. 13 year 2003 (Law No. 13/2003) based on an actuarial calculation by an independent actuary using the 'Projected Unit Credit Method'. All actuarial gain or losses are recognised immediately in other comprehensive income.

Malaysian Subsidiaries

The Group's subsidiary operations in Malaysia are liable to pay Retirement Gratuity where employees have served in the company's operations in Malaysia

NOTES TO THE FINANCIAL STATEMENTS

for more than five years and fulfilling the conditions in the Malaysian Agricultural Producers Association and National Union Plantation Worker's agreements. The resulting difference between brought forward provision at the beginning of the year, net of any payment made, and the carried forward provision at the end of a year, is dealt with in the Statement of Income. The gratuity liability is not funded.

The Group's subsidiary operations in Malaysia participate in the national pension scheme as defined by the law of the country. They make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Indian subsidiary
The Group's subsidiary in India has both defined contribution and defined benefits schemes for its employees.

Retirement benefit in the form of provident fund is a defined contribution scheme for the Indian Subsidiary. The contributions to the provident fund are charged to the income statement for the year when the contributions are due. The Subsidiary has no obligation, other than the contribution payable to the provident fund.

The subsidiary operates one defined benefit plan for its employees, viz., gratuity. The costs of providing benefits under the plan are determined on the basis of actuarial valuation at each year-end using the "projected unit credit method". Actuarial gains and losses for both defined benefit plans are recognised in full in the period in which they occur in other comprehensive income.

Termination benefits
Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liabilities and contingent assets
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The group does not recognize contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain. In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

Warranties
A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Restructuring
A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Onerous contracts
A provision for onerous contracts are recognised when the expected benefits to be derived by the Group of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of

terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

Leases

Finance Lease

Leases of property, plant & equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Assets held under finance lease are capitalized at the cash price as part of property, plant & equipment and depreciated over the shorter of the estimated useful lives of the assets or the lease term.

Upon initial recognition assets acquired through the finance leases are stated at an amount equal to the lower of their fair values and the estimated present value of the minimum lease payments at the date of inception less accumulated depreciation and impairment losses. In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is practicable to determine; if not ,the group's incremental borrowing rate is used.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations and net of finance charges are included in borrowings. The interest element of the finance charge is charged to the Statement of Income over the lease period. Property, plant and equipment acquired under finance lease contracts are depreciated over the useful life of the asset. If there is no reasonable certainty that the ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease term and its useful life.

Operating Lease

Lease of assets under which all the risks and benefits of ownership are retained by the lessor are classified as operating leases.

Leased assets

Assets held by the Group under leases which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met

- the fulfillment if the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use assets.

At inception or on reassessment of the arrangement, the Group separates the payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Revenue

The Group revenue represents sales to customers outside the Group and sales within the Group which are intended for internal consumption.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group, 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, and after eliminating sales within the Group.

The following specific criteria are used for the purpose of recognition of revenue;

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

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Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. For sales of timber and paper products, usually transfer occurs when the product is delivered to the customer's warehouse; however, for some international shipments transfer occurs on loading the goods onto the relevant carrier at the port. Generally, for such products the customer has no right of return.

Rendering of services
Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows;

- Servicing fees included in the price of the products sold are recognized by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- Revenue from time and material contracts is recognized at the contractual rates as labor hours are delivered and direct expenses are incurred.

Commissions
When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

Rental income
Rental income from investment property is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from other property is recognised as other income.

Royalties
Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognized on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognized by reference to the underlying arrangement.

Dividend income
Dividend income is recognised in Income Statement on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Sale of fresh fruit bunches
Upon delivery and acceptance by customers.

Gain on disposal of financial assets (categorized as available for sale / fair value through profit or loss)
Profits or losses on disposal of investments are accounted for in the Statement of Income on the basis of realized net profit.

Other Income- on accrual basis
Net gains and losses of a revenue nature resulting from the disposal of property, plant & equipment have been accounted in the Income Statement.

Expenditure recognition
Operating expenses
All expenses incurred in day-to-day operations of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to revenue in arriving at the profit or loss for the year. Provision has also been made for bad and doubtful debts, all known liabilities and depreciation on property, plant & equipment.

Finance income and finance costs
Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the re-measurement to fair value of any pre-existing interest in an acquiree in a business combination, gains on hedging instruments that are recognised in Income Statement and reclassifications of net gains previously recognised in other comprehensive income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and deferred consideration, dividends on preference shares classified as liabilities, contingent consideration, losses on hedging instruments that are recognised in profit or loss and reclassifications of net losses previously recognised in other comprehensive income.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in Income Statement using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Income tax expense
Income Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in Income Statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current taxation
Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred taxation
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss;
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the resumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised, based on the level of future taxable profit forecasts and tax planning strategies.

Tax exposures
In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Economic Service Charge (ESC)
As per the provisions of Economic Service Charge Act No. 13 of 2006 and amendments thereto, ESC is payable on "Liable Turnover'' and is deductible from the income tax payments. Any unclaimed ESC can be carried forward and settled against the income tax payable within the four subsequent years.

Sales tax
Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales taxes incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amounts of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS

Earnings per share
The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Related party transactions
Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is charged.

Events after the reporting period
All material and important events which occur after the Balance Sheet date have been considered and disclosed in Note 49.

Dividends on ordinary shares
Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and are no longer at the discretion of the Company.

Presentation
Assets and liabilities are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

Where appropriate, the significant accounting policies are disclosed in the succeeding notes.

Offsetting Income and Expenses
Income and expenses are not offset unless required or permitted by accounting standards.

Offsetting Assets and Liabilities
Assets and liabilities are offset and the net amount reported in the statement of financial position only where there is;

- A current enforceable legal right to offset the assets and the liability; and
- An intention to settle the liability simultaneously

Director's responsibility
The Board of Directors is responsible for the preparation and presentation of the Financial Statements. This is more fully described under the relevant clause in the Directors' Report.

5. OPERATING SEGMENTS

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers' report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown including the factors used to identify the reportable segments and the measurement basis of segment information.

6. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which are not effective as at the reporting date.

Accordingly, these Standards have not been applied in preparing these financial statements.

SLFRS 9 -Financial Instruments:
SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments. It also carries forward the guidance on recognition and de recognition of financial instruments from LKAS 39.

SLFRS 9 is effective for annual reporting periods beginning on or after 01st January 2018.

The Group has completed the initial high level assessment of the potential impact on its financial statements for the year ended 31st March 2018. However, the Group does not expect a significant impact on the financial statement due to adoption of the standard as it is not expected to re-classify any significant part of its financial asset portfolio.

SLFRS 15 - Revenue from Contracts with Customers

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

The Group is currently assessing the impact of these amendments to the financial position and financial performance of group.

SLFRS 16 – Lease

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('Lessee'] and the supplier ('Lessor']. SLFRS 16 will replace Sri Lanka Accounting Standard – LKAS 17 (Leases) and related interpretations.

SLFRS 16 introduces a single accounting model for the lessee, eliminating the present classification of leases in LKAS 17 as either operating leases or finance leases.

The new Standard requires a lessee to:.

- recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value
- present depreciation of lease assets separately, from interest on lease liabilities in the income statement.

SLFRS – 16 substantially carries forward the lessor accounting requirement in LKAS – 17. Accordingly, a lessor continues to classify its leases as operating lease or finance lease, and to account for those two types of leases differently. SLFRS -16 will become effective on 1st January 2019. The impact on the implementation of the above Standard has not been quantified yet.

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(7) REVENUE

(i) Revenue Analysis

	Group		Company	
For the year ended 31st March	2018	2017	2018	2017
Gross Revenue	85,216,940	66,422,641	188,007	143,973
Less: Taxes to the Government of Sri Lanka	(5,367,572)	(1,943,723)	-	-
Net Revenue	79,849,368	64,478,918	188,007	143,973
Goods and Services analysis				
Sale of Goods	79,875,301	66,951,411	-	-
Services				
Investment income	3,414,694	3,249,527	188,007	143,973
Property rental income	289,024	254,744	-	-
Commission, support services fees & royalty fees	3,450,814	3,727,226	-	-
Hospitality services	684,841	546,912	-	-
	7,839,373	7,778,409	188,007	143,973
Net revenue before intra - group transactions	87,714,674	74,729,820	188,007	143,973
Less: Intra - group transactions	(7,865,306)	(10,250,902)	-	-
Net Revenue	79,849,368	64,478,918	188,007	143,973

A detailed analysis of Group Revenue highlighting the contribution from different segments is given under 'Segmental Information' in Note 7 (iii) & (iv) (page 136 to143) to the financial statements.

(ii) Segmental Information

For management purposes the Group's primary segment reporting format is Business segments and the secondary format is geographical segments. The risks and returns of the Group's operations are primarily determined by the nature of the different activities that the Group engages in, rather than the geographical location of these operations.

This is reflected by the Group's organizational structure. Industry segment activities of the Group have been broadly classified into eight segments: Investment Holdings, Portfolio and Asset Management, Oil Palm Plantations, Beverage, Real-Estate, Leisure, Oils & fats and Management Services according to the nature of product or service rendered. The principal product and services of each segments are follows.

Investment Holdings	- Holding of strategic investments
Portfolio and Asset Management	- Investment and management of listed, private equity, fixed income and unit trust investments
Oil Palm Plantations	- Production and sale of palm oil, palm kernel and fresh fruit bunches to the domestic and international market
Oils & Fats	- Manufacturing, marketing and selling of refined oils and specialty fats to the bakery, chocolate and confectionery, ice creams and creamer industries and cooking oil products to end consumers
Beverage	- Production and sale of Beer, Import & distribution of alcoholic beverages
Real Estate	- Letting office and warehouse premises on rent for commercial purposes
Leisure	- Hoteliering
Management Services	- Providing support services to the Group entities

Sales between segments are made at prices that approximate the market prices. Segment revenue, segment expenses and segment results include transactions between industry segments. These transactions and any unrealized profits and losses are eliminated on consolidation. Segmental expenses are expenses that are directly attributed to a relevant segment or a portion of expenses that can be allocated on a reasonable basis as determined by the Management.

The Group's geographical segments are based on the location of the Group's assets and spread of operations. The activities of the Group have been broadly classified into five geographical segments, namely, operations within Sri Lanka, Malaysia, Indonesia, Singapore and India. Sales to external customers are segmented based on the location of the seller. The principal product and services of each geographical segments are follows:

Sri Lanka	- Investment holdings, portfolio and assets management, production & sale of Beer, Import and distribution of alcoholic beverages, letting of office and warehouse premises for commercial purposes, hoteliering and management service.
Malaysia	- Manufacturing, marketing and selling of refined oils and specialty fats to the bakery, chocolate & confectionery, ice creams and creamer industries and cooking oil products to end consumers and management services.
Indonesia	- Management Service, production and sale of palm oil and palm kernel to the domestic and international markets, Production and sale of FFB.
Singapore	- Investments holding
India	- Manufacturing, marketing and selling of refined oils and specialty fats to the bakery, chocolate & confectionery, ice creams and creamer industries and cooking oil products to end consumers (since discontinued).

Principal categories of customers

The principal categories of customers for these goods and services are corporate customers, government customers, wholesale customers and retail customers. The group's reportable segments are therefore as follows:

Investment Holdings	- corporate customers
Portfolio and Asset Management	- corporate customers, retail customers
Oil Palm Plantations	- corporate customers
Oils & Fats	- corporate customers, retail customers
Beverage	- wholesale & retail customers
Real Estate	- corporate customers
Leisure	- corporate customers, retail customers
Management Services	- corporate customers

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(7) REVENUE (Cintd.)

(iii) Segmental Information - The Primary Segments (Business Segments)

(a) Segment results are as follows:

	Investment Holding		Portfolio & Asset Management		Oil Palm Plantations		Oils & Fats	
For the year ended 31st March	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Total revenue	838,223	448,665	1,638,917	2,140,369	29,099,732	27,308,695	21,730,351	20,187,728
Intra segment revenue	(179,413)	(134,559)	(434,410)	(392,405)	(3,693,542)	(5,732,214)	(194,183)	(450,380)
Segment revenue	658,810	314,106	1,204,507	1,747,964	25,406,190	21,576,481	21,536,168	19,737,348
Inter segment revenue	(635,950)	(304,955)	(36,401)	(20,691)	(1,028,418)	(2,205,620)	(518,242)	(421,349)
Revenue	22,860	9,151	1,168,106	1,727,273	24,377,772	19,370,861	21,017,926	19,315,999
Segment results	(60,883)	(74,816)	890,878	1,431,816	5,606,937	3,961,112	858,500	(31,306)
Flood related activities	-	-	-	-	-	-	-	-
Reversal of unabsorbed VAT provision	-	-	-	-	-	-	-	-
Foreign exchange (losses)/gains	(16,473)	8,876	(8)	(277)	(758,591)	81,880	43,642	259,028
Change in fair value of biological assets	-	-	-	-	1,017,130	33,378	-	-
Change in fair value of investment properties	-	-	-	-	-	-	-	-
Impairment of business assets	-	-	(91,350)	(198,825)	(947,419)	(506,528)	(20,035)	(52,401)
	(77,356)	(65,940)	799,520	1,232,714	4,918,057	3,569,841	882,107	175,321
Net Finance cost	(160,161)	(147,763)	893	988	(2,255,642)	(2,287,490)	(610,281)	(561,580)
Share of net result of joint venture	-	-	11,027	2,748	-	-	-	-
Profit/(loss) before Income tax expenses	(237,517)	(213,703)	811,440	1,236,449	2,662,415	1,282,351	271,826	(386,259)
Income tax expenses								
Current taxation	(9,055)	(4,948)	(50,880)	(21,536)	(1,732,456)	(1,032,385)	(10,768)	(6,981)
Deferred taxation	-	-	105	-	175,595	(1,010,781)	(63,673)	95,753
	(9,055)	(4,948)	(50,775)	(21,536)	(1,556,861)	(2,043,166)	(74,441)	88,772
Profit/(loss) from continuing operations	(246,572)	(218,651)	760,665	1,214,913	1,105,554	(760,815)	197,385	(297,487)
Discontinued operation					-			
Profit/(loss) from discontinued operation, net of tax	-	-	-	-	-	5,195,309	100,407	(794,770)
Profit/(loss) for the year	(246,572)	(218,651)	760,665	1,214,913	1,105,554	4,434,494	297,792	(1,092,257)
Attributable to:								
Owners of the Company	(125,727)	(113,117)	159,698	311,201	603,859	2,308,343	164,529	(681,323)
Non controlling interest	(120,845)	(105,534)	600,967	903,712	501,695	2,126,151	133,263	(410,934)
	(246,572)	(218,651)	760,665	1,214,913	1,105,554	4,434,494	297,792	(1,092,257)
Earnings/(loss) per ordinary share (Rs.)	(0.64)	(1.11)	1.57	3.05	5.92	22.63	1.61	(6.68)
(b) Other Information								
Total cost incurred during the year to acquire Property, plant & equipment, Bearer Plants, Investments properties	-	-	450	421	4,218,724	3,910,289	138,396	97,950
Intangible assets (including land rights)	-	-	22,227	15,350	172,821	347,177	5,686	13,951
Depreciation	-	-	2,151	3,224	1,201,013	2,084,330	390,209	443,435
Amortization of intangible assets (including land rights)	-	-	-	-	240,470	225,080	26,200	36,989
Salaries, fees, wages and related expenses	17,650	16,290	98,825	90,984	5,410,192	5,213,565	681,483	645,962
Defined benefit plan expenses / Gratuity	-	-	2,426	2,471	196,126	421,741	-	-

Beverage		Real Estate		Leisure		Management Services		Group	
2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
33,010,475	23,445,253	289,025	254,744	684,841	543,654	423,110	400,712	87,714,674	74,729,820
(703,852)	(169,971)	-	-	-	-	-	-	(5,205,400)	(6,879,529)
32,306,623	23,275,282	289,025	254,744	684,841	543,654	423,110	400,712	82,509,274	67,850,291
-	-	(20,671)	(20,671)	-	-	(420,224)	(398,087)	(2,659,906)	(3,371,373)
32,306,623	23,275,282	268,354	234,073	684,841	543,654	2,886	2,625	79,849,368	64,478,918
2,419,822	(239,483)	207,028	159,040	78,324	4,684	15,188	(37,473)	10,015,794	5,173,575
1,957,622	1,017,007	-	-	-	-	-	-	1,957,622	1,017,007
-	339,811	-	-	-	-	-	-	-	339,811
5,356	26,358	-	-	359	212	-	-	(725,715)	376,077
-	-	-	-	-	-	-	-	1,017,130	33,378
-	-	621,085	-	-	-	-	-	621,085	-
-	(1,673,065)	(13,658)	-	-	-	-	-	(1,072,462)	(2,430,819)
4,382,800	(529,372)	814,455	159,040	78,683	4,896	15,188	(37,473)	11,813,454	4,509,028
(1,491,253)	(1,448,515)	(6,811)	(6,141)	27,331	27,108	(104)	(266)	(4,496,028)	(4,423,660)
-	-	-	-	-	-	-	-	11,027	2,748
2,891,547	(1,977,887)	807,644	152,899	106,014	32,004	15,084	(37,739)	7,328,453	88,116
(402,323)	(104,662)	(56,074)	(37,592)	(7,886)	(1,107)	(17,925)	13	(2,287,367)	(1,209,203)
(848,474)	522,405	(615,645)	(13,404)	(16,727)	(1,342)	1,978	14,209	(1,366,841)	(393,160)
(1,250,797)	417,743	(671,719)	(50,996)	(24,613)	(2,449)	(15,947)	14,222	(3,654,208)	(1,602,363)
1,640,750	(1,560,144)	135,925	101,903	81,401	29,555	(863)	(23,517)	3,674,245	(1,514,247)
-	-	-	-	-	-	-	-	100,407	4,400,540
1,640,750	(1,560,144)	135,925	101,903	81,401	29,555	(863)	(23,517)	3,774,652	2,886,293
345,189	(368,287)	53,961	43,298	33,324	14,276	(396)	(10,743)	1,234,437	1,503,645
1,295,561	(1,191,857)	81,964	58,605	48,077	15,279	(467)	(12,774)	2,540,215	1,382,648
1,640,750	(1,560,144)	135,925	101,903	81,401	29,555	(863)	(23,517)	3,774,652	2,886,293
3.38	(3.61)	0.53	0.42	0.33	0.14	(0.00)	(0.11)	11.91	14.60
1,387,322	3,431,349	22,196	4,786	49,301	261,067	6,473	27,233	5,822,862	7,733,094
2,038	2,640	-	-	-	-	-	-	202,772	379,120
1,131,511	1,096,266	8,383	5,821	64,085	51,174	28,241	18,208	2,825,593	3,702,462
46,249	59,123	-	-	-	-	2,118	15,591	315,037	336,783
705,723	609,853	45,652	38,339	174,486	153,382	254,132	280,823	7,388,143	7,049,198
87,563	22,047	651	674	3,878	3,758	9,677	9,015	300,321	459,705

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(7) REVENUE (Contd.)

(c) Segments Assets / Liabilities are as follows:

	Investment Holding		Portfolio & Asset Management		Oil Palm Plantations		Oils & Fats	
As at 31st March	2018	2017	2018	2017	2018	2017	2018	2017
SEGMENT ASSETS								
Non - Current Assets								
Property, plant & equipment/ Investment properties /Prepaid lease assets/Bearer Plants	-	-	2,854	6,011	58,171,819	58,344,309	8,037,310	7,104,886
Intangible assets	-	-	105,167	84,791	751,129	625,106	1,610,281	1,616,199
Available-for-sale financial assets / Investments in Joint Venture	67,028	62,044	9,754,457	8,543,028	-	-	-	-
Deferred tax assets	-	-	511	-	3,516,041	3,098,622	-	-
Other financial receivables	-	-	-	-	-	-	-	-
Other non financial receivables	-	-	-	-	6,510,303	6,288,882	-	-
Total non - current assets	67,028	62,044	9,862,989	8,633,830	68,949,292	68,356,919	9,647,591	8,721,085
Current Assets								
Inventories and Biological assets	-	-	-	-	3,571,886	2,115,860	2,658,623	1,982,554
Trade debtors and other financial assets	-	89	22,611	184,850	729,227	778,979	2,087,088	2,045,206
Other non financial receivables	15,209	11,490	61,174	56,333	3,241,692	1,815,136	3,571,812	3,234,670
Financial assets held for trading	30,068	26,154	2,462,497	3,136,896	-	-	-	-
Cash and cash equivalents	503,032	57,140	1,779,167	1,463,374	2,665,601	5,931,430	126,915	222,008
Total current assets	548,309	94,873	4,325,449	4,841,453	10,208,406	10,641,405	8,444,438	7,484,438
Assets held for sale	-	-	-	-	-	-	660,825	647,447
Total segmental assets	615,337	156,917	14,188,438	13,475,283	79,157,698	78,998,324	18,752,854	16,852,970
SEGMENT LIABILITIES								
Non - Current Liabilities								
Loans and borrowings	-	-	-	-	29,585,378	24,314,043	5,884,558	3,209,662
Other financial payables	-	-	-	-	-	-	-	-
Other non financial liabilities	-	-	7,426	10,479	1,187,632	988,550	-	-
Deferred tax liabilities	-	-	-	-	3,228,294	3,006,427	251,675	162,555
Total non - current liabilities	-	-	7,426	10,479	34,001,304	28,309,020	6,136,233	3,372,217
Current Liabilities								
Trade and other financial liabilities	390,680	206,807	241,978	281,910	10,452,321	9,514,735	4,083,870	4,334,531
Loans and borrowings	1,362,421	1,431,815	16,112	12,723	9,768,271	15,815,544	6,162,440	8,140,054
Total current liabilities	1,753,101	1,638,622	258,090	294,633	20,220,592	25,330,279	10,246,310	12,474,585
Total segmental liabilities	1,753,101	1,638,622	265,516	305,112	54,221,896	53,639,299	16,382,543	15,846,802

Beverage		Real Estate		Leisure		Management Services		Group	
2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
18,476,586	18,267,006	3,851,924	3,230,682	1,887,517	2,010,067	42,109	63,876	90,470,118	89,026,836
2,561,544	2,582,613	12,799	12,799	-	-	1,210	1,476	5,042,130	4,922,984
-	-	-	-	-	-	-	-	9,821,485	8,605,072
6,846	6,341	-	-	-	-	13,689	11,746	3,537,087	3,116,709
-	-	-	-	169,966	152,396	-	-	169,966	152,396
-	-	-	-	-	-	-	-	6,510,303	6,288,883
21,044,976	20,855,960	3,864,723	3,243,481	2,057,483	2,162,463	57,008	77,098	115,551,089	112,112,880
1,945,091	2,544,176	-	-	18,368	22,007	90	71	8,194,058	6,664,668
2,703,523	1,799,899	19,292	23,354	63,828	75,537	253	253	5,625,822	4,908,167
545,247	363,501	85,419	74,110	11,234	11,769	20,039	31,557	7,551,826	5,598,566
-	-	104,804	-	-	-	-	-	2,597,369	3,163,050
8,180,170	7,645,228	20,711	46,909	148,430	42,102	33,426	29,812	13,457,452	15,438,003
13,374,031	12,352,804	230,226	144,373	241,860	151,415	53,808	61,693	37,426,527	35,772,454
-		-	-	-	-	-	-	660,825	647,447
34,419,007	33,208,764	4,094,949	3,387,854	2,299,343	2,313,878	110,816	138,791	153,638,441	148,532,781
6,899,620	8,191,865	-	-	26,503	6,550	-	-	42,396,059	35,722,120
-	-	87,695	77,607	-	-	-	-	87,695	77,607
190,953	78,440	3,511	3,505	17,250	16,021	56,063	47,169	1,462,835	1,144,164
3,697,964	2,379,861	887,705	193,010	196,774	66,979	-	-	8,262,412	5,808,832
10,788,537	10,650,166	978,911	274,122	240,527	89,550	56,063	47,169	52,209,001	42,752,723
4,709,532	2,835,110	149,058	165,506	131,346	136,301	83,170	68,240	20,241,955	17,543,140
9,722,314	11,334,291	-	-	8,475	55	2,079	3,412	27,042,112	36,737,894
14,431,846	14,169,401	149,058	165,506	139,821	136,356	85,249	71,652	47,284,067	54,281,034
25,220,383	24,819,567	1,127,969	439,628	380,348	225,906	141,312	118,821	99,493,068	97,033,757

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(7) REVENUE (Contd.)

(iv) Segmental Information - The Secondary Segments (Geographical Segments)

(a) Segment results are as follows:

	Sri Lanka		Malaysia	
For the year ended 31st March	2018	2017	2018	2017
Revenue	34,322,296	25,704,019	21,015,229	19,316,260
Segment results	3,653,699	1,293,044	835,591	(49,840)
Flood related activities	1,957,622	1,017,007		
Reversal of unabsorbed VAT provision	-	339,811	-	-
Foreign exchange (losses)/gains	(21,255)	76,888	(45,314)	340,814
Change in fair value of biological assets	-	-	-	-
Change in fair value of investment properties	621,085	-	-	-
Impairment of business assets	(105,008)	(1,871,890)	(20,035)	(52,401)
Profit/(loss) from operations	6,106,143	854,860	770,242	238,573
Net Finance cost	(1,607,321)	(1,560,441)	(610,046)	(560,979)
Share of net result of joint venture	11,027	2,748	-	-
Profit/(loss) before Income tax expenses	4,509,849	(702,833)	160,196	(322,406)
Income tax expenses				
Current taxation	(548,090)	(149,863)	(7,455)	(7,088)
Deferred taxation	(1,492,622)	521,868	(63,673)	95,753
	(2,040,712)	372,005	(71,128)	88,665
Profit/(loss) from continuing operations	2,469,137	(330,828)	89,068	(233,741)
Discontinued operation				
Profit /(loss) from discontinued operation, net of tax	-	-	-	8,058,703
Profit/(loss) for the year	2,469,137	(330,828)	89,068	7,824,962
(b) Other Information				
Total cost incurred during the year to acquire Property, plant & equipment, Bearer plants Investment properties	1,510,743	3,730,757	96,038	94,386
Intangible assets (including land rights)	67,302	17,990	5,686	13,954
Depreciation	1,256,902	1,215,773	390,209	381,990
Amortization of intangible assets (including land rights)	68,637	94,859	26,200	36,989
Salaries, fees, wages and related expenses	1,442,376	1,357,035	681,483	662,381
Defined benefit plan expenses/ Gratuity	109,596	43,478	-	220

Indonesia		Singapore		India		Group	
2018	2017	2018	2017	2018	2017	2018	2017
24,338,983	19,457,957	172,860	682	-	-	79,849,368	64,478,918
5,870,700	4,170,554	(344,196)	(240,183)	-	-	10,015,794	5,173,575
						1,957,622	1,017,007
-	-	-	-	-	-	-	339,811
(655,338)	(43,495)	(3,808)	1,870	-	-	(725,715)	376,077
1,017,130	33,378	-	-	-	-	1,017,130	33,378
-	-	-	-	-	-	621,085	-
(947,419)	(506,528)	-	-	-	-	(1,072,462)	(2,430,819)
5,285,073	3,653,908	(348,004)	(238,313)	-	-	11,813,454	4,509,028
(2,165,539)	(1,795,842)	(113,122)	(506,397)	-	-	(4,496,028)	(4,423,660)
-	-	-	-	-	-	11,027	2,748
3,119,534	1,858,066	(461,126)	(744,710)	-	-	7,328,453	88,116
(1,677,610)	(904,062)	(54,212)	(148,190)	-	-	(2,287,367)	(1,209,203)
189,454	(945,782)	-	(64,999)	-	-	(1,366,841)	(393,160)
(1,488,156)	(1,849,844)	(54,212)	(213,189)	-	-	(3,654,208)	(1,602,363)
1,631,378	8,222	(515,338)	(957,899)	-	-	3,674,245	(1,514,247)
-	(2,863,394)	-	-	100,407	(794,770)	100,407	4,400,540
1,631,378	(2,855,172)	(515,338)	(957,899)	100,407	(794,770)	3,774,652	2,886,293
4,184,709	3,907,549	31,372	404	-	-	5,822,862	7,733,094
129,784	347,176	-	-	-	-	202,772	379,120
1,146,409	2,080,611	10,913	11,501	21,160	12,587	2,825,593	3,702,462
220,200	204,935	-	-	-	-	315,037	336,783
5,065,627	4,945,967	198,657	83,815	-	-	7,388,143	7,049,198
190,725	416,008	-	-	-	-	300,321	459,705

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(7) REVENUE (Contd.)

(c) Segments Assets / Liabilities are as follows:

	Sri Lanka		Malaysia	
As at 31st March	**2018**	2017	**2018**	2017
Segment Assets				
Non - Current Assets				
Property, plant & equipment / Investment properties / Prepaid lease assets/ Bearer plants	24,313,396	23,620,905	8,037,309	7,104,888
Intangible assets	2,820,101	2,798,292	1,610,281	1,616,200
Available-for-sale financial assets / Investments in Joint Venture	9,821,485	8,605,072	-	-
Deferred tax assets	21,917	18,087	-	-
Other financial receivables	169,966	152,396	-	-
Other non financial receivables	-	-	-	-
Total non - current asset	37,146,865	35,194,752	9,647,590	8,721,088
Current Assets				
Inventories and Biological assets	1,963,549	2,566,258	2,658,623	1,979,219
Trade debtors and other financial assets	2,811,976	2,228,366	1,996,102	1,920,353
Other non financial receivables	849,060	657,168	3,518,440	3,161,269
Financial assets held for trading	2,597,369	3,163,050	-	-
Cash and cash equivalents	10,987,403	10,463,007	102,519	102,910
Total current assets	19,209,357	19,077,849	8,275,684	7,163,751
Assets held for sales	-	-	-	-
Total segmental assets	56,356,222	54,272,601	17,923,274	15,884,839
SEGMENT LIABILITIES				
Non - Current Liabilities				
Loans and borrowings	6,926,123	8,198,415	3,988,604	3,209,663
Other financial payables	87,695	77,607	-	-
Other non financial liabilities	294,262	175,258	-	-
Deferred tax liabilities	4,797,138	2,639,851	251,670	162,555
Total non - current liabilities	12,105,218	11,091,131	4,240,274	3,372,218
Current Liabilities				
Trade and other financial liabilities	5,916,892	3,957,625	3,980,686	4,244,782
Loans and borrowings	11,111,374	12,798,242	5,367,907	5,324,809
Total current liabilities	17,028,266	16,755,867	9,348,593	9,569,591
Total segmental liabilities	29,133,484	27,846,998	13,588,867	12,941,809

Indonesia		Singapore		India		Group	
2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
58,091,304	58,293,758	28,110	7,286	-	-	90,470,118	89,026,836
611,748	508,492	-	-	-	-	5,042,130	4,922,984
-	-	-	-	-	-	9,821,485	8,605,072
3,515,170	3,098,622			-	-	3,537,087	3,116,709
-	-	-	-	-	-	169,966	152,396
6,510,303	6,288,882	-	-	-	-	6,510,303	6,288,883
68,728,525	68,189,754	28,110	7,286	-	-	115,551,089	112,112,880
3,571,886	2,115,856	-	-	-	3,335	8,194,058	6,664,668
623,119	634,712	-	-	194,625	124,736	5,625,822	4,908,167
3,113,617	1,681,208	16,872	23,527	53,837	75,394	7,551,826	5,598,566
-	-	-	-	-	-	2,597,369	3,163,050
1,066,903	2,853,591	1,268,924	1,856,027	31,703	162,468	13,457,452	15,438,003
8,375,525	7,285,367	1,285,796	1,879,554	280,165	365,933	37,426,527	35,772,454
-	-	-	-	660,825	647,447	660,825	647,447
77,104,050	75,475,121	1,313,906	1,886,840	940,990	1,013,380	153,638,441	148,532,781
17,260,950	14,315,220	12,324,429	9,998,822	1,895,953	-	42,396,059	35,722,120
-	-	-	-	-	-	87,695	77,607
1,168,573	968,906	-	-	-	-	1,462,835	1,144,164
3,213,605	3,006,427	-	-	-	-	8,262,412	5,808,832
21,643,128	18,290,553	12,324,429	9,998,822	1,895,953	-	52,209,001	42,752,723
10,124,154	8,995,939	121,075	244,127	99,148	100,667	20,241,955	17,543,140
5,120,178	8,462,194	4,648,089	7,337,368	794,564	2,815,281	27,042,112	36,737,894
15,244,332	17,458,133	4,769,164	7,581,495	893,712	2,915,948	47,284,067	54,281,034
36,887,460	35,748,686	17,093,593	17,580,317	2,789,665	2,915,948	99,493,068	97,033,757

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(8) DIRECT OPERATING EXPENSES

	Group	
For the year ended 31st March	**2018**	**2017**
Cost of inventories recognised as expense – physical deliveries	4,766,275	3,906,665
Depreciation and overheads	6,605,968	6,824,371
Harvesting and plantation maintenance	7,944,143	6,684,858
Processing (milling) costs	1,250,263	880,494
Purchase of Fresh Fruit Bunches	2,087,094	1,388,715
Production and feedstock costs	16,356,924	15,985,078
Excise Duty paid to the government of Sri Lanka	18,551,986	13,873,695
Others	1,080,246	566,986
Discontinued operation	-	(2,274,372)
	58,642,899	47,836,490

(9) OTHER INCOME

	Group	
For the year ended 31st March	**2018**	**2017**
Profit/(loss) on disposal of fixed assets:		
Beverage	-	892
Oil Palm Plantations	22,832	25,105
Oil & Fats	(324)	7,616
Real Estate	366	-
Portfolio & Asset Management	6	-
Leisure	1,195	-
Management Services	89	148
	24,164	33,761
Net unrealised fair value gain on derivative financial instruments	72,186	228,796
Deposit liability written back	-	3,207
Plasma management fee	34,044	33,950
Plasma interest income	406,969	170,932
Sale of roundtable on sustainable palm oil certificate	84,342	125,321
Sale of sludge Oil	540,808	210,050
Sundry income/(loss)	215,289	(114,642)
	1,377,802	691,375

(10) OTHER OPERATING EXPENSES

Other operating expenses mainly consists of maintenance expenditure of the Beverage sector.

(11) IMPAIRMENT OF BUSINESS ASSETS

	Group	
For the year ended 31st March	2018	2017
Continuing operations		
Brands (Note 25 c)	-	1,673,065
Property Plant & Equipment (Note 20 e)	4,032,302	414,900
Bearer Plants (Note 21)	(3,379,941)	76,686
Prepaid lease payment for land (Note 23)	308,716	-
Goodwill on consolidation (Note 25 a)	-	14,942
Customer relationship (Note 25 d)	20,035	52,401
Available-for-sale financial assets (Note 29 a)	91,350	198,825
	1,072,462	2,430,819
Discontinued operations		
Assets held for sale (Note 35 ii a)	-	259,404
	-	259,404

(a) Available-for-sale financial assets

The impairment loss (Group) of Rs. 91.3 Mn (2017 - 198.8 Mn) recognised in the Income Statement in the current year is stemming from the adjustment on significant/ prolonged decline in fair value of investment in equity securities below its cost as required by LKAS - 39 "Financial Instruments; recognition and measurement".

(12) PROGRESSIVE INSURANCE RECEIPTS ON BUSINESS INTERRUPTION AND PROPERTY DAMAGES FLOOD RELATED LOSSES

Lion Brewery (Ceylon) PLC ('LBCPLC')

Financial year 2016/17

During the financial year 2016/17, the LBCPLC estimated and wrote off its Property Plant & Inventory amounting to Rs. 525.8 Mn and Rs. 372 Mn respectively. The other operational costs related to flood recovery amounted to Rs. 143 Mn. Accordingly, a total loss of Rs. 1,041 Mn was recorded in the financial year ended 31st March 2017. Interim claims on insurance have been submitted for the damages caused to the LBCPLC's Property Plant and Equipment, inventory and for Business Interruption. Against these interim claims, an amount of Rs. 2,066 Mn was received as on account payments during the financial year ended 31st March 2017. Whilst Rs. 1,000 Mn of this was received against Business Interruption the balance amount of Rs. 1,066 Mn was recorded against Property Plant & equipment and Inventory as at 31st March 2017 in line with the insurance policies.

Financial year 2017/18

During the year ended 31st March 2018, the LBCPLC has further, received confirmation for an amount of Rs.1,205 Mn against Business Interruption and Rs.752 Mn against the damages caused to the LBCPLC Property Plant and Equipment and inventory. As at the date of approving these accounts an amount of Rs.1,957 Mn due on the insurance claim has been received in full. Accordingly the LBC PLC has now received the full amount of Rs.4,024 Mn due from insurance for the main fire policy.

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(12) PROGRESSIVE INSURANCE RECEIPTS ON BUSINESS INTERRUPTION AND PROPERTY DAMAGES FLOOD RELATED LOSSES (Contd.)

Luxury Brands (Pvt) Ltd ('LBPVT')

"The LBPVT inventory were damaged due to flooding and a claim was submitted for the damaged value. As of 31st March 2017, the claim has been fully settled.

An amount of Rs. 307 Million had been recognized for the carrying value of damaged inventory including other operational expenses incurred for the flood recovery process

(13) REVERSAL OF UNABSORBED VAT PROVISION

VAT was reintroduced to the Alcohol industry at 15% with effect from 1st November 2016. Accordingly the LBC PLC has made a reversal of the provision for the year ended 31st March 2017 for unabsorbed VAT amounting to Rs.339 Million which was made in 2014/15.

(14) FOREIGN EXCHANGE GAINS/ (LOSSES)

	Group	
For the year ended 31st March	2018	2017
Net foreign exchange (losses) / gains	(725,715)	376,077
	(725,715)	376,077

(a) Investments holding sector

As at 31st March 2018, the Carson Cumberbatch PLC recorded a foreign exchange losses amounting to Rs. 16.47 Mn (2017 - gain of Rs. 8.87 Mn), arising mainly from translation of Sterling Pound denominated liability.

(b) Oil Palm plantations and Oils and fats segments

The foreign exchange gain/(loss) relates to the assets, liabilities, income and expenses of the Goodhope Asia Holdings Limited and its subsidiaries whose certain transactions and balances are recorded in different currencies other than reporting currency of each such subsidiary.

For the year ended 31st March 2018, the Goodhope Asia Holding Limited group recorded a foreign exchange loss of Rs. 714.95 Mn(2017 - gain of Rs. 340.9 Mn). The unrealized exchange gain/(loss) mainly arose from the translation of foreign currency denominated long term borrowings as at the balance sheet date consequent to a depreciation of the Indonesian rupiah (IDR) against the US dollar (USD) throughout the year.

The closing exchange rate of IDR against USD as at 31st March, 2018 was IDR 13,756 which is a 0.3% depreciation compared to the closing exchange rate that prevailed as at 31 March, 2017.

(c) Beverage Segment

As at 31st March 2018, the Company's subsidiaries, Lion Brewery (Ceylon) PLC and Luxury Brand (Private) Limited recorded a foreign exchange gain of Rs. 5.3 mn (2017 - Rs.26.35 Mn), arising mainly from revaluation of US Dollar denominated long - term and short term borrowings.

(15) NET FINANCE COST

	Group	
For the year ended 31st March	2018	2017
Finance Costs		
Interest expenses on:		
Bank borrowings	5,374,209	5,334,497
Debenture interest	311,682	420,022
Obligations under finance lease	9,197	22,455
	5,695,088	5,776,974
Less: Amount capitalized under		
Property, plant and equipment	(146,756)	(338,283)
Bearer Plants	(129,151)	(515,805)
Total finance costs	5,419,181	4,922,886
Finance income		
Interest income on short term bank deposits	(923,153)	(499,226)
Total Finance income	(923,153)	(499,226)
Net Finance costs	4,496,028	4,423,660

(16) PROFIT BEFORE INCOME TAX EXPENSES

	Group		Company	
For the year ended 31st March	2018	2017	2018	2017
Profit before tax has been arrived at after charging				
Auditors' remuneration and other professional services (Note b)	71,887	71,660	917	754
Personnel costs (Note d)	7,688,464	7,508,903	1,020	810
Audit committee fees	3,120	3,120	600	600
Remuneration committee Fees	329	350	100	100
Nomination committee Fees	300	308	100	100
Related Party Transaction Review Committee fees	1,300	1,300	400	400
Donations	-	-	-	-
Royalty paid to the Carlsberg A/S	83,162	67,522	-	-
Research and development costs	47,385	55,826	-	-

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(16) PROFIT BEFORE INCOME TAX EXPENSES (Contd.)

	Group		Company	
For the year ended 31st March	2018	2017	2018	2017
Depreciation on property, plant and equipment, bearer plants	4,079,862	4,824,883	-	-
Less - Amount capitalised as part of cost of bearer plants	(88,280)	(122,883)	-	-
Depreciation on property, plant and equipment - net	3,991,582	4,702,000	-	-
Amortization of intangible assets and prepaid lease payment for land	315,037	336,783	-	-
Less - Amount capitalised as part of cost of bearer plants	(83,301)	(84,021)	-	-
Net amortization of intangible assets and prepaid lease payment for lands	231,736	252,762	-	-
Total depreciation and amortization (Note a)	4,223,318	4,954,762	-	-
(a) Depreciation and amortization are included in the income statement under the following headings				
Direct operating expenses	2,405,644	3,223,478	-	-
Administrative expenses	1,361,765	1,024,980	-	-
Distribution expenses	455,909	501,864	-	-
Discontinued operations	-	204,440	-	-
	4,223,318	4,954,762	-	-
(b) Auditors' Remuneration and other professional services				
Fees payable to KPMG for the audit of annual accounts of Bukit Darah PLC	355	335	355	335
Fees payable to KPMG for the audit of subsidiaries of Bukit Darah PLC	9,522	8,520	-	-
Fees payable to other Auditors for the audit of subsidiaries of Bukit Darah PLC	58,120	56,535	-	-
Total statutory audit fees	67,997	65,390	355	335
Non audit services				
Advisory/compliance services - (Other Auditors)	1,534	3,543	-	-
Advisory services - (KPMG Sri Lanka)	288	400	-	-
	1,822	3,943	-	-
Audit related services				
KPMG Sri Lanka	2,134	2,327	562	419
Other Auditors	-		-	-
	2,134	2,327	562	419
	71,953	71,660	917	754

For the year ended 31st March	Group 2018	Group 2017	Company 2018	Company 2017
(c) Professional Services				
Legal services	122,910	105,203	-	-
Valuation services	15,435	2,921	-	-
Consultation fees	12,334	23,436	-	-
Plantation consultant services	213,617	15,942	-	-
Other services	116,924	40,588	-	-
	481,220	188,090	-	-
(d) Personnel Costs				
Salaries, fees, wages and other related expenses	7,115,902	6,833,951	1,020	810
Defined contribution plan expenses - EPF & ETF	272,241	215,247	-	-
Defined benefit plan expenses - Gratuity (Note 43)	300,321	459,705	-	-
	7,688,464	7,508,903	1,020	810
The above include:				
Directors fees	39,250	50,370	1,020	810
Directors' emoluments	618,146	702,787	-	-
	657,396	753,157	1,020	810

(e) The number of employees during the year were:

For the year ended 31st March	Group 2018 Year end	Group 2018 Average	Group 2017 Year end	Group 2017 Average
Employee by Industry				
Portfolio and assets management	20	19	18	19
Oil palm plantations/ Oils and fats	11,334	11,658	11,981	13,248
Beverage	214	220	226	232
Real Estate	18	18	18	19
Leisure	306	302	297	299
Management services	43	43	43	45
	11,935	12,260	12,583	13,862
Employees by geographical location				
Sri Lanka	721	719	716	783
Malaysia	235	245	255	281
Indonesia	10,974	11,292	11,609	12,732
India	5	4	3	66
	11,935	12,260	12,583	13,862

There were no employees at Bukit Darah PLC during the year (2017 - Nil).

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(17) INCOME TAX EXPENSES

	Group		Company	
For the year ended 31st March	2018	2017	2018	2017
(a) Income Statement				
(i) Current taxation				
Charge for the year	2,163,866	1,056,940	1,097	1,653
Economic service charge / write - off	1,427	-	-	-
Under / (over) provision for previous years	28,072	(4,711)	-	-
Dividend tax on intercompany dividends	94,002	156,974	-	-
	2,287,367	1,209,203	1,097	1,653
(ii) Deferred Taxation				
Origination of temporary differences				
in the current year (Note 17 (c) and (d))	1,366,841	393,160	-	-
	1,366,841	393,160	-	-
Total Income tax expense recognised in profits for the year	3,654,208	1,602,363	1,097	1,653
Income tax expenses may be analyzed as follows:				
Current Taxation				
Sri Lanka	548,090	149,863	1,097	1,653
Overseas	1,739,277	1,059,340	-	-
	2,287,367	1,209,203	1,097	1,653
Deferred Taxation				
Sri Lanka	1,492,622	(521,868)	-	-
Overseas	(125,781)	915,028	-	-
	1,366,841	393,160	-	-
Total				
Sri Lanka	2,040,712	(372,005)	1,097	1,653
Overseas	1,613,496	1,974,368	-	-
	3,654,208	1,602,363	1,097	1,653

	Group	
For the year ended 31st March	**2018**	**2017**
(b) Deferred tax expenses		
Income statement		
Deferred tax expense arising from;		
Accelerated depreciation & amortisation for tax purposes	900,574	(315,633)
Revaluation of investment property to fair value	615,646	13,314
Retirement benefit obligations	(62,760)	49,034
Benefit arising from tax losses	(90,312)	365,989
Others	3,693	(1,930)
Continued operations	1,366,841	110,774
Discontinued operations	-	282,386
Deferred tax charged directly to Income Statement	1,366,841	393,160
Statement of profit or loss and other comprehensive income		
Deferred tax expense arising from;		
Actuarial losses on defined benefit obligations	40,720	3,385
Revaluation of land and building to fair value	(677,733)	(25,952)
Total deferred tax charged/(credited) directly to statement of profit or loss and other comprehensive income	(637,013)	(22,567)

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(17) INCOME TAX EXPENSES (Contd.)

(c) Deferred tax	Deferred tax Assets		Deferred tax Liabilities	
For the year ended 31st March	**2018**	**2017**	**2018**	**2017**
At the beginning of the year	3,116,709	3,532,552	5,808,832	6,170,470
Charge and release	665,174	184,740	2,670,066	208,420
Transfers / exchange translation difference	(244,796)	(600,583)	(216,486)	(570,058)
At the end of the year	3,537,087	3,116,709	8,262,412	5,808,832
Revaluation of land and building to fair value	-	-	740,656	161,772
Revaluation of investment property to fair value	-	-	888,688	193,900
Accelerated depreciation, amortisation & impairment for tax purposes	1,124,489	1,212,632	8,875,088	8,039,217
Employee benefit liability	306,192	251,062	(80,153)	(33,843)
Losses available for offset against future taxable income	2,106,406	1,653,015	(1,444,886)	(2,712,894)
Others	-	-	(716,981)	160,680
	3,537,087	3,116,709	8,262,412	5,808,832

The New Income Tax Act No.24 of 2017 was passed by parliament on 24th October 2017 and is effective from 01 April 2018. Accordingly, Income tax provisions for the year ended 31 March 2018 were made based on rates applicable for the Year of Assessment 2017/18 with Deferred tax for the same period computed based on rates applicable post 1 April 2018.

(d) As per the new Inland Revenue Act applicable from 1st April 2018, gain on sale of business assets including lands which are effectively connected to business are made liable for taxation at 14%, 28% or 40% as case maybe. Accordingly, a deferred tax liability of Rs. 615.6 Mn. (2017-13.3Mn) for the Group on the temporary difference arising from gain on fair valuation of investment properties has been accounted during the year.

As at 31st March	Group 2018	Group 2017	Company 2018	Company 2017
(e) Net Income Tax recoverable/ (payable)				
Movement				
At the beginning of the year	1,908,066	734,683	(180)	(90)
Subsidiaries'/Companys' taxation on current year's profit	(2,163,866)	(1,116,971)	(1,097)	(1,653)
Irrecoverable economic service charge	(1,427)	-	-	-
Under/over provision for previous years	(28,072)	4,711	-	-
Dividend tax on intercompany dividends	(94,002)	(156,974)	-	-
Payments and set off against refunds	1,534,501	2,442,617	1,112	1,563
Net Income Tax recoverable/ (payable)	1,155,200	1,908,066	(165)	(180)
Break-up of net Income tax recoverable/ (payable)				
Income tax recoverable				
Non Current	2,119,672	2,230,645	-	-
Current	99,385	58,491	-	-
Total income tax recoverable	2,219,057	2,289,136	-	-
Income tax payable	(1,063,857)	(381,070)	(165)	(180)
Net Income Tax recoverable/ (payable)	1,155,200	1,908,066	(165)	(180)

(f) Recognized deferred tax assets

The recognition of deferred tax assets relating to tax losses carried forward by subsidiaries of the Group have been reassessed by the management at the year end. Accordingly, Rs. 500 mn. (2017- Rs. 898mn) of unused tax losses of Indonesian subsidiaries for which deferred tax assets had been recognised in previous years were derecognised during the year and charged to the income statement. This is due to the fact that management assesses that the utilisation of such tax losses may not be used to offset taxable profits in the future and there are no other tax planning opportunities or other evidence of recoverability of such tax losses in the near future.

Management believes that sufficient taxable profit will be available to allow the remaining tax losses to be utilised. Accordingly, relevant subsidiaries recognised deferred tax assets relating to the remaining tax losses carried forward.

(g) Unrecognized deferred tax assets

Group

Deferred tax assets have not been recognised for unused tax losses of Rs. 6,536 mn (2017: Rs. 8,315 Mn) due to the uncertainty of sufficient taxable earnings of relevant entities including the derecognised tax losses of Indonesian Companies explained above.

Subsidiaries falling within the Sri Lankan tax exemption need not to account for deferred tax as temporary differences do not exist during the tax exemption period. Therefore, deferred tax has not being provided for Agro Harapan Lestari (Private) Limited, AHL Business Solutions (Private) Limited and Goodhope Investments (Private) Limited.

At the end of the reporting period, no deferred tax liability (2017:Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of the subsidiaries will not be distributed in the foreseeable future.

(h) Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2017: nil) has been recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries, as the Group has determined that the undistributed earnings of those subsidiaries will not be distributed in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(17) INCOME TAX EXPENSES (Contd.)

Such temporary differences for which no deferred tax liability has been recognised aggregate to Rs. 57,550 Mn, (2017: Rs, 55,303 Mn).

(i) Corporate tax rate in Sri Lanka

As provided for in LKAS 12 - "Income Taxes" deferred tax assets and liabilities should be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Accordingly following income tax rates have been used;

Leisure Sector	14% (Previously 12%)
Beverage Sector	40% (Previously 40%)
Real Estate Sector	28% (Previously 28%)
Other Sectors	28% (Previously 28%)

Income tax expenses	Group		Company	
For the year ended 31st March	**2018**	**2017**	**2018**	**2017**
(j) Reconciliation of the Accounting Profit with the Taxable Profit				
Profit before taxation	7,328,453	88,116	161,060	115,688
Aggregate tax disallowed expenses	9,688,579	16,762,951	26,947	28,285
Aggregate of deductions claimed	(9,071,246)	(18,413,680)	-	-
Dividend income	(3,796,336)	(1,600,956)	(184,093)	(138,069)
Exempt profits	(1,019,854)	(1,245,284)	-	-
Adjustments of change in fair value	(201,407)	149,593	-	-
Impairment of business assets	1,072,462	2,430,819	-	-
Operating losses incurred during the year	2,004,546	5,877,000	-	-
Tax adjusted profits	6,005,197	4,048,558	3,914	5,904
Adjustments				
Adjustments due to the consolidation/conversion	3,130,094	1,685,646	-	-
Share of net results of Joint Ventures	(11,027)	(2,747)	-	-
Tax losses utilized during the year	(768,450)	(768,018)	-	-
Taxable income	8,355,814	4,963,439	3,914	5,904
Taxation on Profits				
Taxation at 12% (Note 17 l (iii) & (iv))	3,143	1,599	-	-
Taxation at 28% (Note 17 k (i))	371,385	140,739	1,097	1,653
Taxation at 40% (Note 17 l (v)	130,612	3,429	-	-
10% WHT on Inter company dividend	94,002	156,974	-	-
Off - Shore profits at varying rates (Note 17 k (ii))	1,658,726	880,394	-	-
Effect of different tax rates in other countries (Note 17 l (iii))	-	30,779	-	-
Economic Service Charge - write off / credit (Note 17 m)	1,427	-	-	-
Under provision for previous years	28,072	(4,711)	-	-
	2,287,367	1,209,203	1,097	1,653

Group tax expenses is based on the taxable profit of individual companies within the group. At present the tax laws of Sri Lanka does not provide for group taxation.

For the year ended 31st March	Group 2018	2017
Analysis of Tax Losses		
Tax losses brought forward	15,916,472	10,295,632
Adjustment on losses (Finalisation/write-off/conversion)	2,993,011	879,444
Tax losses incurred during the year	2,004,546	5,509,414
Utilization of tax losses during the year	(768,450)	(768,018)
Tax losses carried forward	20,145,579	15,916,472

Utilization of tax losses in the current year has resulted in tax saving of Rs. 286Mn (2017 - Rs. 197Mn) for the Group.

In Sri Lanka the utilization of brought forward tax losses is restricted to 35% of Statutory Income. Unabsorbed tax losses can be carried forward indefinitely. However as per the provisions of the Inland Revenue Act No 24 of 2017 brought forward tax losses can be set off against future tax profits without any limitations and any un-utilized tax losses can be carried forward for 6 subsequent years with effect from 1st April 2018. Adjustment for taxation on the losses from overseas operations are made in accordance with the provisions of the relevant statutes in those countries.

(k) Taxation of Profits

(i) Current Tax in Sri Lanka

The income tax provision of Bukit Darah PLC, its subsidiaries which are resident in Sri Lanka have been calculated on their adjusted profits at the standard rate of 28% in terms of the Inland Revenue Act No 10 of 2006 and amendments thereto. Apart from the Companies taxed at the standard rate, income tax status of the Companies which are exempt from income tax and those subject to tax at different rates are set out in note 17(I) below.

With the introduction of the Inland Revenue Act No 24 of 2017, which is effective from 1st April 2018 significant changes have been introduced to the income tax law of Sri Lanka. No further income tax exemptions are to be granted under the Inland Revenue Act No 24 of 2017 and the present concessionary tax rates enjoyed by the companies are also amended by the above Act. The companies which are entitled to concessionary tax rates are based on business operation and would need to ensure they meet the criteria specified in the above Act. Accordingly note - I provides significant changes applicable to companies in the Group under the Inland Revenue Act No 24 of 2017.

Department of Inland Revenue has issued a Gazette notification (No 2064/53) on the transitional provisions that would be applicable in implementing the above Act. As per the Gazette in relation to the transitional provisions, any unclaimed loss as at 31st March 2018 is deemed to be a loss incurred for the year of assessment commencing on or after April 1, 2018 and shall be set-off without any limitations and shall be carried forward up to 6 years.

(ii) Current Tax on Overseas Operations

Provision for taxation on the overseas companies are made on the basis of the accounting profit for the year as adjusted for taxation purposes in accordance with the provisions of the relevant statutes in those countries. The corporate income tax rates applicable to group companies operating in the following countries are;

For the year ended 31st March	2018	2017
Singapore	17%	17%
Indonesia	25%	25%
India	30.9%	30.9%
Malaysia	24%	24%

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(17) INCOME TAX EXPENSES (Contd.)

(l) Tax Exemptions and Concessions

(i) The Company's subsidiaries Agro Harapan Lestari (Pvt) Limited and AHL Business Solutions (Pvt) Limited are exempt from income tax, in terms of section 13 of the Inland Revenue Act No 10 of 2006 and amendments thereto respectively. However in terms of new Inland Revenue Act No 24 of 2017 profits of such companies will be liable to income tax at the rate of 14% with effect from 1st April 2018.

(ii) In terms of Section 13 (t) and 13(tt) of the Inland Revenue Act No. 10 of 2006 profits derived on the sale of shares on which share transaction levy (STL) has been paid is exempt from income tax. And this exemption will continue under new Act regardless of STL payment

(iii) Malaysian Plantations Companies Incorporated in Sri Lanka

The profits from plantation activities of the Sri Lankan incorporated companies having its plantation operations in Malaysia are liable to corporate income tax in Malaysia. However the plantations activities were discontinued in the previous financial year.

Further 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% however in terms of the double tax treaty agreement entered into between Sri Lanka and Malaysia, these Subsidiaries are entitled to claim credit in Sri Lanka for tax paid in Malaysia, when calculating the Subsidiaries tax liability on profits from Malaysian plantation activities in Sri Lanka.

Companies profits other than plantation activities, are liable to tax at a rate of 28% (2017: 28%)

(iv) In terms of Section 46 of the previous Inland Revenue Act, operational profits of hotels are subject to income tax at 12%. With effect from 1st April 2018 applicable rate is 14%.

(v) Profits or income from the manufacture and sale or import and sale of any liquor or tobacco products are chargeable to income tax at the rate of 40%. Accordingly Lion Brewery (Ceylon) PLC and Luxury Brands (Pvt) Limited operational profits are chargeable to income tax at 40%. This rate will remain the same under the new Act.

(vi) Interest income earned from foreign currency denominated accounts, Income / profits from offshore dividends and interest is exempt from income tax.

(vii) Premium Oils and Fats Sdn. Bhd. ("POF") incorporated in Malaysia has received "Operational Headquarters" ("OHQ") status from the Malaysian Industrial Development Authority. Accordingly, POF's income from qualifying services is exempt from corporate income tax until 2020.

(m) Economic Service Charge

Economic Service Charge paid by companies are available as income tax credit. In instances where recoverability is not possible due to their tax status, sums paid are written-off to the Statement of Comprehensive Income.

(18) EARNINGS PER ORDINARY SHARE

(a) Earnings per ordinary share from Continuing and Discontinued operations

The Group's earnings per ordinary share of Rs. 11.91 (2017 - Rs. 14.60) and Company's earnings per ordinary share of Rs. 1.37 (2017 - Rs. 0.97), are calculated by dividing the profit attributable to the ordinary shareholders of Bukit Darah PLC by the Company's weighted average number of ordinary shares in issue during the year.

The amounts used in calculating the earnings per share are as follows:

	Group		Company	
For the year ended 31st March	**2018**	**2017**	**2018**	**2017**
Amount used as the Numerator				
Profit for the year	3,774,652	2,886,293	159,963	114,035
Dividend on Preference shares	(19,922)	(14,769)	(19,922)	(14,769)
Non controlling interest	(2,540,215)	(1,382,648)	-	-
Net Profit attributable to Ordinary Shareholders	1,214,515	1,488,876	140,041	99,266
Number of Ordinary Shares used as the Denominator				
Ordinary shares in issue (No's)	102,000,000	102,000,000	102,000,000	102,000,000
Earnings per Ordinary Share (Rs.)	11.91	14.60	1.37	0.97

(b) Earnings/(loss) per share from Continuing operations

The Group's earnings/(loss) per ordinary share from continuing operations of Rs. 11.32 (2017 - Rs. (8.30)) is calculated by dividing the profit/(loss) from continuing operations attributable to the ordinary shareholders of Bukit Darah PLC by the Company's weighted average number of ordinary shares in issue during the year.

The amounts used in calculating the earnings per share are as follows:

	Group		Company	
For the year ended 31st March	**2018**	**2017**	**2018**	**2017**
Amount used as the Numerator				
Profit/(loss) for the year from continuing operations	3,674,245	(1,514,247)	159,963	114,035
Dividend on Preference shares	(19,922)	(14,769)	(19,922)	(14,769)
Non controlling interest from continuing operations	(2,499,962)	682,137	-	-
Net Profit/(loss) attributable to Ordinary Shareholders from continuing operations	1,154,361	(846,879)	140,041	99,266
Number of Ordinary Shares used as the Denominator				
Ordinary shares in issue (No's)	102,000,000	102,000,000	102,000,000	102,000,000
Earnings/(loss) per Ordinary Share (Rs.)	11.32	(8.30)	1.37	0.97

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(18) EARNINGS PER ORDINARY SHARE (Contd.)

(c) Earnings/(loss) per share from Discontinued operations

The Group's earnings/(loss) per ordinary share from discontinued operations of Rs. 0.59 (2017 - Rs. 22.90) is calculated by dividing the profit/(loss) from discontinuing operations attributable to the ordinary shareholders of Bukit Darah PLC by the Company's weighted average number of ordinary shares in issue during the year.

The amounts used in calculating the earnings per share are as follows:

	Group	
For the year ended 31st March	**2018**	**2017**
Amount used as the Numerator		
Profit for the year from discontinued operations	100,407	4,400,540
Non controlling interest from discontinued operations	(40,253)	(2,064,785)
Net Profit attributable to Ordinary Shareholders from discontinued operations	60,154	2,335,755
Number of Ordinary Shares used as the Denominator		
Ordinary shares in issue (No's)	102,000,000	102,000,000
Earnings per Ordinary Share from Discontinued operations (Rs.)	0.59	22.90

(19) DIVIDEND PER ORDINARY SHARE

	Total dividend		Dividend per share	
For the year ended 31st March	**2018**	**2017**	**2018**	**2017**
On ordinary shares				
Dividend paid	137,700	102,000	1.35	1.00
	137,700	102,000	1.35	1.00
On preference shares				
Annual Dividend	147	145	0.08	0.08
Paid for 2018	19,775	14,624	10.75	7.95
	19,922	14,769	10.83	8.03

(20) PROPERTY, PLANT & EQUIPMENT - GROUP

As at 31st March	Freehold Land & Buildings	Leasehold Land & Buildings	Plant & Machinery	Motor Vehicles	Office Equipment, Furniture & Fittings	Computers	Returnable Containers	Capital Work - In Progress	Total
(a) For the year ended 31st March 2018									
	At valuation	At Cost							
As at 1st April 2017	9,332,385	26,358,585	26,897,635	1,957,739	1,290,349	926,082	3,190,292	2,133,040	72,086,107
Additions	74,363	1,353,990	765,335	104,405	83,984	65,557	602,404	717,012	3,767,050
Impairment (Note 11 and 20 (e))	(11,309)	(4,018,645)	(2,348)	-	-	-	-	-	(4,032,302)
Transfers /Adjustments	(200,478)	484,563	547,911	(249,378)	5,734	46,186	(4,120)	(639,019)	(8,601)
Disposals/Written - offs	(106,545)	-	(37,477)	(160,300)	(14,732)	(16,358)	(27,295)	(320)	(363,027)
Exchange translation difference	205,249	(174,542)	1,193,894	16,872	(873)	15,383	(40)	(549)	1,255,394
As at 31st March 2018	9,293,665	24,003,951	29,364,950	1,669,338	1,364,462	1,036,850	3,761,241	2,210,164	72,704,621
Depreciation/Accumulated Depreciation									
As at 1st April 2017	323,453	4,345,151	8,208,675	1,268,381	971,159	843,818	2,348,412	-	18,309,049
Charge for the year	170,555	580,693	1,417,240	149,081	99,267	50,443	358,314	-	2,825,593
Transfers /Adjustments	(106,321)	106,321	41,699	(41,699)	-	-	-	-	-
On disposals/Written - offs	(54)	-	13,149	(175,219)	(9,137)	(16,317)	(3,938)	-	(191,516)
Exchange translation difference	29,276	270,630	458,313	46,624	20,434	24,471	-	-	849,748
As at 31st March 2018	416,909	5,302,795	10,139,076	1,247,168	1,081,723	902,415	2,702,788	-	21,792,874
Net Book Value as at 31st March 2018	8,876,756	18,701,156	19,225,874	422,170	282,739	134,435	1,058,453	2,210,164	50,911,747

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(20) PROPERTY, PLANT & EQUIPMENT - GROUP (Contd.)

As at 31st March	Freehold Land & Buildings	Leasehold Land & Buildings	Plant & Machinery	Motor Vehicles	Office Equipment, Furniture & Fittings	Computers	Returnable Containers	Capital Work - In Progress	Total
(a) For the year ended 31st March 2017									
	At valuation	At Cost							
As at 1st April 2016	11,650,925	27,509,348	29,091,356	2,233,466	1,414,833	981,728	2,870,308	1,739,863	77,491,827
Additions	277,541	1,244,948	1,857,311	65,687	100,208	22,108	354,227	1,466,518	5,388,548
Revaluation	691,480	-	-	-	-	-	-	-	691,480
Impairment (Note 11)	-	(414,900)	-	-	-	-	-	-	(414,900)
Attributable to discontinued operations	(2,540,934)	(3,211,499)	(1,747,576)	(55,672)	(116,446)	(17,826)	-	-	(7,689,953)
Transfers /Adjustments	(18,616)	214,729	804,458	(70,349)	(5,928)	(185)	(394)	(987,951)	(64,236)
Disposals/Written - off	(15,688)	(120,368)	(315,533)	(267,220)	(123,022)	(55,615)	(194)	(98,640)	(996,280)
Flood related write-off	-	-	(768,820)	-	(1,916)	(986)	(33,675)	-	(805,397)
Deem disposal	-	(53,391)	(2,594)	-	(7,484)	-	-	-	(63,469)
Reclassified as assets held for sale	(469,518)	-	(1,980,631)	-	(7,957)	(11,160)	-	-	(2,469,266)
Exchange translation difference	(242,805)	1,189,718	(40,336)	51,827	38,061	8,018	20	13,250	1,017,753
As at 31st March 2017	9,332,385	26,358,585	26,897,635	1,957,739	1,290,349	926,082	3,190,292	2,133,040	72,086,107
Depreciation/Accumulated Depreciation									
As at 1st April 2016	405,361	3,583,758	7,961,938	1,316,151	965,749	812,578	1,973,147		17,018,682
Charge for the year	159,632	902,537	1,755,973	220,416	157,452	102,293	404,159	-	3,702,462
Revaluation	(42,715)	-	-	-	-	-	-	-	(42,715)
Transfers /Adjustments	(42,790)	370	(2,039)	9,940	(3,813)	(334)	-	-	(38,666)
Attributable to discontinued operations	(18,138)	(283,790)	(377,229)	(53,311)	(52,842)	(11,122)	-	-	(796,432)
On disposals/Written - off	(961)	(8,656)	(129,849)	(256,002)	(96,442)	(54,026)	-	-	(545,936)
Flood related write-off	-	-	(248,264)	-	(1,438)	(951)	(28,894)	-	(279,547)
Deem disposal	-	(18,268)	(497)	-	(6,375)	-	-	-	(25,140)
Reclassified as assets held for sale	(139,021)	-	(927,453)	-	(6,486)	(10,910)	-	-	(1,083,870)
Exchange translation difference	2,085	169,200	176,095	31,187	15,354	6,290	-	-	400,211
As at 31st March 2017	323,453	4,345,151	8,208,675	1,268,381	971,159	843,818	2,348,412	-	18,309,049
Net Book Value as at 31st March 2017	9,008,932	22,013,434	18,688,960	689,358	319,190	82,264	841,880	2,133,040	53,777,058

(c) Details of Group Freehold Lands & Building stated at valuation are Indicated below: - Continuing Operations

Property	Method of Valuation	Effective Date of Valuation	Valuer	Land Extent (in Acres)	Carrying Value of Revalued Assets as at 31st March 2018 If carried at Historical Cost	Carrying Value of Revalued Assets as at 31st March 2018
Pegasus Hotels of Ceylon PLC Wattala, Sri Lanka	Market Approach	31.03.2017	Mr. S. Sivaskantha, F.I.V. (Sri Lanka) professional valuers	13.47	550,392	1,600,077
Equity Hotels Limited Giritale	Market Approach	31.03.2017	Mr. S. Sivaskantha, F.I.V. (Sri Lanka) professional valuers	-	18,893	118,481
Ceylon Beverage Holdings PLC Nuwara Eliya,Trincomalee, Sri Lanka	Market/ income Approach	31.03.2016	Mr. K. Arthur Perera A.M.I.V. (Sri Lanka) Valuer & Consultant	3.75	2,255	331,261
Lion Brewery (Ceylon) PLC Biyagama, Kaduwela, Tangalle, Sri Lanka	Market/ income Approach	31.03.2016	Mr. K. Arthur Perera A.M.I.V. (Sri Lanka) Valuer & Consultant	34.56	2,823,943	4,465,501
Millers Brewery Limited Padukka, Sri Lanka	Market/ income Approach	30.10.2016	Mr. S. Sivaskantha, F.I.V. (Sri Lanka) professional valuers	23.97	721,365	934,424
Equity Two PLC Colombo 1, Sri Lanka	Market/ Approach	31.03.2017	Mr. S. Sivaskantha, F.I.V. (Sri Lanka) professional valuers	0.18	128,364	396,839
				75.93	4,245,212	7,846,583

Market approach method: Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(20) PROPERTY, PLANT & EQUIPMENT - GROUP (Contd.)

(d) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring fair values, as well as the significant unobservable inputs used.

Description	Effective date of valuation	Valuation technique	Significant Unobservable Inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurements
Land of Lion Brewery (Ceylon) PLC	31.03.2016	Land and Building method	(i) Per perch value	Positive correlated sensitivity
Buildings of Lion Brewery (Ceylon) PLC	31.03.2016	Land and Building method	(i) Estimated construction cost per square foot	Positive correlated sensitivity
			(ii) Percentage of depreciation	Negative correlated sensitivity
Land of Ceylon Beverage Holdings PLC	31.03.2016	Land and Building method	(i) Per perch value	Positive correlated sensitivity
Buildings of Ceylon Beverage Holdings PLC	31.03.2016	Land and Building method	(i) Estimated construction cost per square foot	Positive correlated sensitivity
			(ii) Percentage of depreciation	Negative correlated sensitivity
Land of Millers Brewery Limited	31.03.2016	Land and Building method	(i) Per perch value	Positive correlated sensitivity
Buildings of Millers Brewery Limited	31.03.2016	Land and Building method	(i) Estimated construction cost per square foot	Positive correlated sensitivity
			(ii) Percentage of depreciation	Negative correlated sensitivity
Land of Pegasus Hotels of Ceylon PLC	31.03.2017	Market Approach	(i) Per perch value	Positive correlated sensitivity
Buildings of Pegasus Hotels of Ceylon PLC	31.03.2017	Contractor's Method*	(i) Estimated construction cost per square foot	Positive correlated sensitivity
			(ii) Depreciation rate for the usage of assets.	Negative correlated sensitivity
Buildings of Equity Hotels Limited Pegasus Hotels of Ceylon PLC	31.03.2017	Contractor's Method*	(i) Estimated construction cost per square foot	Positive correlated sensitivity
			(ii) Depreciation rate for the usage of assets.	Negative correlated sensitivity
Land of Equity Two PLC	31.03.2017	Investment/ Market Approach	(i) Per perch value	Positive correlated sensitivity
Buildings of Equity Two PLC	31.03.2017	Investment/ Market Approach	(i) Construction cost per square feet	Positive correlated sensitivity
			(ii) Depreciation rate for the usage of assets.	Negative correlated sensitivity

*Contractor's Method: The contractor's method works on the basis that a property's value can be equated to its cost. Valuer assess the cost of the building if it would have constructed in current year, and deduct margin for usage of the property-based on their year of construction.

(e) Impairment/write-off of Property, plant & equipment

Group tested for impairment of the Indonesian Plantation companies via an independent valuation exercise. The valuation for financial year ending 31st March 2018 was carried out M/S KJPP Regganis, Hamid & Rekan.

Given the nature, Indonesian Plantation Companies, used the entity based valuation technique, where each asset class was valued based on the assumptions noted below.. The valuation is carried out assuming that the company will continue in business and generate operating cash flows through normal course of business.

Based on such valuation, an impairment loss relating to PPE of Indonesian plantation companies amounting to Rs.4,032Mn was recognized in the financial statements under the line item "Impairment of Business Assets"

Key Assumptions

Prices of Produce : Based on the average prices forecast by Economic Intelligence Unit / World Bank and Local Prices of USD 583 to 625 per Mt of CPO for the period

Indonesian Inflation : 3.8% to 3.4% over 5 years

Weighted Average Cost of Capital : 10.58%

	Group	
For the year ended 31st March	**2018**	**2017**
(f) Carrying value of Property, plant & equipment		
As at 31st March		
At cost	42,980,829	45,590,179
At valuation	7,846,583	7,855,589
On finance lease	84,335	331,490
	50,911,747	53,777,058
(g) Capital work-in-progress consists of :		
As at 31st March		
Land Improvements	136,788	131,373
Buildings	134,032	47,658
Plant & Machinery	1,914,040	1,904,304
Others	25,304	49,705
	2,210,164	2,133,040

(h) Revaluation of Freehold Land

(i) Leisure Sector

Freehold land and the buildings of the Leisure sector were last revalued by an independent professional valuer Mr. S. Sivaskantha, F.I.V. (Sri Lanka) of Perera Sivaskantha & Company, Incorporated valuers, on the basis of Market Approach. The details of carrying values of the revalued assets and the carrying value if such assets were carried at historical cost less depreciation are in note 20 (d).

(ii) Beverage Sector

Freehold land and buildings of the Beverage sector were revalued in the books to conform with the market values as at 31st March 2016, which were assessed on a going concern basis by Messrs. Arthur Perera A.M.I.V. (Sri Lanka), independent professional valuer ,The details of carrying values of the revalued assets and the carrying value if such assets were carried at historical cost less depreciation are in note 20 (d).

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(20) PROPERTY, PLANT & EQUIPMENT - GROUP (Contd.)

(i) i. Property, plant and equipment of Indonesian plantations

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

ii. Property, plant and equipment of Malaysian plantations

Property, plant and equipment are stated at cost or valuation and any accumulated impairment losses.

(j) Assets held under finance leases

During the financial year ended 31st March 2018, the Group acquired property, plant and equipment with an aggregate cost of Rs. 72.9 Mn or equivalent to US$ 469,000 (2017 Rs.0.02 Mn or equivalent to US$ 2,000) by means of finance leases.

The net book value of property, plant and equipment held under finance leases at the reporting date is Rs 84.3 Mn or equivalent to US$ 542,000. (2017 Rs. Rs 331.4 Mn or equivalent to US$2,181,000).

Leased assets are pledged as security for the related finance lease liabilities.

(k) Capitalisation of borrowing costs

The Group's property, plant and equipment include borrowing costs arising from bank loans borrowed specifically for their development. During the financial year ended 31st March 2018, the borrowing cost capitalised to property, plant and equipment was Rs. 146.7 Mn (2017: Rs. 339 Mn).The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation for the financial year ended 31st March 2018 was 4.90 % (2017: 4.75%) which was the effective interest rate of the US Dollar borrowing and 14.73% (2017-9.1%) for the LKR borrowings.

(l) Assets pledged as security

The carrying value of certain property, plant and equipment of the Group amounting to approximately Rs. 28,393 Mn or equivalent to US$182,476,000. (2017 - Rs. 32,537 Mn or equivalent to US$ 214,075,000) are pledged as security for bank borrowings.

(m) Land acquisition - Company's subsidiary Pegasus Hotels of Ceylon PLC (PRH)

During the year, the Divisional Secretary called for a further claim of compensation for the 353.89 perches of land as they have decided to acquire the said property which was originally expected to be returned to the PRH upon the completion of the Fisheries Habour Project as explained in note 31 (c). Accordingly, the book value of the said land amounting to Rs.105.9Mn was removed from the Freehold Land during the year.

(n) Lease hold land - Equity Hotels Limited

The land where the group subsidiary Equity Hotels Limited is located, in Polonnaruwa, is on a 30 year lease from 01st January 1997 to 31st December 2026 with the option for renewal. During the lease period, the subsidiary has the right to use the land to construct and operate a tourist hotel, approved and categorized by the Sri Lanka Tourist Board.

(21) BEARER PLANTS

As at 31st March	Group 2018	Group 2017
Cost		
Balance as at the beginning of the year	39,238,678	38,203,266
Increase due to plantation development costs	2,034,116	2,339,760
Capitalisation of interest	129,151	515,805
Capitalisation of depreciation of property plant & equipment	88,280	122,883
Capitalisation of amortisation of intangible assets	83,301	84,021
Attributable to discontinued operations	-	(3,631,877)
Disposal	-	(176,469)
Exchange translation difference	(359,554)	1,781,289
Balance as at end of the year	41,213,972	39,238,678
Accumulated depreciation		
Balance as at the beginning of the year	4,608,156	3,677,035
Charge for the year	1,254,269	1,122,421
Attributable to discontinued operations	-	(307,771)
Disposal	-	(74,281)
Exchange translation difference	(50,462)	190,752
Balance as at end of the year	5,811,963	4,608,156
Accumulated Impairment		
Balance as at the beginning of the year	7,113,379	6,721,241
(Reversal)/charge for the financial year	(3,379,941)	76,686
Exchange translation difference	(62,053)	315,452
Balance as at end of the year	3,671,385	7,113,379
Net balance as at end of the year	31,730,624	27,517,143

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(21) BEARER PLANTS (Contd.)

(a) Reversal of/ provision for Impairment on bearer plants

Group tested for impairment of the Indonesian Plantation companies via an independent valuation exercise. The valuation for financial year ending 31st March 2018 was carried out M/S KJPP Regganis, Hamid & Rekan.

Given the nature, Indonesian Plantation Companies, used the entity based valuation technique, where each asset class was valued based on the assumptions noted below.. The valuation is carried out assuming that the company will continue in business and generate operating cash flows through normal course of business.

Based on such valuation, an reversal of impairment loss of bearer plants amounting to Rs 3,379 mn was recognized in the financial statements under the line item "Impairment of Business Assets"

Key Assumptions

Prices of Produce : Based on the average prices forecast by Economic Intelligence Unit / World Bank and Local Prices of USD 583 to 625 per Mt of CPO for the period

Indonesian Inflation : 3.8% to 3.4% over 5 years
Weighted Average Cost of Capital : 10.58%

(b) Analysis of bearer plants

At the end of the financial year, the Group's total planted area and related value of mature and immature plantations are as follows:

	Indonesian Plantations	
As at 31st March	2018	2017
Area	Hectares	Hectares
Planted Area:		
- Mature	56,617	51,023
- Immature	6,633	12,712
	63,250	63,735

	Indonesian Plantations	
As at 31st March	2018	2017
Value		
Planted Area:		
- Mature	17,826,508	17,407,680
- Immature	7,803,029	10,109,463
	25,629,537	27,517,143

(c) The carrying value of bearer plants of the Group pledged / undertaken as security for the bank borrowings amounted to approximately Rs 22,869 Mn or equivalent to US$ 146,972,000 (2017 Rs. 25,398 Mn or equivalent to US$ 167,109,000).

(22) BIOLOGICAL ASSETS

	Group	
As at 31st March	**2018**	**2017**
Biological assets	1,724,203	712,845
Movement of biological Assets		
At the beginning of the year	712,845	648,912
Change in fair value of biological assets	1,017,130	33,378
Exchange translation difference	(5,772)	30,555
At the end of the year	1,724,203	712,845

The fair value of biological assets has been determined based on the market price and the estimated yield of Fresh Fruit Bunches (FFB), net of maintenance and harvesting costs, and estimated cost to sell. The estimated yield is dependent on the age of the oil palm trees, the location of the plantations, soil type and infrastructure. The market price of the FFB is largely dependent on the prevailing market prices of crude palm oil and palm kernel. Point-of-sale costs include all costs that would be necessary to sell the assets.

Fair valuation of FFB fall under level 3 category in the fair value hierarchy as provided in Note 45 in financial statements.

Significant assumptions made in determining the fair values of the biological assets and sensitivity analysis of price fluctuation is provided below:

		Group	
As at 31st March		**2018**	**2017**
FFB - Volume (MT)		104,635	82,267
	Average FFB - Price (US$/MT)		
2018	91 - 129		
2017	91 - 132		
2016	88 - 127		

The following table shows the impact on the fair value measurement of assets that are sensitive to changes in market price.

	Group	
As at 31st March	**Changes in market price US$'000**	**Changes in fair value US$'000**
2018		
Index price	Increase by 10%	1,293
	Decrease by 10%	(1,293)
2017		
Index price	Increase by 10%	1,027
	Decrease by 10%	(1,027)

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(23) PREPAID LEASE PAYMENT FOR LANDS

	Group	
As at 31st March	2018	2017
Cost/Valuation		
Balance as at the beginning of the year	5,874,646	5,632,112
Additions	-	343,588
Impairment	(308,716)	-
Disposal	-	(374,461)
Exchange translation difference	(50,393)	273,407
Balance as at end of the year	5,515,537	5,874,646
Accumulated amortization		
Balance as at the beginning of the year	947,028	795,317
Amortization	198,414	176,068
Disposal	-	(66,445)
Exchange translation difference	(9,854)	42,088
Balance as at end of the year	1,135,588	947,028
Net Balance as at the end of the year	4,379,949	4,927,618

(a) Details of leasehold property - Indonesia

Land rights represent amounts paid on obtaining land rights certificate under Hak Guna Usaha (HGU or right to cultivate) and expenses incurred for obtaining operating licenses. The land rights have an average remaining amortisation period of 23 years. (2017- 25 years)

Management believes that the existing land rights will be renewed by the Government of Indonesia upon expiration since under the laws of Indonesia the land rights can be renewed upon the request of the HGU holder (subject to the approval of Government of Indonesia).

Land rights acquisition costs representing the cost associated with the legal transfer or renewal for titles of land rights such as, among others, legal fees, land survey and re-measurement fees, taxes and other related expenses. Such costs are also deferred and amortised on a straight-line basis over the terms of the related land rights of 23 years.

The carrying values of land rights of the Indonesian Plantation Companies have been tested for impairment via an dependent valuation exercise. The valuations for financial years ended 31 March 2018 and 2017 were determined by KJPP, an independent professional valuer using the same assumptions and bases as were used previously.

(b) Provision for impairment on prepaid lease payments for lands

Group tested for impairment of the Indonesian Plantation companies via an independent valuation exercise. The valuation for financial year ending 31st March 2018 was carried out M/S KJPP Regganis, Hamid & Rekan.

Given the nature, Indonesian Plantation Companies, used the entity based valuation technique, where each asset class was valued based on the assumptions noted below.. The valuation is carried out assuming that the company will continue in business and generate operating cash flows through normal course of business.

Based on such valuation, an impairment loss relating to Prepaid lease payments for lands of Indonesian plantation companies amounting to Rs.308.7 mn was recognized in the financial statements under the line item "Impairment of Business Assets"

Key Assumptions

Prices of Produce : Based on the average prices forecast by Economic Intelligence Unit / World Bank and Local Prices of USD 583 to 625 per Mt of CPO for the period

Indonesian Inflation : 3.8% to 3.4% over 5 years
Weighted Average Cost of Capital : 10.58%

(b) Analysis of prepaid lease rights

	Group	
As at 31st March	2018	2017
Prepaid lease rights are to be amortised;		
Not later than one year	160,890	195,915
Later than one year but not later than 5 years	710,625	800,683
Later than five years	3,508,434	3,931,019
	4,379,949	4,927,618

(24) INVESTMENT PROPERTIES

				Group	
As at 31st March	Freehold Land	Freehold Building	Other Equipment	2018	2017
(a) Investment Properties of the Group comprise of:					
Equity One Ltd	1,856,850	227,800	55,724	2,140,374	1,710,524
Equity Two PLC	616,058	198,886	53,798	868,742	725,428
Equity Three (Private) Limited	369,600	67,600	1,482	438,682	369,065
	2,842,508	494,286	111,004	3,447,798	2,805,017

	Freehold Land		Freehold Building		Other equipment		Total	
For the year ended 31st March	2018	2017	2018	2017	2018	2017	2018	2017
(b) Movements of Investment Properties								
Balance as at the beginning of the year	2,177,913	2,177,913	501,045	496,611	126,059	125,707	2,805,017	2,800,231
Additions during the year	-	-	-	4,434	21,696	352	21,696	4,786
Gain/(loss) on fair value adjustment (Note c)	664,595	-	(6,759)	-	(36,751)	-	621,085	-
Balance at end of the year	2,842,508	2,177,913	494,286	501,045	111,004	126,059	3,447,798	2,805,017
(c) Change in fair value of investment properties								
Equity One Ltd	414,050	-	8,637	-	(14,228)	-	408,459	-
Equity Two PLC	168,400	-	(5,716)	-	(19,448)	-	143,236	-
Equity Three (Private) Limited	82,145	-	(9,680)	-	(3,075)	-	69,390	-
	664,595	-	(6,759)	-	(36,751)	-	621,085	-

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(24) INVESTMENT PROPERTIES (Contd.)

(d) Details of investment properties - Group

Company	Location	Description	Method of valuation	Net rentable area (In Sq.ft.)	Extent (Hectares)	Historical Cost	Fair Value 31st March 2018	Fair Value 31st March 2017
Equity One Ltd	Dharmapala Mw., Colombo 07.	Office Space	Investment approach	44,647	0.238	120,288	1,329,524	1,084,875
Equity One Ltd	Vauxhall Lane, Colombo 02	Warehouse Space	Market approach	32,408	0.455	226,917	819,509	625,915
Equity Two PLC	No 55 Janadhpathi Mawatha Colombo 1	Office Space	Investment approach	44,046	0.146	427,629	860,083	725,428
Equity Three (Private) Limited	George R. De Silva Mw, Colombo 13	Office Space	Market approach	31,237	0.208	69,256	438,682	368,799
							3,447,798	2,805,017

The Investment Properties of the Group comprise of number of commercial properties that are leased to external and related party tenants. The lease agreements are typically entered in to two year periods with the option for subsequent renewals.

The Group recognized land and building located at 61,Janadhpathi Mawatha owned by the subsidiary company Equity Two PLC though held to earn rental income and capital appreciation (and classified as investment property by the said subsidiary) as Property Plant and Equipment as opposed to investment property since Company's subsidiary Carsons Management Services (Private) Limited occupies a substantial portion at the said property.

(e) Summary description of valuation methodologies

Investment approach: The investment method is used to value properties which are let to produce an income for the investor. Conventionally, investment value is a product of rent and yield. Each of these elements is derived using comparison techniques.

Market approach method: Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

(f) Fair value hierarchy

The fair value of investment property was determined by external, independent property valuer, Mr. S. Sivaskantha, F.I.V. (Sri Lanka) of Perera Sivaskantha & Company, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment property.

The fair value measurement for the investment properties have been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Description	Location	Valuation technique	Significant Unobservable Inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurements
				The estimated fair value would increase/ (decrease) if
Land & Building	Colombo	Investment approach	Contractual rentals agreed with the tenants.	Contractual rentals was higher/ (lower)
			Occupancy Rate 75% - 90%	Occupancy rate was higher/(lower)
			Capitalization rate 5- 6%	Capitalization rate was (higher)/ lower
			Repair and insurance 20%	Repair and insurance was (higher)/lower
			For excess land in existing locations, market price per perch, valuer has used a range of prices for respective lands based on an adjusted fair value taking into account of other valuation considerations.	Market value per perch was higher/(lower)
Land & Building	Colombo	Market approach	Construction cost per square feet Rs. 3,500 - Rs. 6,000.	Cost per square feet was higher/(lower)
			Market price per perch, valuer has used a range of prices for respective lands based on an adjusted fair value taking into account of other valuation considerations.	Market value per perch was higher/(lower)
			Depreciation rate for the usage of assets 65% - 70%	Depreciation rate for usage lower/(higher)

(g) Capitalization of borrowing costs into investment properties
No borrowing cost capitalized for the year ended 31st March 2018 (2017 - Rs. Nil).

(h) Contractual obligations to construct and develop investment properties
No contractual obligations to construct and develop investment properties have been entered into as at the reporting date.

(i) All the direct operating expenses of the Group are incurred on investment properties generating rental income.

(j) There were no restrictions on title of investment properties as at the reporting date.

(k) Rental Income

For the year ended 31st March	2018	2017
Rental income derived from investment properties	289,025	254,744
Direct operating expenses generating rental income	(70,296)	(72,227)

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(Amounts expressed in Sri Lankan Rs. '000)

(25) INTANGIBLE ASSETS - GROUP

	Goodwill		Computer Software	
For the year ended 31st March	**2018**	**2017**	**2018**	**2017**
Cost/Valuation				
Balance as at the beginning of the year	1,583,053	1,597,995	1,473,229	1,443,069
Additions	-	-	202,772	35,532
Impairment (Note 11 and 25(d))	-	(14,942)	-	-
Transfer / Adjustment	-	-	914	(21,064)
Exchange translation difference	-	-	4,302	15,692
Balance as at end of the year	1,583,053	1,583,053	1,681,217	1,473,229
Accumulated Amortization				
Balance as at the beginning of the year	-	-	618,279	492,743
Amortization	-	-	97,537	117,685
Transfer / Adjustment	-	-	-	(1,009)
Exchange translation difference	-	-	(23,722)	8,860
Net Balance as at the end of the year	-	-	692,094	618,279
Net Balance as at the end of the year	1,583,053	1,583,053	989,123	854,950

(a) Goodwill

Goodwill is tested for impairment annually and when circumstances indicate, the carrying value may be impaired.
Goodwill arising from business combinations has been allocated to an individual cash generating unit ("CGU") for impairment testing.
The carrying amounts of goodwill allocated to each CGU are as follows, categorized under the respective sectors.

As at 31st March	**2018**	**2017**
Portfolio and asset management sector	84,791	84,791
Beverage sector	113,600	113,600
Real estate sector	12,799	12,799
Oil palm plantation sector	64,912	64,912
Oil & Fats sector	1,306,951	1,306,951
	1,583,053	1,583,053

Excise License		Brand / Trade Mark		Customer Relationship		Total	
2018	2017	2018	2017	2018	2017	2018	2017
62,663	59,663	2,347,200	4,023,815	410,586	462,987	5,876,731	7,587,529
-	-	-	-	-	-	202,772	35,532
-	-	-	(1,673,065)	(20,035)	(52,401)	(20,035)	(1,740,408)
-	3,000	(2,036)	(1,781)	-	-	(1,122)	(19,845)
-	-	3,560	(1,769)	-	-	7,862	13,923
62,663	62,663	2,348,724	2,347,200	390,551	410,586	6,066,208	5,876,732
29,685	23,644	-	-	305,783	268,794	953,747	785,181
(7,115)	6,041	-	-	26,201	36,989	116,623	160,715
(22,570)	-	-	-	-	-	(22,570)	(1,009)
-	-	-	-	-	-	(23,722)	8,860
-	29,685	-	-	331,984	305,783	1,024,078	953,747
62,663	32,978	2,348,724	2,347,200	58,567	104,803	5,042,130	4,922,985

The Group recognized an impairment loss amounting to Rs 14.94 Mn in respect of the goodwill allocated to Oil palm plantation for the financial year ended 31 March 2017 as the recoverable amount of the goodwill allocated was less than its carrying value. The recoverable value was determined based on the cash flow projections of respective upstream companies. The impairment loss has been recognised in profit or loss under Impairment of business assets.

Oil palm plantation sector

The recoverable amounts of the CGUs have been determined based on Value-In-Use ("VIU") calculations using cash flow projections from financial budgets approved by management based on the age profile of the plantations. Management determines the values assigned to each key assumption used in the cash flow projections based on past experience, operational considerations and current business practices common to the oil palm plantation industry.

The pre-tax discount rates applied to the cash flow projections and forecasted terminal growth rates used to extrapolate cash flow projections beyond the forecasted period are as follows:

	Oil palm Plantation sector	
As at 31st March	**2018**	**2017**
Pre-tax discount rates	10.6%	11.4%
Terminal Growth Rate	0%	0%

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(25) INTANGIBLE ASSETS - GROUP (Contd.)

The calculations for value in use for the CGUs are most sensitive to the following assumptions:

Pre-tax discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and derived from its Weighted Average Cost of Capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected rate of return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowing the Group is obliged to service. Segment specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Terminal growth rate - The forecasted terminal growth rate used does not exceed the long-term average growth rate of the industry and country in which the entities operate.

Project CPO selling price - The projected selling price of CPO is based on the consensus of reputed independent forecasting service firms for the short-term period and the World Bank forecast for the remaining projection period.

Sensitivity to changes in assumptions

With regards to the assessment of Value-In-Use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

Oils and fats sector

The recoverable amount of the CGU has been determined based on Value-In-Use ("VIU") calculations using cash flow projections from financial budgets approved by management.

The pre-tax discount rates applied to the cash flow projections and forecasted terminal growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	Oil & Fats segment	
As at 31st March	2018	2017
Pre-tax discount rates	7.4%	8.2%
Terminal Growth Rate	2%	1.9%

The calculations for value in use for the CGUs are most sensitive to the following assumptions:

Pre-tax discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and derived from its Weighted Average Cost of Capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected rate of return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowing the Group is obliged to service. Segment specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Terminal growth rate - The forecasted terminal growth rate used does not exceed the long-term average growth rate of the industry and country in which the entities operate.

Sensitivity to changes in assumptions
With regards to the assessment of Value-In-Use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

Beverage Sector
Goodwill relating to Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC is included in Beverage Sector. The value in use is assessed based on the financial budgets prepared by the management and by monitoring the net asset position of the entities.

Portfolio and Asset Management Sector
Goodwill relating to Guardian Group is included in this sector. The value in use is assessed based on financial budgets prepared by the management and by monitoring the net asset position of the entities.

(b) Software development costs and licences
Software with a finite life is amortized over the period of expected economic benefit.

Software development costs and licenses represent the costs incurred in the development of the group Enterprise Resource Planning ("ERP") systems and its related licenses that are used to generate financial and management information and have an average remaining amortization period of 6 years (2017: 9 years).

All research costs and development costs not eligible for capitalization amounting to Rs. 48Mn (2017: Rs. 52 Mn) have been expensed and are recognized in the Income Statement.

(c) Brands - Lion Brewery Ceylon PLC (LBC PLC)
Lion Brewery (Ceylon) PLC acquired brands amounting to Rs. 4 Bn during 2014/15 financial year. The said acquisition consisted of five brands namely, Sando Power, Sando Stout, Three Coins, Grand Blonde and Irish Dark. Brands are not amortized as the useful life is considered to be infinite given the nature of the assets. However, the assessment of indefinite life is reviewed annually. Brands are tested for impairment annually.

Impairment assessment of Brands
As per LKAS 36 - Impairment of assets, an annual impairment test was carried out as at 31st March 2018 for the brands described above.

Management of LBC PLC has estimated the recoverable value of the brands by forecasting future cash flows and discounting these cash flows with its cost of equity adjusting with a risk premium. Management of LBC PLC had estimated factors such as future volume, contribution growth and marketing expenses per dozen in forecasting the future cash flows. Based on the assessment management concluded that no further impairment is required for the carrying value of Rs. 2.3 bn of the Brand acquired by the LBC PLC.

(d) Customer relationships
Customer relationships acquired as part of business combination were initially recognized at their fair value at the date of acquisition and are subsequently carried at cost less accumulated amortization. Customer relationships are amortized over 10 years and tested for impairment annually. The average remaining amortization period as at 31st March 2018 is 3 years (2017: 4 years).

The impairment loss amounting to Rs 20.03 Mn (2017 - 52.40 Mn) was recognised for the year ended 31 March 2018. This is in respect of the loss of two customers who were considered for the customer relationship valuation at the time of acquisition.

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(26) INVESTMENT IN SUBSIDIARIES

	Principal activities	Country of incorporation	Effective equity Interest held by the Group %		Investment through Group		Direct Investment by the Company	
					Cost	Cost	Cost	Cost
As at 31st March			2018	2017	2018	2017	2018	2017
(i) Quoted Investments								
Investments in Ordinary Shares								
Carson Cumberbatch PLC	Investment holdings	Sri Lanka	45.68	45.68	221,272	221,272	579,363	579,363
Equity Two PLC	Real Estate	Sri Lanka	40.14	40.06	389,166	389,166	-	-
Pegasus Hotels of Ceylon PLC	Leisure	Sri Lanka	41.10	41.10	408,680	408,680	-	-
Selinsing PLC	Oil palm plantation	Sri Lanka	57.33	57.33	724,640	724,640	-	-
Good Hope PLC	Oil palm plantation	Sri Lanka	54.48	54.48	497,584	497,584	-	-
Indo - Malay PLC	Oil palm plantation	Sri Lanka	52.21	52.09	1,382,499	1,369,353	-	-
Shalimar (Malay) PLC	Oil palm plantation	Sri Lanka	58.85	58.85	616,029	616,029	-	-
Ceylon Guardian Investment Trust PLC	Portfolio and Asset Management	Sri Lanka	31.66	31.66	705,251	705,251	-	-
Ceylon Investment PLC	Portfolio and Asset Management	Sri Lanka	20.37	20.37	460,880	460,880	-	-
Guardian Capital Partners PLC	Portfolio and Asset Management	Sri Lanka	27.61	27.61	446,267	446,267	-	-
Ceylon Beverage Holdings PLC	Beverage	Sri Lanka	34.43	34.43	719,260	719,260	-	-
Lion Brewery (Ceylon) PLC	Beverage	Sri Lanka	22.47	22.75	1,963,112	2,167,984	112,292	112,292
Total investment in Subsidiaries - quoted							691,655	691,655

As at 31st March	Principal activities	Country of incorporation	Effective equity Interest held by the Group % 2018	2017	Investment through Group Cost 2018	Cost 2017	Direct Investment by the Company Cost 2018	Cost 2017
Equity One Ltd	Real Estate	Sri Lanka	45.20	45.11	1,103,461	1,097,269	-	-
Leechman and Company (Private) Limited	Portfolio and Asset Management	Sri Lanka	45.68	45.68	849	849	-	-
Rubber Investment Trust Limited	Portfolio and Asset Management	Sri Lanka	26.02	26.02	612	612	-	-
Pearl Springs(Pvt) Ltd	Investment holding	Sri Lanka	22.47	22.75	1,150,000	1,150,000	-	-
Millers Brewery Ltd	Beverage	Sri Lanka	22.47	22.75	1,150,000	1,150,000	-	-
Goodhope Investments Ltd	Business outsourcing	Sri Lanka	59.92	59.92	15,000	15,000	-	-
Guardian Fund Management Limited	Portfolio and Asset Management	Sri Lanka	31.66	31.66	55,682	55,682	-	-
The Sri Lanka Fund	Portfolio and Asset Management	Cayman Islands	22.55	22.55	224,560	224,560	-	-
Goodhope Asia Holdings Ltd	Investment holding	Singapore	59.92	59.92	12,034,421	12,034,421	6,447,407	6,447,407
Shalimar Developments Sdn. Bhd.	Investment holding	Malaysia	57.68	57.66	2,665,105	2,665,105	-	-
PT Agro Indomas	Oil palm plantation	Indonesia	54.61	54.60	2,300,042	2,300,042	-	-
PT Agro Bukit	Oil palm plantation	Indonesia	56.92	56.92	4,785,841	4,785,841	-	-
PT Karya Makmur Sejahtera	Oil palm plantation	Indonesia	56.92	56.92	1,127,370	1,127,370	-	-
PT Agro Wana Lestari	Oil palm plantation	Indonesia	56.92	56.92	226,523	226,523	-	-
PT Rim Capital	Oil palm plantation	Indonesia	56.92	56.92	1,293,076	1,293,076	-	-
PT Nabire baru	Oil palm plantation	Indonesia	56.92	56.92	148,983	148,983	-	-
PT Agrajaya Baktitama	Oil palm plantation	Indonesia	56.92	56.92	292,136	292,136	-	-
PT Batus Mas Sejahtera	Oil palm plantation	Indonesia	56.92	56.92	284,638	284,638	-	-
PT Sawit Makmur Sejahtera	Oil palm plantation	Indonesia	56.92	56.92	293,587	293,587	-	-
PT Sumber Hasil Prima	Oil palm plantation	Indonesia	56.92	56.92	331,125	331,125	-	-
PT Sinar Sawit Andalan	Oil palm plantation	Indonesia	56.92	56.92	325,595	325,595	-	-
PT Siriwana Adi Pereksa	Oil palm plantation	Indonesia	56.92	56.92	136,839	136,839	-	-
PT Agro Bina Lestari	Oil palm plantation	Indonesia	56.92	56.92	257,929	257,929	-	-

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(26) INVESTMENT IN SUBSIDIARIES (Contd.)

	Principal activities	Country of incorporation	Effective equity Interest held by the Group %		Investment through Group		Direct Investment by the Company	
					Cost	Cost	Cost	Cost
As at 31st March			**2018**	2017	**2018**	2017	**2018**	2017
PT Agro Surya Madiri	Oil palm plantation	Indonesia	56.92	56.92	257,929	257,929	-	-
PT Agro Asia Pacific	Trading of palm oil products	Indonesia	59.92	59.92	15,478	15,478	-	-
Agro Asia Pacific Limited	Trading of palm oil products	Singapore	59.92	59.92	20,296	20,296	-	-
PT Agro Harapan Lestari	Plantation management services	Indonesia	59.92	59.92	119,152	119,152	-	-
Agro Harapan Lestari Sdn. Bhd.	Plantation management services	Malaysia	59.92	59.92	75,860	75,860	-	-
Agro Harapan Lestari (Private) Limited	Management services	Sri Lanka	59.92	59.92	26,865	26,865	-	-
AHL Business Solution (Private) Limited	Business outsourcing	Sri Lanka	59.92	59.92	207,500	207,500	-	-
Premium Nutrients Pvt Ltd	Investment holding	Singapore	59.92	59.92	7,917,699	7,917,699	-	-
Premium Oils & Fats Sdn. Bhd.	Operating headquarters	Malaysia	59.92	59.92	36,504	36,504	-	-
Premium Vegitable Oils Sdn. Bhd.	Oils and Fats	Malaysia	59.92	59.92	3,568,789	3,568,789	-	-
Premium Fats Sdn. Bhd.	Oils and Fats	Malaysia	59.92	59.92	91,648	91,648	-	-
Arani Agro Oil Industries (Private) Ltd	Oils and Fats	India	59.92	59.92	3,191,600	3,191,600	-	-
Carsons Management Services (Private) Limited	Management Services	Sri Lanka	45.68	45.68	323,341	323,341	-	-
Carsons Airline Services (Private) Limited	Leisure	Sri Lanka	45.68	45.68	18,999	18,999	-	-
Equity Hotels Limited	Leisure	Sri Lanka	41.10	41.10	7,296	7,296	-	-
Equity Three (Private) Limited	Real Estate	Sri Lanka	45.20	45.11	54,000	54,000	-	-
Pubs 'N Places (Private) Ltd	Beverage	Sri Lanka	34.43	34.43	511,881	511,881	-	-
Retail Spaces (Private) Limited	Beverage	Sri Lanka	34.43	34.43	-	-	-	-
Luxury Brands (Private) Limited	Beverage	Sri Lanka	34.43	34.43	50,000	50,000	-	-
							6,447,407	6,447,407
(iii) Investments in Unquoted Deferred Shares								
Ceylon Guardian Investment Trust PLC					126,863	126,863	-	-
Total Investment in Subsidiaries - Unquoted							-	-
Total Investment in Subsidiaries							7,139,062	7,139,062

(a) Acquisition from non-controlling interests

During the year, 2017/18 the Group acquired additional interest in the following subsidiaries from the non controlling shareholders:

Acquirer	Acquirer	Additional interest	Proportion of ownership interest after additional acquisition (Group gross interest)	Consideration Paid
Carson Cumberbatch PLC	Equity One Limited	0.20 %	45.20%	6,192
Goodhope Asia Holdings Ltd	Indo - Malay PLC	0.20 %	87.14%	13,146

During the year, 2016/17 the Group acquired additional interest in the following subsidiaries from the non controlling shareholders:

Acquirer	Acquirer	Additional interest	Proportion of ownership interest after additional acquisition (Group gross interest)	Consideration Paid
Carson Cumberbatch PLC	Equity One Limited	2.48 %	98.75%	77,408

Share Repurchase - 2016/17

The 4 Malaysian companies disposed of their plantation assets in Malaysia and distributed the net sales proceeds therefrom to the shareholders. Share repurchase offer was made to the shareholders as a primary means of distribution. Details of which are set forth below,

Name of the company	Company offered maximum no of shares	Basis	Price Per share Rs	Total repurchased no of shares	Distributed Amount Rs. Mn
Shalimar (Malay) PLC	1,542,240	02 shares for every 09 shares	2,298.20	1,542,240	3,544
Selinsing PLC	1,261,833	02 shares for every 11 shares	1,349.80	1,261,833	1,703
Good Hope PLC	2,987,525	10 shares for every 23 shares	1,691.58	2,987,525	5,053
Indo - Malay PLC	2,187,000	05 shares for every 16 shares	1,429.60	2,187,000	3,126

(b) Disposal of interest in subsidiaries without loss of control

Current year the Group disposed the interest in the following subsidiary without loss of control.

Holding company	Name of subsidiary	Disposal of interest %	Proportion of ownership interest after disposal % (Group gross interest)	Consideration	Book value	Decrease in equity attributable to the owners of company
Carson Cumberbatch PLC	Lion Brewery (Ceylon) PLC	0.62%	58.51%	267,851	92,580	37,066

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(Amounts expressed in Sri Lankan Rs. '000)

(27) NON CONTROLLING INTEREST

Group had established control over all of its subsidiaries without having to make significant assumptions through the year.

(a) Summary of non controlling interest

	Group	
As at 31st March	**2018**	**2017**
Balance as at 1st April	30,975,002	29,148,203
Total comprehensive income	2,306,966	2,367,260
Subsidiary dividend to non controlling interest	(656,165)	(469,600)
Transactions with owners in their capacity as owners	95,210	-
Adjustments on Land Acquisition	(62,345)	-
Other adjustments	113,094	(70,862)
Balance as at 31st March	32,771,762	30,975,002

(b) The following table summarizes the information relating to each of the Group's subsidiaries, that has material Non controlling interest.

	Group	
As at / For the year ended 31st March	**2018**	**2017**
Summarised Income Statement		
Revenue	79,894,795	64,512,872
Profit before Income tax expenses - Continuing operation	7,387,888	139,094
Income tax expenses	(3,653,111)	(1,600,320)
Profits/(loss) from discontinued operation	100,407	4,400,540
Net profit for the period	3,835,184	2,939,314
Other comprehensive income	(1,950,750)	(506,427)
Total comprehensive income	1,884,434	2,432,886
Net profit attributable to NCI	2,068,167	1,644,769
Other comprehensive income attributable to NCI	(727,272)	(98,744)
Total comprehensive income attributable to NCI	1,340,895	1,546,025
Summarised statement of Financial Position		
Non-current assets	122,040,152	120,046,963
Current assets	37,970,193	36,363,828
Non-current liabilities	52,209,002	42,752,724
Current liabilities	47,150,934	54,204,680
Summarised Cashflow Information		
Cash flows from operating activities	9,158,058	2,140,797
Cash flows from investing activities	(6,597,627)	11,548,756
Cash flows from financing activities	4,553,882	(10,899,879)
Dividends paid to NCI during the year	(656,165)	(469,600)
Effective ownership interests held by NCI	54.32%	54.32%

(28) INVESTMENTS IN JOINT VENTURE

Name of Joint venture	Principal activities	Proportion of ownership interest %	Proportion of effective ownership interest %
Guardian Acuity Asset Management Limited	Unit trust Management	50	34.65

Guardian Acuity Asset Management Limited, is a company incorporated in Sri Lanka, to set up and carry out Unit Trust Management activities licensed by Securities and Exchange Commission of Sri Lanka, and governed by a Joint Venture agreement between Acuity Partners (Private) Limited and Ceylon Guardian Investment Trust PLC. Ceylon Guardian Investment Trust PLC and Acuity Partners (Pvt) Limited hold 50% each of the issued share capital in the said company.

(b) Movements of Investments in Joint venture Companies

As at 31st March	2018	2017
Shares at cost	35,000	35,000
Share of post -acquisition reserve	6,184	1,928
Balance as at the end of the year	41,184	36,928

(c) Measurement of Joint venture Companies - Group

As at 31st March	Carrying Value	Cost	Carrying Value	Cost
	2018	2018	2017	2017
Joint venture Company				
On Unquoted Shares				
Guardian Acquity Asset Management Limited	35,000	35,000	35,000	35,000
	35,000	35,000	35,000	35,000
Investors' share of net assets				
As at the beginning of the year	1,928		(3,323)	
Share of jointly controlled entity's profit net of taxation	11,027		2,747	
Dividend received from equity accounted investee (gross)	(1,050)		-	
Share of other comprehensive income net of taxation	(5,720)		2,505	
As at the end of the year	6,184		1,928	
Carrying value of total investment in jointly controlled entity on equity method	41,184		36,928	
No. of shares	2,000,000		2,000,000	

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(28) INVESTMENTS IN JOINT VENTURE (Contd.)

(d) The summarized financial information of the equity accounted investee, adjusted for the proportion of ownership interest held by the Group is as follows:

Share of net results of joint venture

	Joint venture Company				Group's Share of Profit/ (loss) after tax	
	Revenue		Profit/ (loss) after tax			
For the year ended 31st March	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Joint Venture Company						
Guardian Acuity Assets Management Ltd	40,847	41,940	22,054	5,494	11,027	2,748
	40,847	41,940	22,054	5,494	11,027	2,748

As at 31st March	**2018**	**2017**
Non - Current assets	1,509	54,854
Current assets	89,519	25,275
Total assets	91,028	80,129
Non - Current Liabilities	1,018	751
Current liabilities	7,638	5,521
Total liabilities	8,656	6,272
Shareholders' equity	82,372	73,857
Proportion of the Group's ownership interest.	50%	50%
Carrying amounts of investment	41,184	36,928

(29) AVAILABLE-FOR-SALE FINANCIAL ASSETS

			Group	
As at 31st March			**2018**	**2017**
Investment in equity securities				
Quoted equity instruments	29	b (I)	9,517,445	8,161,894
Unquoted equity instruments	29	b (II)	102,548	94,914
Private Equity (unlisted) instruments	29	b (III)	115,009	270,508
Total investment in equity securities			9,735,002	8,527,316
Investment in debentures				
Unquoted	29	b (IV)	5	5
Total Investment in debentures			5	5
Investment in Preference shares				
Unquoted	29	b (V)	1	1
Total Investment in Preference shares			1	1
Investment in units trusts				
Unquoted	29	b (VI)	45,293	40,822
Total investment in units trusts			45,293	40,822
Total investments in available for sale financial assets			9,780,301	8,568,144

The fair value of the Group's listed investment portfolio is based on the volume weighted average price as at 31st March, published by the Colombo Stock Exchange

The fair value of the Group's unlisted investment portfolio is based on the valuation carried out by investment managers, Guardian Fund Management Limited

Fair value of investment in unit trust is based on the redemption unit price published by the Unit Trust Managers, Guardian Acuity Asset Management Limited, as at 31st March.

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(29) AVAILABLE-FOR-SALE FINANCIAL ASSETS (Contd.)

Movement in Available for sale financial assets - Group

For the year ended 31st March 2018	Fair Value as at 1st April 2017	Additions	Transfers / Disposals	Impairment	Fair Value Adjustments	Fair Value as at 31st March 2018
Total Investment in equity securities	8,527,316	1,763,647	(1,234,231)	(91,350)	769,620	9,735,002
Investment in debentures	5	-	-	-	-	5
Investment in Preference shares	1	-	-	-	-	1
Investment in Unit Trusts	40,822	-	-	-	4,471	45,293
	8,568,144	1,763,647	(1,234,231)	(91,350)	774,091	9,780,301

For the year ended 31st March 2017	Fair Value as at 1st April 2017	Additions	Transfers / Disposals	Impairment	Fair Value Adjustments	Fair Value as at 31st March 2018
Total Investment in equity securities	8,504,299	1,922,169	(2,357,882)	(198,825)	657,555	8,527,316
Investment in debentures	5	-	-	-	-	5
Investment in Preference shares	1	-	-	-	-	1
Investment in Unit Trusts	120,370	-	(82,095)	-	2,547	40,822
	8,624,675	1,922,169	(2,440,977)	(198,825)	660,102	8,568,144

The fair value adjustment represents the net unrealised gains / (losses) on fair value adjustment of investment portfolios including any adjustment on impairment losses.

The group has recognised a total impairment loss amounting to Rs. 91.3 Mn (2017 - Rs. 198.8 Mn) due to significant / prolonged decline in fair value of identified equity securities in available for sale financial assets below their cost, as required by LKAS – 39 "Financial Instruments; recognition and measurement.

LKAS – 39 also requires to recognise fair value gains arising from assets classified as available for sale, other than impairment losses, in other comprehensive income. Accordingly, net losses of Rs. 774 Mn and Rs. 662 Mn have been recognised in financial years 2018 and 2017 respectively.

(b) Measurement of Available for sale financial Assets - Group

For the year ended 31st March 2018	No of Shares 2018	Cost 2018	Fair value 2018	No of Shares 2017	Cost 2017	Fair value 2017
(i) Investment in equity securities - Quoted						
Banks, Finance and Insurance						
Central finance Company PLC	9,182,719	902,478	917,354	4,423,243	431,231	381,284
Ceylinco Insurance PLC - Non Voting	255,266	174,707	255,266	241,266	163,028	197,838
Commercial Bank of Ceylon PLC	7,174,161	704,402	974,251	6,385,229	612,375	832,634
Hatton National Bank PLC	3,177,825	650,881	778,567	3,483,073	706,468	784,736
Hatton National Bank PLC - Non Voting	3,049,642	546,588	568,453	2,589,577	459,147	479,072
HNB Assurance PLC	2,465,008	145,439	207,061	2,000,000	106,360	116,200
Nations Trust Bank PLC - Non voting	403,933	32,304	31,891	-	-	-
Nations Trust Bank PLC	2,476,517	199,416	199,855	-	-	-
People's Leasing and Finance Company PLC	24,255,724	435,516	383,240	12,693,874	228,259	198,024
Peoples Insurance PLC	6,219,800	93,297	133,726	6,219,800	93,297	113,822
Right Entitlement - Sampath Bank PLC	715,647	-	35,496	-	-	-
Sampath Bank PLC	3,101,157	720,189	930,347	3,973,878	916,657	1,029,234
Seylan Bank PLC - Non Voting	437,992	28,398	24,133	423,314	27,541	23,155
		4,633,615	5,439,640		3,744,363	4,155,999
Beverage, Food & Tobacco						
Cargills (Ceylon) PLC	6,300,215	362,525	1,227,912	5,232,500	305,121	982,140
Distilleries Company of Sri Lanka PLC	3,429,626	25,414	25,414	-	-	-
		387,939	1,253,326		305,121	982,140
Construction & Engineering						
Access Engineering PLC	6,475,619	210,199	132,750	6,475,619	210,200	154,120
Diversified Holdings						
Aitken Spence PLC	3,348,000	336,851	169,409	3,348,000	336,851	188,158
Expolanka Holdings PLC	6,845,150	41,483	33,541	6,845,150	41,483	41,071
John Keells Holdings PLC	183,693	8,466	29,317	183,693	8,466	25,331
Melstacorp PLC	11,574,996	686,108	673,665	11,574,996	686,108	685,240
Softlogic Holdings PLC	-	-	-	13,021,300	191,598	154,953
		1,072,908	905,932		1,264,506	1,094,753

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(29) AVAILABLE-FOR-SALE FINANCIAL ASSETS (Contd.)

(b) Measurement of Available for sale financial Assets - Group (Contd.)

	No of Shares	Cost	Fair value	No of Shares	Cost	Fair value
For the year ended 31st March 2018	**2018**	**2018**	**2018**	**2017**	**2017**	**2017**
Footwear and Textiles						
Hayleys Fabric PLC	17,119,391	201,253	213,992	22,149,122	260,382	301,228
		201,253	213,992		260,382	301,228
Hotels & Travels						
Aitken Spence Hotels Holdings PLC	4,826,890	310,812	161,701	4,826,890	310,812	169,907
		310,812	161,701		310,812	169,907
Manufacturing						
Tokyo Cement Company (Lanka) PLC	7,356,113	256,884	397,230	9,402,600	378,408	573,559
Tokyo Cement Company (Lanka) PLC - Non voting	1,188,480	45,271	54,670	550,400	18,590	29,171
		302,155	451,900		396,998	602,730
Power and Energy						
LVL Energy Fund Limited	10,312,500	82,500	102,094	-	-	-
		82,500	102,094		-	-
Telecommunication						
Dialog Axiata PLC	62,036,931	628,500	856,110	62,036,931	628,500	701,017
		628,500	856,110		628,500	701,017
Total Investment in equity securities -Quoted		7,829,881	9,517,445		7,120,882	8,161,894

For the year ended 31st March 2018	No of Shares 2018	Cost 2018	Fair value 2018	No of Shares 2017	Cost 2017	Fair value 2017
(ii) Investments in equity securities - Unquoted						
ACW Insurance (Private) Limited	449,999	1,869	-	449,999	1,869	-
Asia Pacific Golf Course Limited	10	-	-	10	-	-
Ceybank Asset Management Ltd	360,001	3,600	67,028	360,001	3,600	62,044
Equity Investment Lanka (Private) Limited	22,500	2	2	22,500	2	2
Kandy Private Hospitals Limited	1,200	18	18	1,200	18	18
Lanka Communication Services Limited	1,428,496	15,714	33,053	1,428,496	15,714	30,403
Produce Transport Limited	1	-	-	1	-	-
Riverside Resorts (Pvt) Ltd	2,600,020	2,447	2,447	2,600,020	2,447	2,447
Serendib Agro Products Limited	2,500	2	-	2,500	2	-
Total Investment in equity securities - Unquoted		23,652	102,548		23,652	94,914
(iii) Investment in equity securities - Private equity (unlisted) (Note c)						
Findmyfare (Pvt) Ltd	276,074	45,000	45,000	276,074	45,000	45,000
hSenid Business Solutions (Pvt) Ltd.	163,419	40,005	70,009	163,419	40,005	70,009
"Swiss Institute For Service Industry Development (Private) Limited - Ordinary shares *	847	16,827	-	847	16,827	16,827
Swiss Institute For Service Industry Development (Private) Limited - 10% cumulative preference shares *	1,273	25,291	-	1,273	25,291	25,291
Kashmi Singapore PTE. LTD **	417	-	-	417	10,256	10,256
LVL Energy Fund Limited	-	-	-	9,375,000	82,500	103,125
Total investment in private Equity		127,123	115,009		219,879	270,508
Total investment equity securities		7,980,656	9,735,002		7,364,413	8,527,316

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(29) AVAILABLE-FOR-SALE FINANCIAL ASSETS (Contd.)

(b) Measurement of Available for sale financial Assets - Group (Contd.)

As at 31st March 2018	No of Shares 2018	Cost 2018	Fair value 2018	No of Shares 2017	Cost 2017	Fair value 2017
(iv) Investment in debentures						
Tangerine Beach Hotels Limited - Zero Coupon	56	1	1	56	1	1
Ocean View Limited - 6%	360	4	4	360	4	4
Total investments in debentures		5	5		5	5
(v) Investment in Preference shares						
Bukit Darah PLC - 8% partcipative cumulative	-	31,875	1	1	1	1
		31,875	1		1	1
(vi) Investment in Unit Trusts						
Guardian Acuity Equity Fund	2,500,000	25,000	45,293	2,500,000	25,000	40,822
Total investment in unit trust		25,000	45,293		25,000	40,822
Total Unquoted Investments		207,655	262,856	-	268,537	406,250
Total available for sale financial assets		8,037,536	9,780,301		7,389,419	8,568,144

* During the financial year under review, a provision of Rs. 42.1 Mn was made against the entire investment in Swiss Institute for Service Industry Development (Pvt) Ltd, due to the discontinuation of operations arising from the conduct of the Managing Director / Promoter of the company. The Group's invester subsidiary and the other co-investors of the investee company have instituted action in the Colombo Magistrates Court (Case No. B 74469/1/17) against the alleged misappropriation of funds by the said Managing Director / Promoter of the investee company. The case is presently ongoing.

** During the last quarter of the financial year under review, the board of directors of Kashmi Singapore PTE Ltd informed investors that the company will be discontinuing operations due to challenges faced by the Company which made it difficult to continue operations. Accordingly during the financial year under review, the investment of Rs. 10.26 Mn in Kashmi Singapore (PTE) LTD was written off. However subsequent to the write off, the promoters have informed investors that they have received some interest in the digital banking platform the company was developing, from financial service providers in Sri Lanka and overseas. Hence they would hold off on discontinuing operations to pursue this development. The situation will be monitored to assess how the company progresses and based on this a decision will be taken as to whether the value of the investment should be revised.

(c) Valuation techniques and significant unobservable input used

The following table show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used:

Investment in Equity Securities	Valuation method / techniques	Unobservable Input	Ranges	Inter - relationship between key unobservable inputs and fair value measurement. The estimated fair value would increase if.
Private equity (unlisted)	Discounted cash flows:	Revenue CAGR	10% - 20 %	Increase
	The valuation model considers the present value of the net cash flows expected to be generated by the entities operations. The expected net cash flows are discounted using a risk - adjusted discount rate.	Discount rate	20 %	Decrease
	Exit multiple : -	*EV/EBIT - Enterprise value to earnings before interest and tax	5 - 6	Increase
	Relative valuations	*P/S - Price to sales ratio	3 - 4	Increase

(30) INVENTORIES

	Group	
As at 31st March	2018	2017
Raw materials	2,633,425	1,879,334
Work-in-progress	1,696,834	171,113
Goods in Transit	402,555	115,269
Finished goods	1,935,750	3,904,406
	6,668,564	6,070,122
Impairment provision for inventory (Note a)	(198,709)	(118,299)
	6,469,855	5,951,823

a. Impairment provision for inventory

	Group	
As at 31st March	2018	2017
Balance as at the beginning of the year	118,299	56,619
Provisions during the year	186,052	101,965
Reversals during the year	(105,642)	(40,285)
Balance as at the end of the year	198,709	118,299

Assets pledged as security

The Group has pledged inventories amounting to approximately Rs 3,986 Mn or equivalent to US$ 25,618,000 (2017: Rs. 2,953 Mn or equivalent to US$ 19,435,000) as security for bank borrowings.

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(31) TRADE AND OTHER FINANCIAL RECEIVABLES AND OTHER NON - FINANCIAL RECEIVABLES

	Group		Company	
As at 31st March	**2018**	2017	**2018**	2017
Financial Assets				
Non Current				
Other financial receivables				
Land compensation receivable (Note c)	169,966	152,396	-	-
	169,966	152,396	-	-
Current				
Trade receivables				
Trade receivables (net of provisions)	3,607,319	3,829,381	-	-
	3,607,319	3,829,381	-	-
Other financial receivables				
Other receivables	1,910,136	1,057,781	-	-
Loans given to employees	4,611	6,768	-	-
	1,914,747	1,064,549	-	-
Current trade and other financial receivables	5,522,066	4,893,930	-	-
Trade and Other financial receivables	5,692,032	5,046,326	-	-
Non Financial Assets				
Non Current				
Other non financial receivables				
Plasma receivables (Note d)	3,101,037	3,426,331	-	-
Income tax receivable	2,119,672	2,230,645	-	-
Other receivables	1,289,594	631,906	-	-
Non current trade and other non financial receivables	6,510,303	6,288,883	-	-
Current				
Other non financial receivables				
Plasma receivables (Note d)	976,350	-	-	-
Advances made on projects	596	13,679	-	-
Taxes receivable	2,566,644	1,811,035	-	-
Prepayments	3,908,851	3,715,361	1,901	645
Other non financial receivables	7,452,441	5,540,075	1,901	645
Current trade and other non financial receivables	13,962,744	11,828,957	1,901	645
Total financial & non financial receivable - Non Current	6,680,269	6,441,278	-	-
Total financial & non financial receivable - Current	12,974,507	10,434,005	1,901	645

	Group		Company	
As at 31st March	**2018**	**2017**	**2018**	**2017**
Loans and receivables				
Trade receivables	3,607,319	3,829,381	-	-
Other financial receivables - Current	1,914,747	1,064,549	-	-
Other financial receivables - Non current	169,966	152,396	-	-
Cash and Bank balances	13,457,452	15,438,003	115,258	55,428
	19,149,484	20,484,329	115,258	55,428

(a) Assets pledged as security

The Group has pledged receivables amounting to approximately Rs 2,548 Mn or equivalent to US$ 16,376,000 (2017: Rs.2,268 Mn or equivalent to US$ 14,925,000) as security for bank borrowings.

(b) Trade receivables denominated in foreign currency as follows:

	2018	2017	2018	2017
US Dollar (USD)			1,508,542	1,190,386
Malaysian Ringgit (MYR)			261,097	251,999
Indian Rupee (INR)			-	4,864
Indonesian Rupiah (IDR)			479,559	503,999
			2,249,198	1,951,248

(c) Land compensation receivable

Pegasus Hotels of Ceylon PLC (PRH)

The Government of Sri Lanka acquired approximately 1,605 perches of land owned by the subsidiary Pegasus Hotels of Ceylon PLC (PRH) under section 38 provision (a) of the Land Acquisition Act, No.28 of 1964 by gazette notification dated 14th May 2008 for the public purpose of a fisheries harbour project.

The PRH had submitted a claim of compensation for 1,251 perches of the said land (balance 353.89 perches of land was purported to be divested back as per Supreme Court order of November 2008. Refer below) on 05.01.2009. The final claim for the said 1,251 perches of land stands at Rs.563mn taking into account the market value of the property, potential economic value lost for hotel expansion and a value for nuisance that will be created for hotel operation by the said project. However, as a matter of prudence the PRH has accounted for the compensation receivable of Rs.189.5mn in the financial statements based only on the market value of the said land supported by a professional valuation conducted by Mr. K. Arthur Perera, A.M.I.V. (Sri Lanka), Valuer and Consultant.

As at the reporting date, PRH has not received any confirmation from the Divisional Secretary on the value determination of the said claim made on 1,251 Perches of land, pending the final determination of the court case. In the opinion of the lawyer's the said court case, may take another year to reach a finality. If a ruling is made at District Court within such time estimation and the ruling is accepted by the losing party then the value determination of the claim would take place henceforth. However, further two appeal options are available for both parties at Provincial Civil Appellate Court and to the Supreme Court if either party decided to contest the verdict of the District Court.

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(31) TRADE AND OTHER FINANCIAL RECEIVABLES AND OTHER NON - FINANCIAL RECEIVABLES (Contd.)

Under these circumstances, even if a valuation is determined by the Government, such value will not be disclosed till the court cases have come to a finality.

The amounts recognised in the financial statements represents the amortised cost of the compensation receivable as at the respective reporting dates, based on the assumptions which are more fully described in note 46(i). An amount of Rs.17.5mn (2017 - Rs.15.7mn) has been recognized in the Statement of Profit or Loss on account of unwinding of discount on compensation receivable.

The PRH filed a Motion in the Supreme Court to obtain an order for the divestiture of title of the balance 353.89 perches of land, as allowed for by the Supreme Court in its original order made in November 2008. However at the hearing of this Motion on 18th October 2016 Supreme Court decided that no further orders can be made by the Supreme Court. Subsequently on our inquiry from the Divisional Secretary we were informed that the said 353.89 perches of land will also be used for the fisheries harbour project and therefore no divestiture is possible.

Accordingly the Divisional Secretary called for a claim of compensation in response to which PRH submitted a claim of compensation for the compulsory acquisition of the said 353.89 perches of land on 26th October 2017. The final claim for the said 353.89 perches amounts to Rs.159mn taking into account the market value of the property, damage sustained by severance of the land from the hotel , the potential economic value lost for hotel expansion and a value for nuisance that will be created for hotel operation by the said project. However, as a matter of prudence the PRH has accounted for the compensation receivable only at Rs. 44,310/- in the financial statements based on the historical purchase cost. Based on the above the carrying value of said 353.89 perches of land amounting to Rs. 105,900,000/- has been removed from the property, plant and equipment during the current year.

With this the total compensation claim for the total land acquired of 1,605 perches will increase to Rs 722mn as of the reporting date but will be reflected in the books at Rs. 189.54mn as a matter of prudency.

(d) Plasma receivables

In accordance with the Indonesian Government's policy, oil palm plantation companies are required to develop new plantations for the local communities within and around the respective plantation. A cooperative establishment is formed to take care of the landholder's rights and obligations and this form of assistance to local communities is generally known as the "Plasma Programme".

Plasma advances represent costs incurred for plasma plantation development and advances to Plasma farmers for working capital purposes during the early maturity stage. These include bearer plants and their infrastructures, covering costs incurred for land clearing, planting, upkeep, fertilisation, mature plantation management, harvesting and other indirect expenses. The advances will be subsequently recovered through revenue generated from the Plasma plantations.

Land rights of the Plasma plantation are mortgaged and pledged security for obtaining bank loans from commercial banks in Indonesia. These land rights will be handed over to the Group upon the repayment of loan. As per management agreement signed with the Plasma Cooperative, which represents the Plasma members and the Group's subsidiary companies, these land titles can be retained by the Group as security until advances provided are paid in full through Plasma revenue.

(32) FINANCIAL ASSETS HELD FOR TRADING

Summary

As at 31st March	Group 2018	Group 2017
Investment in Equity securities		
Quoted	1,707,061	1,748,061
Unit Trusts	890,308	1,414,989
Total financial assets held for trading	2,597,369	3,163,050

Movement in fair value through profit or loss financial assets - Group

For the year ended 31st March 2018	Fair Value as at 1st April 2017	Additions	Disposals	Effect of currency translation	Fair Value Adjustments	Fair Value as at 31st March 2018
Quoted	1,748,062	380,245	(374,222)	7,414	(54,438)	1,707,061
Unit Trusts	1,414,988	2,795,278	(3,342,099)	609	21,532	890,308
Total Investment in equity securities	3,163,050	3,175,523	(3,716,321)	8,023	(32,906)	2,597,369

For the year ended 31st March 2017	Fair Value as at 1st April 2016	Additions	Disposals	Effect of currency translation	Fair Value Adjustments	Fair Value as at 31st March 2017
Quoted	1,742,083	712,552	(668,938)	12,640	(50,275)	1,748,062
Unit Trusts	1,127,189	1,989,608	(1,705,731)	778	3,144	1,414,988
Total Investment in equity securities	2,869,272	2,702,160	(2,374,669)	13,418	(47,131)	3,163,050

Fair value of quoted investments are based on the closing traded prices published by the Colombo Stock Exchange as at 29th March. The fair value of investments in unit trust are based on net asset valuation published by the custodian bank and the management company as at 31st March.

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(32) FINANCIAL ASSETS HELD FOR TRADING (Contd.)

	Group			
	No. of Shares	Fair Value	No. of Shares	Fair Value
As at 31st March	2018	2018	2017	2017
(i) Investment in equity securities - Quoted				
Banks, Finance and Insurance				
Central Finance Company PLC	125,240	11,588	125,240	12,520
Ceylinco Insurance PLC	28,000	23,160	28,000	20,433
Commercial Bank of Ceylon PLC	589,759	80,152	510,299	68,758
DFCC Bank PLC	-	-	297,315	33,894
Hatton National Bank PLC	720,330	177,051	629,593	141,803
Hatton National Bank PLC - Non Voting	731,212	136,298	620,903	114,867
Janashakthi Insurance Compay PLC	-	-	1,350,000	20,385
National Development Bank PLC	53,039	7,059	409,189	58,300
People's Insurance PLC	-	-	57,462	1,091
People's Leasing & Finance PLC	2,732,265	44,902	866,890	14,686
Sampath Bank PLC	44,307	14,022	75,275	19,595
Seylan Bank PLC	1,449,855	125,970	843,461	73,530
Seylan Bank PLC - Non Voting	412,274	22,716	591,755	32,369
Singer Finance (Lanka) PLC	-	-	500,000	8,550
Union Bank of Colombo PLC	3,156,620	40,405	3,156,620	44,824
		683,323		665,605
Beverage, Food & Tobacco				
Cargills (Ceylon) PLC	165,846	33,234	103,800	20,172
Ceylon Cold Stores PLC	880	836	880	714
Distilleries Company of Sri Lanka PLC	541,243	4,011	-	-
		38,081		20,886

	Group			
	No. of Shares	Fair Value	No. of Shares	Fair Value
As at 31st March	2018	2018	2017	2017
Construction and Engineering				
MTD Walkers PLC	-	-	670,617	24,145
Access Engineering PLC	3,009,609	61,697	3,009,609	71,629
		61,697		95,774
Chemicals & Pharmaceuticals				
Union Chemicals Lanka PLC	200	84	200	110
		84		110
Diversified Holdings				
Aitken Spence PLC	980,218	50,426	980,218	56,844
Expolanka Holdings PLC	4,513,348	22,628	6,613,348	40,347
Hemas Holdings PLC	109,027	13,618	215,015	22,234
Hayleys PLC	30,000	7,248	30,000	8,097
John Keells Holdings PLC	842,473	133,636	852,473	118,167
Melstacorp PLC	2,267,404	132,600	1,937,404	114,730
Richard Pieris PLC	-	-	150,000	1,200
Softlogic Holdings PLC	469,964	5,889	8,722,930	104,318
		366,045		465,937
Footware and Textile				
Hayleys MGT Knitting Mills PLC	817,132	11,058	986,132	14,787
		11,058		14,787
Health Care				
The Lanka Hospitals Corperation PLC	798,000	47,880	798,000	49,077
		47,880		49,077
Hotels and Travels				
Aitken Spence Hotel Holdings PLC	1,011,148	33,148	976,693	35,835
Serendib Hotels PLC Non Voting	730,696	10,960	730,696	14,614
		44,108		50,449
Land & Property				
Overseas Reality (Ceylon) PLC	700,000	12,670	700,000	14,140
	-	12,670		14,140

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(32) FINANCIAL ASSETS HELD FOR TRADING (Contd.)

	Group			
	No. of Shares	Fair Value	No. of Shares	Fair Value
As at 31st March	**2018**	**2018**	**2017**	**2017**
Manufacturing				
ACL Cables PLC	-	-	725,842	39,558
Alumex PLC	1,722,489	29,719	2,660,000	51,017
Chevron Lanka Lubricants PLC	841,565	90,411	354,746	60,307
Kelani Tyres PLC	516,748	25,424	516,748	28,421
Swisstek (Celyon) PLC	390,000	23,498	240,000	15,744
Tokyo Cement Company (Lanka) PLC	757,687	44,662	631,407	38,049
Tokyo Cement Company (Lanka) PLC - Non voting	858,000	39,468	715,000	37,895
		253,182		270,991
Power & Energy				
Lanka IOC PLC	540,800	16,278	640,800	18,583
Laughfs GAS PLC	85,800	2,021	100,000	3,329
LVL Energy Fund Limited	1,257,100	12,445	-	-
		30,744		21,912
Telecommunications				
Dialog Axiata PLC	11,555,128	158,189	7,055,128	78,393
		158,189		78,393
Total investment in equity securities - Quoted		1,707,061	-	1,748,061

	No. of Shares	Fair Value	No. of Shares	Fair Value
As at 31st March	**2018**	**2018**	**2017**	**2017**
(ii) Investment In Unit Trusts - Unquoted				
Guardian Acquity Fixed Income Fund	34,454,677	542,072	50,868,532	716,164
Guardian Acquity Money Market Fund	7,482,075	117,768	-	-
Guardian Acuity Money Market GILT Fund	1,811,207	230,468	5,996,715	698,825
Mutual fund - India	-	-	-	-
		890,308		1,414,989
Total financial assets held for trading		2,597,369		3,163,050

Fair value of investment in unit trust is based on the unit price published by the Investment Managers as at 31st March.

(33) DERIVATIVE FINANCIAL INSTRUMENT

As at 31st March	Contract / Notional amount 2018	Asset 2018	Liability 2018	Contract / Notional amount 2017	Asset 2017	Liability 2017
Foreign exchange forward contracts	4,956,016	103,756	10,916	1,300,426	14,237	-
	4,956,016	103,756	10,916	1,300,426	14,237	-

The Group entered into foreign exchange forward contracts with the intention to reduce the foreign exchange risk of expected sales and purchases. These contracts are not designated in hedge relationships and are measured at fair value through profit and loss. No unrealised fair value change (2017: Nil) in respect of these contracts were recognised in the profit or loss since the Group has not adopted hedge accounting as of 31st March 2018.

(34) CASH AND CASH EQUIVALENTS

	Group		Company	
As at 31st March	**2018**	2017	**2018**	2017
Deposits				
F.C.B.U. deposits	41,594	110,800	-	-
Call deposits	554,177	10,829,543	31,823	43,246
Fixed deposits and Savings	9,351,251	776,612	62	62
Short - term deposits	9,947,022	11,716,955	31,885	43,308
Cash in hand and at bank	3,510,430	3,721,048	83,373	12,120
	13,457,452	15,438,003	115,258	55,428

(a) Cash and cash equivalents denominated in foreign currencies as at 31st March are as follows:

	Group	
As at 31st March	**2018**	2017
US Dollars (USD)	1,724,049	2,823,542
Sterling Pound (GBP)	-	1,216
Euro	-	12,443
Indonesian Rupiah (IDR)	637,493	2,758,619
Malaysian Ringgit (MYR)	110,787	106,849
Indian Rupee (INR)	30,653	161,564
	2,502,982	5,864,233

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(34) CASH AND CASH EQUIVALENTS (Contd.)

Certain bank accounts of the Group have been pledged as security for bank borrowings. As at 31st March 2018, these accounts have a total amount of Rs. 1,825 Mn or equivalent to US$ 11,730,000 (2017: Rs.619 Mn or equivalent to US$ 4,073,000). There are no legal and contractual restrictions on the use of the pledged bank accounts.

Plantation sector cash management

Short-term deposits earn interest at floating rates based on daily bank deposit rates and are made for varying periods from one day to a week, depending on the immediate cash requirements of the Group. For the financial year ended 31 March 2018, interest earned range from 3% to 3.8% per annum (2017: 3.0% to 6.0% per annum) for Indonesian Rupiah short-term deposits and 7.0% to 9.5% per annum (2017: 8.0% to 9.4%) for Re Purchase Agreements (REPO's) placed in Sri Lanka. The interest earned in the current year for US Dollar short-term deposits was 0.6% to 1.1% per annum (2017: 0.4% per annum). However, there was no interest earned for Malaysian Ringgit short-term deposits (2017: nil) as no funds were placed in these short-term deposits.

Oil and Fats cash management

Certain deposits that are kept with banks are used as lien against the bank guarantees. The maturity of these deposits ranged from a period of a week to three months. For Malaysian Ringgit deposits, interest earned ranged from 3.2% to 3.6% per annum (2017: 2.95% to 3.00% per annum). Any excess cash is further utilised to reduce the overdraft interest incurred.

Portfolio and Assets Management and Beverage sectors cash management

Short-term deposits earn interest at floating rates based on daily bank deposit rates and are made for varying periods between one day to three months, depending on the immediate cash requirements of the sector. In 2018, interest earned ranges from 10% - 12% per annum (2017: 7.80% - 13.30% per annum)

(b) For the purpose of the consolidated cash flow statement, cash equivalent comprise the following:

	Group		Company	
As at 31st March	**2018**	2017	**2018**	2017
Short - term deposits	9,947,022	11,716,955	31,885	43,308
Cash-in-hand and at bank	3,510,430	3,721,048	83,373	12,120
	13,457,452	15,438,003	115,258	55,428
Short - term borrowings	(12,387,805)	(17,374,869)	-	-
Bank overdrafts	(1,651,827)	(5,819,458)	-	-
	(582,180)	(7,756,324)	115,258	55,428

(35) ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE AND DISCONTINUED OPERATION

i. Assets Held for Sale

During the previous financial year, non-current assets of Arani Agro Oil Industries (Pvt) Ltd, were classified as held for sale as the management intends to recover the carrying amount principally through a sale transaction rather than through continuing use.

As at 31 March 2018, the assets related to Arani Agro Oil Industries (Pvt) Ltd (AAOIL) have been presented in the balance sheet as "Assets held for sale".

(a) Movement of assets held for sale

For the year ended 31st March	2018	2017
Opening balance as at 1st April	647,447	3,051,117
Addition during the year		1,385,396
Assets sold during the year	-	(3,051,117)
Impairment during the year (Note i)	-	(737,949)
Exchange translation difference	13,378	-
Closing Balance as at 31st March	660,825	647,447
(i) Analysis of impairment		
Charged to the income statement	-	259,404
Charged to the retained earning	-	478,545
	-	737,949

The information relating to assets and liabilities of the disposal group that were classified as held for sale are stated below

As at 31st March	2018	2017
Assets		
Property, plant & equipment	660,825	647,447
	660,825	647,447
Liabilities		
Employee benefits	-	-
Deferred tax liabilities	-	-
Net assets directly associated with disposal group	660,825	647,447

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(35) ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE AND DISCONTINUED OPERATION (Contd.)

(ii) Discontinued operations

Following the classification of assets of Arani Agro Oil Industries (Pvt) Ltd as held for sale in FY 2017, the operational results of Arani also has been classified and reported as Discontinued Operations for both current and previous financial year.

The Plantation assets of the Good Hope PLC, Selinsing PLC, Shalimar (Malay) PLC, Indo-Malay PLC and PT Agro Bukit - South Kalimantan were disposed during the previous financial year. Consequently, the plantation operation and the corresponding operating results up to the point of disposal together with the profit on disposal of the plantation assets have been classified and reported as Discontinued Operations.

(a) Profit for the year from discontinued operations

For the year ended 31st March	2018	2017
Revenue	-	2,585,925
Direct operating expenses	-	(2,274,372)
	-	311,553
Other items of income		
Other income	-	52,165
Other items of expenses		
Distribution expenses	-	(52,612)
Administrative expenses	(73,304)	(265,599)
Impairment of business assets	-	(259,404)
Foreign exchange (losses) /gains	-	(65,054)
Loss from operations	(73,304)	(278,951)
Net finance cost	173,711	(298,482)
Profit / (loss) before Income tax expenses	100,407	(577,433)
Income tax expenses		
Current taxation	-	(60,031)
Deferred taxation	-	282,386
	-	222,355
Profit / (loss) from discontinued operations, net of tax	100,407	(355,078)
Profits from disposal of Plantation Assets	-	6,225,874
Transfer from Translation Reserve on discontinued overseas branch operation	-	(1,470,256)
Net impact from discontinued operations, net of tax	100,407	4,400,540

(c) The net cash flows from discontinued operations

For the year ended 31st March	2018	2017
Net cash outflow from Operating Activities	(111,410)	(818,162)
Net cash inflow from Investing Activities	5,602	19,909,930
Net cash inflow /(outflow) from Financing Activities	2,555,263	(365,080)
Net cash inflows	2,449,455	18,726,688

(36) STATED CAPITAL

	Group/ Company			
	No of shares		Stated capital	
As at 31st March	2018	2017	2018	2017
Ordinary shares				
At the beginning / end of the year	102,000,000	102,000,000	371,880	371,880
	102,000,000	102,000,000	371,880	371,880
Preference shares				
At the beginning / end of the year	1,839,568	1,839,568	40,755	40,755
	1,839,568	1,839,568	40,755	40,755
Stated Capital			412,635	412,635

(a) The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings of the Company. All ordinary shares rank equally with regard to the right to the Company's net assets at the point of distribution.

(b) The holders of the "Eight Percent (8%) Participating Cumulative Preference Shares" are entitled to 8 votes per share at a poll and eight percent (8%) cumulative preference dividend. In addition, they are entitled to the right to participate with the ordinary shares in the surplus in excess of 0.625% of the dividend on ordinary shares but at eight (8) times the rate of dividend in the ordinary shares in excess of 0.625% of the dividend on such shares. These preference shares are not entitled to participate in the surplus assets in a winding up.

(37) CAPITAL RESERVE

	Group		Company	
As at 31st March	2018	2017	2018	2017
Represented by				
Capital Redemption reserve	40,000	40,000	40,000	40,000
Other capital reserves (a)	2,411,129	2,655,839	-	-
	2,451,129	2,695,839	40,000	40,000

(a) Other capital reserves

This reserve mainly consist of revaluation reserve which represents the revaluation surplus of immovable assets.

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(38) REVENUE RESERVES (Contd.)

As at 31st March	Group 2018	Group 2017	Company 2018	Company 2017
Represented by				
Currency translation reserve (Note a)	(5,447,088)	(5,237,843)	-	-
Revenue reserve	38,778	38,628	-	-
Available-for-sale financial assets reserves (Note b)	689,959	508,753	-	-
Retained earning	23,238,886	22,116,699	6,670,451	6,666,151
	18,520,535	17,426,236	6,670,451	6,666,151

(a) Currency translation reserve

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Available-for-sale financial assets reserve

This consists of net unrealised gain/(loss) arising from change in the fair value of available for sale financial assets and excluding cumulative impairments losses incurred as at the reporting date.

(39) INVESTMENT THROUGH SUBSIDIARY

		Group			
	No of shares	Cost	Market Value	Cost	Market Value
As at 31st March		2018	2018	2017	2017
Bukit Darah PLC	26,710,158	10,688	5,504,964	10,688	6,949,983
		10,688	5,504,964	10,688	6,949,983

The details of Investment through Subsidiary is as follows;

	No of shares	Percentage of ownership
Rubber Investment Trust Limited *	20,438,250	20.04%
Carson Cumberbatch PLC*	6,271,908	6.15%
	26,710,158	26.19%

* Not eligible to vote at a General Meeting of the Company as per Section 72 of Companies Act No 07 of 2007.

(40) INTEREST BEARING BORROWINGS

	Sector	Currency	Note (iv)	Weighted average	Group	
As at 31st March					2018	2017
(a) Bank loans and borrowings						
Long term bank borrowings - amount due within one year						
Secured	Oil palm plantation	USD	A	LIBOR + Fixed Margin p.a.	8,276,807	9,374,135
Secured	Oils and Fats-Malaysia	MYR	B	COF + Fixed Margin p.a.	403,342	523,910
Secured	Oils and Fats-India	INR	C	LIBOR + Fixed Margin p.a.	660,827	-
Unsecured	Beverage	USD		3 Months LIBOR + 3.17%	-	194,377
Unsecured	Beverage	LKR		AWPLR(Monthly Review) +1.50%	333,600	333,600
Unsecured	Beverage	LKR		AWPLR(Monthly Review) +1.25%	200,000	235,736
Unsecured	Beverage	LKR		Fixed 9.5% reviewed semi annually	-	200,000
Unsecured	Beverage	LKR		Fixed 7.75%	200,040	200,000
Unsecured	Beverage	LKR		AWPLR(Monthly Review) +0.50%	200,000	200,000
Unsecured	Beverage	LKR		AWPLR + 1.25%	31,266	30,000
Unsecured	Beverage	LKR		AWPLR + 1%	93,300	99,600
Unsecured	Beverage	LKR		AWPLR(Weekly Review) + 1.5%	712,800	60,000
Secured	Leisure	LKR		AWPLR + 1.25%	5,047	-
					11,117,029	11,451,358
(b) Finance lease payables			H		25,205	64,514
					11,142,235	11,515,872

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(40) INTEREST BEARING BORROWINGS (Contd.)

	Sector	Currency	Note (iv)	Weighted average	Group	
As at 31st March					2018	2017
(c.) Short term Bank borrowings Working capital facilities						
Secured	Oil palm plantation	USD		LIBOR + Fixed Margin p.a.	-	19,303
Secured	Oil palm plantation	IDR		BLR – Fixed Margin	-	907,532
Revolving credit facility						
Secured	Oil palm plantation	USD		LIBOR + Fixed Margin p.a.	-	3,039,800
Bankers' acceptance						
Secured	Oils and Fats	MYR	B	COF + Fixed Margin p.a.	4,708,961	4,458,627
Bill discounting						
Secured	Oils and Fats	MYR	B	COF + Fixed Margin p.a.	92,893	-
Buyers' credit						
Secured	Oils and Fats	USD	D	LIBOR + margin p.a	-	-
Short term loan						
Secured	Oils and Fats	USD	F	LIBOR + Fixed Margin p.a.	1,011,400	1,747,885
Unsecured	Beverage & Investment Holdings	LKR		11.25% to 12.10%	6,572,473	7,201,722
Unsecured	Management Services			12.5% p.a.	2,078	-
Bank overdrafts facility					1,651,827	5,819,458
Loan Interest provision					749,663	1,089,764
Total Short term Bank borrowings					14,789,295	24,284,091
Total loan payable within the year					25,931,530	35,799,962

As at 31st March	Sector	Currency	Maturity	Note	Weighted average	Group 2018	Group 2017
(ii) Non- Current							
(a) Bank loans and borrowings							
Long term bank borrowings - amount due after one year							
Secured	Oil palm plantation	USD	2021	A	LIBOR + Fixed Margin p.a.	29,564,493	24,313,840
Secured	Oils and Fats	MYR	2021	B	COF + Fixed Margin p.a.	3,988,604	3,218,084
Secured	Oils and Fats-India	INR	2021	C	LIBOR + Fixed Margin p.a.	1,895,954	-
Unsecured	Beverage	LKR	2020		AWPLR(Monthly Review) +1.50%	305,000	638,600
Unsecured	Beverage	LKR	2021		AWPLR(Monthly Review) +1.25%	400,000	597,477
Unsecured	Beverage	LKR	2019		Fixed 7.75%	99,820	299,900
Secured	Leisure	LKR	2023		AWPLR +2.5%	26,503	6,500
Unsecured	Beverage	LKR	2020		AWPLR(Monthly Review) +0.50%	299,999	499,999
Unsecured	Beverage	LKR	2022		AWPLR + 1.25%	85,000	115,000
Unsecured	Beverage	LKR	2022		AWPLR(Weekly Review) + 1.5%	2,209,800	2,940,000
Unsecured	Beverage	LKR	2018		AWPLR + 1%	-	93,300
Unsecured	Beverage	LKR	2027			1,500,000	-
						40,375,174	32,722,701
(b) Finance lease payables				H		20,885	619
Total Long term bank borrowings - amount due after one year						40,396,059	32,723,320
Total loans and Borrowings						66,327,589	68,523,282

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(40) INTEREST BEARING BORROWINGS (Contd.)

	Group	
As at 31st March	2018	2017
(iii) Long term Bank Borrowings		
Movement in Long - Term Borrowings		
Balance as at the beginning of the year	44,174,058	52,599,537
Cash Movement		
Obtained during the year	1,576,409	151,550
Re - payments during the year	(1,628,334)	(10,402,835)
Non cash Movement		
Conversion of overdraft and short term loan in to term loans	5,585,252	-
Impact on exchange rate changes on conversion	1,892,684	2,157,338
Unamortized transaction cost	(107,866)	(331,532)
	51,492,203	44,174,058
Amounts falling due within one year	(11,117,029)	(11,451,358)
Amounts falling due after one year	40,375,174	32,722,700

Term Loan denominated in foreign currencies as at 31st March are as follows

	Group	
For the year ended 31st March	2018	2017
Malaysian Ringgit (MYR)	9,200,616	8,425,047
US Dollar (USD)	38,852,700	38,689,340
Indian Rupee (INR)	2,556,781	3,426,535
	50,610,097	50,540,922

LIBOR-London Inter Bank Offered Rate, COF - Cost of Funds, BLR - Bank Lending Rate, BR-Base Rate, AWPLR-Average Weighted Prime Lending Rate

(iv) Details of borrowings

A. USD 400 M Syndicate Facility – Oil Palm Plantations

1 On 4 November 2013, Goodhope Asia Holdings Ltd. ("GAHL") together with its subsidiary plantation companies secured a USD 400Mn Syndicate Facility from a consortium of bankers to refinance the existing senior debt portfolio and to raise new financing to support the development plans for the Group's Oil Palm Plantation segment.

2 'GAHL executed the amended Facility Agreement on 01st November 2017 whereby the repayment terms of the facility were amended. As per the amended Facility Agreement, repayment of the loan instalment will commence from March 2019 and the facility will mature in March 2021. GAHL is required to repay USD 53 Mn by March 2019. Since March 2018 it has already settled USD 9.3 Mn. The management is currently evaluating alternative funding options for the settlement of the balance loan installment of USD 44 Mn. In the event, the other alternative funding sources do not materialize to reduce the total outstanding to USD 190 Mn; as per the loan agreement, GAHL is required to dispose of certain earmarked Indonesian plantation assets (which are under development) in order to repay the balance sum by 31st March, 2019.

3 The term loan facility will mature in March 2021.

4 The GAHL's plantation property, certain plant and equipment other than leased assets and certain bank accounts have been pledged as security for the above loan facilities. GAHL has also provided a Corporate Guarantee on a joint and several basis with the other Guarantors.

B. Term Loan Facility - Edible Oils and Fats - Malaysia

1 The MYR 140Mn Term Loan facility provided to the Edible Oils and Fats segment was amended and executed in March 2018.

2 Under the amended Term Loan Facility MYR 5Mn is payable bi-annually commencing September 2018 with final repayment due in March 2021.

3 The security is cross-collateralized and shared on a pari-passu basis with the MYR 145Mn Trade facility. The facility is also secured by all fixed and current assets of the Borrowers along with Corporate Guarantees from the GAHL and the Borrowers.

C. Term Loan Facility - Edible Oils and Fats - India

The facility was amended and executed in March 2018. The repayment date is 31 March 2021. These facilities are secured over movable property, plant and equipment together with stocks and trade receivables of the Borrower and a Corporate Guarantee from the GAHL.

D. Trade Facility – Edible Oils and Fats - Malaysia

These are working capital facilities and are secured by respective Borrowers' stocks and trade receivables and a Corporate Guarantee from the Company.

E. Overdraft Facility – Sri Lanka

Two overdraft facilities were obtained for two subsidiaries of GAHL for LKR 25Mn and LKR 15Mn respectively. These facilities are subject to annual review / renewal by the bank. A Letter of Awareness from the Company has been provided as security for the facilities.

F. Revolving Short Term Loan Facility - Oil Palm Plantations

The facility was enhanced to USD 25Mn in February 2018 and three subsidiary plantation companies of GAHL have been included as Borrowers to the facility. A Corporate Guarantee has been provided by the GAHL as security. The facility is renewable annually.

G. Revolving Trade Finance Facility - Oil Palm Plantations

USD 10Mn Revolving Facility was obtained for four plantation subsidiaries of GAHL as co-Borrowers. Fiducia over certain Inventory along with a Corporate Guarantee from the GAHL have been provided as security. This facility has not been utilised as at 31 March 2018.

H. Lease - Oil Palm Plantations

Lease obligations are secured by a charge over the leased assets and are denominated in Indonesian Rupiah of the relevant entities in the Group.

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(40) INTEREST BEARING BORROWINGS (Contd.)

Effective interest rates

The effective interest rates per annum of the Group's USDollar loans and borrowings as at the balance sheet date are as follows:

	2018	2017
Obligations under finance leases	13.36%	13.52%
Short-term loans	5.42%	6.31%
Long-term bank loans	4.90%	4.75%

(v) Obligations under finance leases and hire purchases

The outstanding minimum lease payments and scheduled maturity dates are as follows:

	Group	
As at 31st March	2018	2017
Analysis of finance obligation by year of re-payment		
Minimum lease payments:		
Due within one year	30,186	69,225
Due within two years	22,751	619
Future lease payments	52,937	69,844
Less: Future finance charges	(6,846)	(4,712)
Present value of minimum lease payable	46,091	65,133
Less: Current portion of obligations due under finance lease	(25,205)	(64,514)
	20,885	619

The Group had entered into finance lease agreements for motor vehicles and heavy vehicles with finance lease terms of 3 to 5 years (2017: 3 to 5 years). These finance lease purchase obligations are subject to effective interest rates of 13.36% (2017: 13.52%) per annum.

(41) DEBENTURES

As at 31st March	Group 2018	Group 2017
Balance as at the beginning of the year	3,798,200	4,597,600
Debentures redeemed	(799,400)	(799,400)
Balance as at the end of the year	2,998,800	3,798,200
Interest payable	111,782	138,532
Balance as at the end of the year with interest	3,110,582	3,936,732

The Lion Brewery (Ceylon) PLC issued 3,000,000 Rated Unsecured Redeemable Debentures at the face value of Rs. 1,000/- each to raise Rs. 3,000,000,000/- on 17th June 2013. The interest is paid on 30th June, 30th September, 31st December and 31st March for a period of 5 years.

The Lion Brewery (Ceylon) PLC further issued 20,000,000 rated Unsecured Redeemable Debentures (Category 3 - Type I) at a face value of Rs. 100/- each to raise Rs. 2,000,000,000/- on 8th December 2014. The interest is paid on 30th September and 31st March for a period of 5 years.

The categories of Debentures and its proportion of the different types of debentures in each category are as follows.

As at 31st March	Group 2018	Group 2017
Category 01 Debentures - Floating Rate (Note 41.1)	201,200	402,400
Category 02 & 03 Debentures - Fixed Rate (Note41.2)	2,797,600	3,395,800
Total	2,998,800	3,798,200

41.1 Category 01 Debentures - Floating Rate

Types in Category 01 Debentures	Amount Rs. 000	Proportion (From and out of the Category 01 Debentures issued)	Interest Rate (per annum) payable quarterly	Redemption From the Date of Allotment
Category 01 - Type E	201,200	50%	AWPLR + 1.10%	60 Months (5 Years)
Total	201,200			

Category 01 - Type D debentures amounting to Rs.201.2 Mn were redeemed on June 16, 2017.

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(41) DEBENTURES (Contd.)

41.2 Category 02 & Category 03 Debentures - Fixed Rate

"Types in Category 2&3 Debentures"	Amount Rs. 000	Proportion (From and out of the Category 02 Debentures issued)	Interest Rate (per annum) payable quarterly	AER (per annum)	Redemption From the Date of Allotment
Category 02 - Type H	797,600	50%	14.00%	14.75%	60 Months (5 Years)
Category 03 - Type I	2,000,000	N/A	7.85%	8.00%	60 Months (5 Years)
Total	2,797,600				

Category 02 - Type G debentures amounting to Rs.598.2 Mn were redeemed on June 16, 2017.

41.3 Composition of Debentures and Interest Repayment

	Group	
As at 31st March	2018	2017
Classified under Non Current Liabilities		
Debentures falling due after one year	2,000,000	2,998,800
Total	2,000,000	2,998,800
Classified under Current Liabilities		
Debentures falling due within one year	998,800	799,400
Debenture interest payable	111,782	138,532
Total	1,110,582	937,932
Total	3,110,582	3,936,732

41.4 Interest paid on Debentures

During the year the Lion Brewery (Ceylon) PLC has charged Rs 311 Mn. (2017 - Rs. 420 Mn) as debenture interest on both at fixed rates and floating rates and out of which Rs. 111 Mn. (2017 - Rs. 139 Mn.) was payable as at the reporting date.

41.5 No security has been pledged against the debentures

(42) TRADE AND OTHER FINANCIAL PAYABLES AND OTHER NON-FINANCIAL LIABILITIES

	Group		Company	
As at 31st March	**2018**	**2017**	**2018**	**2017**
Financial				
Non Current				
Rental and telephone deposits (Note 42 a)	87,695	77,607	-	-
	87,695	77,607	-	-
Current				
Trade payables				
Trade payables	3,729,543	2,730,405	-	-
	3,729,543	2,730,405	-	-
Other financial payables				
Customer deposits (Note 42 b)	1,164,261	1,009,357	-	-
Taxes payable	2,042,803	1,271,257	-	-
Accrued expenses	4,904,419	4,735,836	4,856	6,240
Other creditors	7,326,156	7,415,215	128,114	69,929
Total other financial payables	15,437,639	14,431,665	132,970	76,169
Total trade and other financial payables	19,254,877	17,239,677	132,970	76,169
Non Financial				
Non Current				
Other non financial liabilities				
Employee benefits (Note 43)	1,462,835	1,144,164	-	-
Total other non financial liabilities	1,462,835	1,144,164	-	-
Total trade and other payable - Non Current	1,550,530	1,221,771	-	-
Total trade and other payable - Current	19,167,182	17,162,070	132,970	76,169
Total financial liabilities				
Trade and other financial - current payables	19,167,182	17,162,070	132,970	76,169
Other financial payables - non-current	87,695	77,607	-	-
Loans and borrowings (Note 40)	66,327,589	68,523,282	-	-
Debenture (Note 41)	3,110,582	3,936,732	-	-
Total financial liabilities carried at amortised cost	88,693,048	89,699,691	132,970	76,169

Term and condition of the above current Financial liabilities:

- Trade payables are non - interest bearing and are normally settled in 60 to 90 day terms.

- Other payables are non - interest bearing and have an average term of six months.

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(42) TRADE AND OTHER FINANCIAL PAYABLES AND OTHER NON-FINANCIAL LIABILITIES (Contd.)

(a) Rental Deposits

	Group	
As at 31st March	2018	2017
Balance as at the beginning of the year	77,607	63,559
Receipts during the year	16,731	14,328
Transferred to deferred revenue	(12,454)	(1,821)
Refunds during the year	(1,573)	(4,059)
Unwinding of interest on refundable deposits	7,384	5,600
Balance as at the end of the year	87,695	77,607

The above rental and telephone deposits are re-payable on termination of the tenancy agreements in the real estate sector.

(b) Customer Deposits

	Group	
As at 31st March	2018	2017
Balance as at the beginning of the year	1,009,357	987,168
Receipts during the year	209,362	22,189
Refunds made during the year	(54,458)	-
Balance as at the end of the year	1,164,261	1,009,357

Customer deposits are taken as security against the containers with the agents in the beverage sector.

(c) Trade payable denominated in foreign currencies are as follows

	Group	
As at 31st March	2018	2017
Currency		
US Dollar (USD)	461,666	956,929
Malaysian Ringgit (MYR)	626,134	959,665
Indonesian Rupiah (IDR)	3,036,845	1,412,139
	4,124,645	3,328,733

(d) An order has been made for the enforcement of an ex-parte judgment (in default of appearance) issued against Carson Cumberbatch PLC by an overseas Court for a sum of Sterling Pounds 271,323.38 plus costs, in an action filed by a former consultant of the subsidiary. The subsidiary appealed against the said enforcement order in the High Court of Civil Appeals and the said court delivered judgment against the subsidiary. The subsidiary has filed a leave to appeal application in the Supreme Court which application is still pending.

(43) EMPLOYEE BENEFITS

	Group	
As at 31st March	2018	2017
The amounts recognized in the profit or loss are as follows:		
Current service cost	212,598	457,879
Interest cost	92,059	87,058
Past service costs	52,048	(21,386)
Curtailment gain/loss	(56,384)	(63,846)
Total employee benefit expense	300,321	459,705
The details of employee benefit liability as at 31st March 2018 and 2016 are as follows:		
Present value of unfunded obligations	1,462,835	1,144,164
	1,462,835	1,144,164
The movement in the liabilities recognized in the Statement of Financial Position is as follows:		
Balance as at the beginning of the year	1,144,164	1,079,813
Provision for the year	300,321	459,705
Payments made during the year	(106,143)	(387,951)
Gain/(loss) on employee benefits recognized in other comprehensive income	138,092	(34,045)
Termination Cost	(2,180)	(464)
Attributable to discontinued operations	-	(14,334)
Impact on exchange rate changes on conversions	(11,419)	41,440
Balance as at the end of the year	1,462,835	1,144,164

(a) Accounting judgements, estimates and assumptions

Employee benefit liability

The employee benefit liability of the Group is based on the actuarial valuation carried out by Independent actuarial specialists. The actuarial valuations involve making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date."

The actuarial valuation was made using the following assumption:

	Sri Lanka	Indonesia
Discount rate	10.5% - 12.5% per annum	7.47% per annum
Future salary increment rate	12.5% - 5% per annum	8% per annum
Mortality rate	A 67/70 Mortality Table issued by the Institute of Actuaries, London	Indonesian Table of Mortality year 2011
Disability rate		10% of mortality rate
Resignation rate	5% per annum for age up to 49 and thereafter zero.	3% per annum from age 20 and reducing linearly to 1% per annum at age 45 and thereafter 100% at normal retirement
Retirement age	55 years	55 years

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(43) EMPLOYEE BENEFITS (Contd.)

(b) Sensitivity analysis on the key assumptions used in actuarial valuation is as follows:

	Discount Rate		Future Salary Increments	
	1% Increase	1% Decrease	1% Increase	1% Decrease
2018				
Consolidated Statement of Financial Position				
Retirement benefit obligations				
Sri Lankan Subsidiaries	(23,675)	995	924	(23,848)
Overseas Subsidiaries	(108,879)	128,354	126,207	(109,185)
Consolidated Statement of Comprehensive Income				
Re-measurement gain/(loss) on retirement benefit obligations				
Sri Lankan Subsidiaries	23,675	(995)	(924)	23,848
Overseas Subsidiaries	108,879	(128,354)	(126,207)	109,185

	Discount Rate		Future Salary Increments	
	1% Increase	1% Decrease	1% Increase	1% Decrease
2017				
Consolidated Statement of Financial Position				
Retirement benefit obligations				
Sri Lankan Subsidiaries	(6,504)	6,943	6,877	(6,567)
Overseas Subsidiaries	(95,906)	112,625	111,561	(96,666)
Consolidated Statement of Comprehensive Income				
Re-measurement gain/(loss) on retirement benefit obligations				
Sri Lankan Subsidiaries	6,504	(6,943)	(6,877)	6,567
Overseas Subsidiaries	95,906	(112,625)	(111,561)	96,666

(44) NET ASSETS PER SHARE

Company and Group net assets per share calculation is as follows.

	Group		Company	
As at 31st March	**2018**	**2017**	**2018**	**2017**
Total Equity	54,156,061	51,509,712	7,123,086	7,118,786
Less				
Outstanding preference share capital	(40,755)	(40,755)	(40,755)	(40,755)
Non -controlling interest	(32,771,762)	(30,975,002)	-	-
Total equity attributable to owners of the Company	21,343,544	20,493,955	7,082,331	7,078,031
Number of ordinary shares used as the denominator				
Ordinary shares in issue (Nos.)	102,000,000	102,000,000	102,000,000	102,000,000
Net Assets per Share (Rs.)	209.25	200.92	69.43	69.39

(45) FAIR VALUE OF FINANCIAL INSTRUMENTS

(a)

(i) Classes of financial instruments that are not carried at fair value and of which carrying amounts are a reasonable approximation of fair value are current portion of trade and other receivables (Note 31), cash and cash equivalents (Note 34), trade and other payables (Note 42) and loans and borrowings (Note 40). The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

(a) Fair value of assets and liabilities that are carried at fair value

The following table shows an analysis of assets and liabilities carried at fair value by level of fair value hierarchy:

	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable (Level 3)	Total
As at 31st March				
2018				
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets	9,517,445	-	262,856	9,780,301
Financial assets held for trading	1,707,061	-	890,308	2,597,369
Derivative financial instrument	-	103,756	-	103,756
As at 31 March 2018	11,224,506	103,756	1,153,164	12,481,426
Non -financial assets:				
Biological assets			1,724,203	1,724,203
Assets held for sale	-	-	660,825	660,825
Investment properties	-	3,447,798	-	3,447,798
Freehold Land & Buildings	-	8,876,756	-	8,876,756
As at 31 March 2018	-	12,324,554	2,385,028	14,709,582
Liabilities measured at fair value				
Financial liabilities				
Derivative financial instrument	-	10,916	-	10,916
As at 31 March 2018	-	10,916	-	10,916

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(45) FAIR VALUE OF FINANCIAL INSTRUMENTS (Contd.)

	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable (Level 3)	Total
As at 31st March				
2017				
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets	8,161,894	-	406,250	8,568,144
Financial assets held for trading	1,748,061	-	1,414,989	3,163,050
Derivative financial instrument	-	14,237	-	14,237
As at 31 March 2017	9,909,955	14,237	1,821,239	11,745,431
Non -financial assets:				
Biological assets			712,845	712,845
Assets held for sale	-	-	647,447	647,447
Investment properties	-	2,805,017	-	2,805,017
Freehold Land & Buildings	-	9,008,932	-	9,008,932
As at 31 March 2017	-	11,813,949	1,360,292	13,174,241
Liabilities measured at fair value				
Financial liabilities				
Derivative financial instrument	-	-	-	-
As at 31 March 2017	-	-	-	-

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(c) Fair value of financial and non financial assets and liabilities that are carried at fair value hierarchy

The table below analyses financial and non financial assets and liabilities carried at fair value, by the levels in the fair value hierarchy. The different levels have been defined as follows.

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

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Methods and assumptions used to determine fair values

The methods and assumptions used by the management to determine the fair values of financial and non financial assets and liabilities other than those carrying amounts reasonably approximate to their fair values as mentioned in Note, are as follows:

Financial & non financial assets / Liability category	Fair Value Basis , Valuation techniques	Fair Value Hierarchy
Investment in Listed Shares	Closing traded price published by CSE	Level 1
Listed Unit Trusts	Published Market Prices by custodian bank	Level 3
Unlisted redeemable Unit Trusts	Discounted cash flow	Level 3
Biological Assets	Income Approach	Level 3
Investment properties	Market approach	Level 2
Freehold Land & Buildings	Market approach / Existing use	Level 2

Fair value of financial instruments by classes that are not carried at fair value and of which carrying amounts are reasonable approximation of fair value are, Current trade and other financial receivables and payables, current and non-current loans and borrowings at floating rate, other bank deposits and cash and bank balances. The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(45) FAIR VALUE OF FINANCIAL INSTRUMENTS (Contd.)

(d) Movements in Level 3 assets and liabilities measured at fair value:

	Investment in equity securities unquoted	Biological assets	Freehold Land and Buildings (Malaysia)	Private Equity	Total
As at 1st April 2016	84,105	648,912	2,681,823	125,261	3,540,101
Total (Loss)/gain recognised in the income statement					
Net gain arising from changes in fair value of assets	-	33,378	-	-	33,378
Total gain recognised in the other comprehensive income					
Foreign currency translation	-	30,555	-	-	30,555
Disposal			(2,681,823)		(2,681,823)
Movements in assets	10,814		-	145,247	156,061
As at 31 March 2017	94,919	712,845	-	270,508	1,078,272
Total loss recognised in the income statement					
Net gain arising from changes in fair value of assets	-	1,017,130	-	-	1,017,130
Total loss recognised in the other comprehensive income					
Foreign currency translation	-	(5,772)	-	-	(5,772)
Change in fair value				(124,618)	(124,618)
Written off	-	-	-	(10,256)	(10,256)
Movements in assets	7,634	-	-	(20,625)	(12,991)
As at 31 March 2018	102,553	1,724,203	-	115,009	1,941,765

There have been no transfers from level 1, level 2 or level 3 for the financial years ended 31st March 2018 and 31st March 2017.

(46) FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

The accounting classification of each category of financial instruments and their carrying amounts are set out below:

As at 31st March 2018	Available for sale financial assets	Financial assets held for trading/ financial liabilities held for trading	Loans and receivables	Other financial liabilities	Total carrying amount
Financial assets					
Investment in equity securities	9,735,002	1,707,061	-	-	11,442,063
Investment in unit trust/Debentures	45,299	890,308	-	-	935,606
Trade and other financial receivables	-	-	5,692,032	-	5,692,032
Derivative financial instruments	-	103,756	-	-	103,756
Cash and cash equivalents	-	-	13,457,452	-	13,457,452
	9,780,301	2,701,125	19,149,484	-	31,630,909
Financial liabilities					
Long term borrowings	-	-	-	51,492,203	51,492,203
Debentures	-	-	-	3,110,582	3,110,582
Finance lease liabilities	-	-	-	46,091	46,091
Trade and other financial payables	-	-	-	19,254,877	19,254,877
Derivative financial instrument	-	10,916	-	-	10,916
Short term borrowings	-	-	-	14,789,295	14,789,295
	-	10,916	-	88,693,048	88,703,964
As at 31st March 2017					
Financial assets					
Investment in equity securities	8,527,316	1,748,061	-	-	10,275,377
Investment in unit trust	40,827	1,414,989	-	-	1,455,816
Trade and other financial receivables	-	-	5,046,326	-	5,046,326
Derivative financial instruments	-	14,237	-	-	14,237
Cash and cash equivalents	-	-	15,438,003	-	15,438,003
	8,568,143	3,177,287	20,484,329	-	32,229,759
Financial liabilities					
Long term borrowings	-	-	-	44,174,058	44,174,058
Debentures	-	-	-	3,936,732	3,936,732
Finance lease liabilities	-	-	-	65,133	65,133
Trade and other financial payables	-	-	-	17,239,677	17,239,677
Derivative financial instrument	-	-	-	-	-
Short term borrowings	-	-	-	24,284,091	24,284,091
	-	-	-	89,699,691	89,699,691

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(46) FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (Contd.)

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its credit, liquidity, interest rate, foreign currency, commodity price and market price risk. The Group's overall risk management strategy seeks to minimize adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses relevant financial instruments to hedge the risks of commercial exposure. Such financial instruments are not held for trade or speculative purposes. These market risk management activities are governed by the risk management framework and systems. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks for the financial years ended 31st March 2018 and 31st March 2017. Mechanisms adopted by the Group in managing eventual impact of such risks are given overleaf.

1 Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's objective is to seek continual revenue growth while minimizing losses incurred due to increased credit risk exposure. For trade receivables, the Group adopts the policy of dealing with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit rating counterparties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, such as cash and cash equivalents, Trade and other financial receivable and investment in unit trusts, the Group's exposure to credit risk arises from default of the counterparty. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to ensure the counterparties fulfill their obligations.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows.

As at 31st March 2018	2018	2017
Trade and other receivables	5,522,066	4,893,930
Investments Unquoted	102,548	94,914
Cash and cash equivalents	9,947,022	11,716,955
	15,571,636	16,705,799

Compensation receivable

As disclosed in note 31, the Pegasus Hotels of Ceylon PLC (PRH) has accounted Rs.169.9 Mn as compensation receivable from the Government of Sri Lanka, on account of the land acquisition of 1,251 perches referred to therein, excluding 353.89 perches of land extend acquired during the year, which is based on the market value of the property based on a professional valuation conducted by Mr. K. Arthur Perera, A.M.I.V. (Sri Lanka), Valuer and Consultant. Even though the full claim was filed taking in to consideration potential economic value lost for hotel expansion and a value for nuisance factor that will be created for hotel operation by the said project, the compensation receivable was booked based on market valuation and related costs which relates only to the land on prudency.

A certain individual has filed a land action case in District Court of Negombo (as disclosed in note 48(d)) in 2006 which is still under hearing stage. Even if a ruling is made at District Court, a further two appeal options are available for both parties at Provincial Civil Appellate Court and to the Supreme Court.

Under these circumstances, even if a valuation is determined by the government, such value will not be disclosed till the court case has come to a finality.

Considering the pattern in which similar proceedings / events were resolved, the PRH took a view that it will take up to 8-10 years to bring the Court case to a conclusion, at the time of initial recognition due to the appeal process above referred.

Accordingly, the PRH has recognized the said compensation receivable at its amortised cost; the underlying assumptions used in such assessment is detailed below

Expected timing of cash flows	Year 2018
Discount rate used	The weighted average deposit rate (WADR) at the date of acquisition (11.5%)

This treatment is required as per the provision of LKAS 39 - Financial Instrument - Recognition and Presentation.

The credit risk for the trade and other receivable at the end of the reporting period by business segment is as follows:

As at 31st March 2018	2018	2018 % of total	2017	2017 % of total
Investment Holding/Portfolio and Asset Management	22,611	0%	184,939	4%
Oil Palm Plantations	729,227	13%	778,979	16%
Oils & Fats	1,983,332	36%	2,030,969	41%
Beverage	2,703,523	49%	1,799,899	37%
Real Estate	19,292	0%	23,354	0%
Leisure	63,828	1%	75,537	2%
Management Services	253	0%	253	0%
	5,522,066	100%	4,893,930	100%

The credit risk for the trade and other receivable at the end of the reporting period by geographical segment is as follows:

As at 31st March 2018	2018	2018 % of total	2017	2017 % of total
Sri Lanka	2,811,976	51%	2,228,366	46%
Malaysia	1,892,346	34%	1,906,116	39%
Indonesia	623,119	11%	634,712	13%
Singapore	-	0%	-	0%
India	194,625	4%	124,736	3%
	5,522,066	100%	4,893,930	100%
Financial assets that are neither past due nor impaired	-	-	-	-

Trade and other receivables that are neither past due nor impaired are credit-worthy debtors with good payment record with the Group. Cash and cash equivalents, financial assets held for trading and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Trade Receivable that are past due but not impaired

The Group has trade receivables amounting to approximately Rs. 801.09 Mn (2017: Rs. 1,001.03 Mn) that are past due at the reporting date but not impaired. These receivables are unsecured and the analysis of their aging for major segment as at the reporting date is as follows:

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(46) FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (Contd.)

As at 31st March	2018	2017
Oil palm plantation business segment		
30 -60 days	24,274	3,192
61 -90 days	311	608
	24,585	3,800
Oil and fats business segment		
180– 365 days	36,877	12,919
Above 365 days	25,207	15,047
	62,084	27,966
Beverage business segment		
Past due 0 - 365 days	786,028	985,967
More than 365 days	15,065	15,065
	801,093	1,001,032

Cash and cash equivalents

In order to mitigate the concentration, settlement and operational risks related to cash and cash equivalents, the Group consciously manages the exposure to a single counterparty taking into consideration, where relevant, the rating or financial standing of the counterparty, where the position is reviewed as and when required, the duration of the exposure in managing such exposures and the nature of the transaction and agreement governing the exposure.

2 Liquidity Risk

Group level short term liquidity constraints are indicated by the current ratio etc. However, such indications have not affected the day to day activities of the Company or the Group due to prudent operational discipline and mitigating circumstances that are expected to manifest with the economic and operational recovery.

The Group actively manage its operating and financing cash flows to ensure all refinancing, repayment and investment needs are satisfied. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain unutilised banking facilities of a reasonable level compared to its overall debt. The Group raises committed funding from both capital markets and financial institutions and prudently balance its debt maturity profile with a mix of short and longer term funding to achieve overall cost effectiveness. In the event of acute liability restrictions Group has resorted to liquidating non-strategic, least yielding investments and fixed assets in the past to meet urgent current liabilities which cannot be re-scheduled. Liquidity restrictions of subsidiary levels will and can affect their dividend payment policies which in turn will affect the cashflows of the parent entity.

At Company level, such cascading events and possible need for equity capital infusions will impact the liquidity of the parent company. Restricted capital expenditure, internalized cost management, disposal of non-strategic investments and revising own dividend payment policies would be the mitigating steps taken at the parent company level.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the segment treasury. The Treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above mentioned forecasts.

Group	One year or less	One to five years	Total
2018			
Financial assets			
Available-for-sale financial assets	-	9,780,301	9,780,301
Financial assets held for trading	2,597,369	-	2,597,369
Trade and other financial receivables	5,522,066	169,966	5,692,032
Derivative financial instrument	103,756	-	103,756
Cash and cash equivalents	13,457,452	-	13,457,452
Total undiscounted financial assets	21,680,643	9,950,267	31,630,910
Financial liabilities			
Trade and other financial payable	19,167,182	87,695	19,254,877
Loans and borrowings	25,931,530	40,396,059	66,327,589
Debenture	1,110,582	2,000,000	3,110,582
Derivative financial instrument	10,916	-	10,916
Total undiscounted financial liabilities	46,220,210	42,483,754	88,703,964
Total net undiscounted financial assets / (liabilities)	(24,539,567)	(32,533,487)	(57,073,054)
2017			
Financial assets			
Available-for-sale financial assets	-	8,568,144	8,568,144
Financial assets held for trading	3,163,050	-	3,163,050
Trade and other financial receivables	4,893,930	152,396	5,046,326
Derivative financial instrument	14,237	-	14,237
Cash and cash equivalents	15,438,003	-	15,438,003
Total undiscounted financial assets	23,509,220	8,720,540	32,229,760
Financial liabilities			
Trade and other financial payable	17,162,070	77,607	17,239,677
Loans and borrowings	35,799,962	32,723,320	68,523,282
Debenture	937,932	2,998,800	3,936,732
Derivative financial instrument	-	-	-
Total undiscounted financial liabilities	53,899,964	35,799,727	89,699,691
Total net undiscounted financial assets / (liabilities)	(30,390,744)	(27,079,187)	(57,469,931)

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(46) FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (Contd.)

The table below shows the contractual expiry by maturity of the Group's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called in.

Group	2018	2017
Financial guarantees		
One year or less	14,198,033	20,302,520
One to five years	35,792,357	27,793,955
Over five years	161,668	299,117
	50,152,058	48,395,592

3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity price and equity prices, will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Commodity price risk

The Group's primary source of cash inflows are from the sale of palm based products. The Group prices its Crude Palm Oil ("CPO") and Palm Kernel ("PK") produced in the oil palm plantation business with reference to the international market prices. These commodities are subject to fluctuation in prices, due to varying market forces.

The Group manages the impact of such price volatility on its cash flows, by hedging its sales by entering into forward sale contract or by hedging its sales through CPO futures where required. The Group has not adopted hedge accounting as at 31st March 2018.

As at 31st March 2018 had the prices of CPO and PK been 5% higher/lower with all other variables held constant, profit before tax would have increased/decreased by Rs1,243 Mn or equivalent US$ 7,991,000 (2017:Rs 1,154 Mn or equivalent US$ 7,593,000).

CPO, PK and Crude Palm Kernel Oil ("CPKO") are also key raw materials in our edible oils and fats business segment. These are as stated above freelytraded market commodities and are subject to varying market forces that determine its prices.

In the edible oils and fats business segment, the Group manages the impact of such price volatility on its cash flows, by hedging its purchases either by entering into forward purchase contract or through a back-to-back purchase arrangement for the respective sales or taking hedging positions in Bursa Malaysia Derivatives (BMD).

The Group has not adopted hedge accounting as of 31 March 2018 at a group level or in any of its business segments.

(b) Equity price risk

The Group operate as an investment house, where the principle activity of each of the companies within the Group being to act as specialized investment vehicle to undertake, among others; listed and private equity investments, the Group is categorically exposed to equity price risk. Having a substantial portion of 98% (2017– 98%) of its investment portfolio designated as listed investments in the Colombo Stock Exchange and private equity investments, market volatilities bring in substantial volatility to the Groups earnings and value of its asset base at the reporting date.

Management of market price risk

Listed equity

Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on market indices, where decisions concerned with the timing of buy / sell decisions are well supported with structured in-house research recommendations. Transactions of a major magnitude within the portfolio are subject to review and approval by the Investment Committee.

Private equity investments

Due evaluations are carried out before-hand, extending to both financial and operational feasibility of the private equity projects that the Group ventures into, with a view to ascertain the Company's investment decision and the risks involved. Continuous monitoring of the operations against the budgets and the industry standards ensure that the projects meet the desired outcome, and thereby the returns. Further, the Group generally carries investment agreements with the parties concerned, which carry specific 'exit clauses' to private equity projects - typically an 'Initial Public Offering' or a 'Buy-out' at a specified price formula, which provides cover to a certain extent against movements in market conditions.

The total asset base which is exposed to equity price risk is tabulated below.

	Carrying Amounts	
As at 31st March 2018	**2018**	**2017**
Investment in equity securities - Available for sale	9,780,301	8,568,144
Investment in equity securities - Financial assets held for trading	2,597,369	3,163,050
	12,377,670	11,731,194

(c) Foreign currency risk

The Group has currency exposures arising from loans and borrowings of Indonesian, Indian and Sri Lankan entities denominated in a currency other than the functional currency the Indonesian Rupiah (IDR), Indian Rupees (INR) and Sri Lanka Rs. The foreign currency in which theses loans and borrowings are denominated is United States Dollars. (USD)

A significant portion of Group's raw material purchases in the edible oils and fats business segment (in Malaysia and India) is also denominated in USD, resulting in a currency exposure against the functional currencies of Malaysian Ringgit (MYR) and INR.

The Group currency exposures arising from sales and purchases as well as all other assets, liabilities and operational expenses is limited as these are primarily denominated in the respective functional currencies of Group entities, primarily IDR, Malaysian Ringgit (MYR) and Indian Rupees (INR).

The Group manages the impact of such exchange movements on its cash flows, by hedging its currency exposure through forward booking arrangements on a selective basis. The Group does not have any other foreign currency hedge arrangements as at reporting date.

Foreign exchange - Sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in Indonesia Rupiah exchange rate against the US Dollar, with all other variables held constant:

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(46) FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (Contd.)

Increase/(decrease) in profit before tax:

	2018	2017
MYR strengthened by 5%	(44,318)	80,743
MYR weakened by 5%	44,318	(80,743)
IDR strengthened by 5%	(1,053,054)	(1,426,208)
IDR weakened by 5%	1,053,054	1,426,208

(d) Interest rate risk

The Group's exposure to the risk of changes in the market interest rates relates to the Long term & short term debt. The Group had no substantial long-term interest-bearing assets as at 31st March, 2018. The investment in financial assets are mainly short-term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or occasionally, in short-term commercial papers/ deposits which yield better returns than cash at bank.

The Group manages it's interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes. The Group will pursue derivative mechanisms such as interest swaps, where necessary, to manage its interest risk arising from the group's sources of finance. The Group does not actively pursue derivative mechanisms at the moment. As at present the Group has benefited from the reduction of LIBOR over the recent past, on all US Dollar borrowings which are pegged to the LIBOR.

At the end of the reporting period the profile of the Group's interest-bearing financial instruments as reported to the Management of the Group were as follows.

As at 31st March 2018	2018	2017
Financial Assets		
Short term deposits	9,947,022	11,716,955
	9,947,022	11,716,955
Financial liabilities		
Long term borrowings	51,492,203	44,174,058
Debenture	3,110,582	3,936,732
Finance lease liabilities	46,091	65,133
Short term borrowings	13,137,468	18,464,633
Bank overdraft	1,651,827	5,819,458
	69,438,171	72,460,014

(47) CAPITAL MANAGEMENT

Group consist of companies operating in different business sectors spanning across several geographical domains. Due to the different industry/market specific business sensitivities across industries, Group does not push down a "one size fits all" policy in capital management to its subsidiaries.

Individual companies, through their respective Boards of directors determine the capital structure best suited for their business needs subject to regulatory framework, cash-flow capacity potential, availability or otherwise of cheaper external funding, future expansion plans and share holder sentiments.

Whilst allowing the flexibility to determine the optimum capital structure for its subsidiaries, group monitors capital through the relevant ratios (i.e. gearing ratio, debt to equity ratio, etc) which each sector has to present to their respective Boards and the Board of the parent company at each quarterly performance review. Further, each public quoted company of the group has to submit an internally verified solvency report to their respective Board on quarterly basis along with the submission of interim reports irrespective of whether a distribution is proposed or not.

(a) Analysis of Group Changes in Net Debt

The group defines capital as the total equity of the group. The group's objective for managing capital is to deliver competitive, secure and sustainable returns to maximize long term shareholder value.

Net debt is current and non current finance debt less cash equivalents. The net debt ratio is the ratio of net debt to total equity. The net debt ratio enables investors to see how significant net debt is relative to equity from shareholders.

As at 31st March 2018	2018	2017
Gross Debt	69,438,171	72,460,014
Cash and Cash Equivalents	(13,457,452)	(15,438,003)
Net Debt	55,980,719	57,022,011
Equity	54,145,373	51,499,024
Net Debt Ratio	103%	111%

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(47) CAPITAL MANAGEMENT (Contd.)

(b) Adjusted net gearing ratio

Adjusted net gearing ratio is adjusted net debt to equity, which equals adjusted net debt divided by total capital. The Group includes within adjusted net debt, net debt less liquid working capital. Liquid working capital includes inventories (excluding consumables) and trade receivables, less current liabilities (excluding loans and borrowings). Capital includes equity funds.

As at 31st March 2018	2018	2017
Total equity	54,145,373	51,499,024
Liquid working capital:		
Inventories (excluding consumables)	6,469,855	5,951,823
Trade receivables	5,522,066	4,893,930
Assets held for sales	660,825	647,447
Less: Current liabilities (excluding loans and borrowings)	(20,241,955)	(17,543,140)
Total liquid working capital	(7,589,209)	(6,049,940)
Adjusted net debt	63,569,928	63,071,951
Adjusted net gearing ratio (%)	117%	122%

(48) COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for as at the date of the reporting period but not recognised in the financial statements are as follows:

	Group	
As at 31st March 2018	2018	2017
Oil Palm plantation and Oil and Fats		
Approved and contracted for	557,982	142,415
Leisure		
Approved and contracted for	85,323	-
Total capital commitments	643,305	142,415

(b) Finance commitment

Documentary credits establish for the foreign purchases of the LBC PLC as at 31st March 2018 amounted to Rs.43.79 Mn. (2017 - Rs. 89.83 Mn)

(d) Commitments for purchase contracts

The Group has the following committed purchases contracts entered into for the use of the Group. The contractual or underlying amounts of the committed contracts with fixed pricing terms that were outstanding as at period end are as follows:

	Group	
As at 31st March 2018	**2018**	**2017**
Oil Palm plantation and Oil and Fats		
Purchases	3,209,923	3,157,230
Sales	7,788,186	7,824,511
	10,998,109	10,981,741

(e) Commitments for obligations under finance leases and hire purchases

The Group has commitments for obligations under finance leases and hire purchases as disclosed in Note 40.

(f) Contingent liabilities

The group defines capital as the total equity of the group. The group's objective for managing capital is to deliver competitive. secure and sustainable returns to maximize long term shareholder value.

(I) Corporate guarantees

The Goodhope Asia Holdings Group has provided a corporate guarantee to a bank for a loan taken under the Plasma programme. Loan value is equivalent to Rs. 568 Mn (2017 - Rs. 602 Mn).

The Goodhope Asia Holdings Ltd has provided the following guarantees at the end of the reporting period:

GAHL has provided corporate guarantees to financial institutions for the financing facilities obtained by its subsidiaries, amounting to Rs. 49,584 Mn or equivalent US$ 318,664,000 (2017 - Rs. 47,793 Mn or equivalent US$ 314,449,000). It has undertaken to provide continuing financial support to certain subsidiaries to enable them to meet their liabilities as and when they fall due.

(II) Material litigation

(a) In 2008 the Customs Department instituted a prosecution in the Fort Magistrate's Court (MC) in Case No. S/65898/07/B against the Ceylon Beverage Holdings PLC (CBH) and its Directors for the recovery of Rs.48,121,634/29 comprising of Rs.23,062,080/43 being the amount of Excise (Special Provision) Duty (the 'duty') purportedly in arrears during the period 1998/IVq to 2001/IIIq and Rs.25,059,553/86 as its penalty. The CBH and the Directors filed an application for Writ in the Court of Appeal (CA) to quash the Certificate of Excise Duty in Default issued by the Director General of Customs and Excise Duty and obtained a Stay Order in respect of the proceedings of the Fort MC Case. A sum of Rs. 23,062,080/43 being the duty amount in dispute was paid to Sri Lanka Customs by the Ceylon Beverage Holdings PLC as required before submitting its appeal. Subsequently the CA Application was dismissed and the CBH appealed against the Order to the Supreme Court and was granted Special Leave to Appeal by the Court. The Court also ordered the staying of all further proceedings in the MC Case until final hearing and determination of the Appeal. No provision has been made for the payment of penalty amounting to Rs.25,059,553/86, pending the Judgment from the Supreme Court in the said Leave to Appeal matter. Currently this matter is in the Arguments stage and will be heard in the Supreme Court.

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(48) COMMITMENTS (Contd.)

(b) The Customs Department instituted a prosecution in the Magistrate's Court of Kaduwela in Case No. 11303/Customs against the Lion Brewery (Ceylon) PLC (LBCPLC) and its directors to recover Excise Duty amounting to Rs. 58,753,582/94 comprising of the disputed Excise Duty of Rs. 29,376,791/47 and its penalty of Rs. 29,376,791/47. The court has ordered the LBCPLC to formally show cause and accordingly this case is scheduled to called on the 9th of July 2018.

In the meanwhile, the LBCPLC and the directors filed an application for Writ in the Court of Appeal to quash the Certificate Excise Duty in Default issued by the DG of Customs and Excise Duty to recover the said sum and obtained a Stay Order in respect of the proceedings of the MC Kaduwela Case. The Court of Appeal made an order against the LBCPLC refusing the writ of certiorari prayed for and the LBCPLC preferred an appeal against the said order to the Supreme Court. The matter was Argued on the 9th of May 2018 and judgment is reserved and will be notified in due course.

(c) Contingent liabilities as at 31st March 2018 in Lion Brewery (Ceylon) PLC (LBCPLC) amounts to Rs.72,312,314/- (2017 - Rs.37,492,951/-), being bank guarantees given to Government bodies for operational purposes and shipping guarantees for clearing cargo pending the receipt of original documents.

(d) A case has been filed against the Pegasus Hotels of Ceylon PLC by an individual in the District Court of Negombo seeking a declaratory title from court stating that he is co-owner of 127.5 perches of the land that belonged to the Company. The outcome of the court process is still pending. However, the Pegasus Hotels of Ceylon PLC is confident that it can establish title to the said land. In any case, the claimed land extent falls within the 1,605 perches of land acquired by the Government for the fisheries harbour project and detailed under note 31(c). Since the crystallization of the contingent liability is subject to the ruling of the District Court case followed by the available appeal process thereafter and the subsequent value determination of the claim by the Government valuer, said contingent liability cannot be quantified.

There were no contingent liabilities other than those disclosed above as at the reporting date.

(49) EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the reporting period, no circumstances have arisen which would require adjustments to or disclosures in the financial statements.

(50) RELATED PARTY DISCLOSURES

Terms and conditions of transactions with related parties

The Group and Company carried out transactions in the ordinary course of business with the following related entities. The list of Directors at each of the subsidiaries, joint venture have been disclosed in the Group Directorate under the Supplementary Information section of the Annual Report.

Transactions with related parties are carried out in the ordinary course of business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2018 audited financial statements, which required additional disclosures in the 2017/18 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Recurrent related party transactions,

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2018 audited financial Statements, which required additional disclosures in the 2017/18 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

(a) Recurrent Transaction

	Group		Company	
For the year ended 31st March	**2018**	**2017**	**2018**	**2017**
Transaction with Subsidiaries				
Dividend Income	-	-	631,292	138,069
Amounts paid for services obtained (Note i)	-	-	12,939	12,893
(i) Amounts paid for services obtain from				
Carsons Management Services (Private) Limited				
Support service fees	-	-	12,255	12,250
Secretarial fees paid	-	-	444	403
Computer Fees paid	-	-	240	240
	-	-	12,939	12,893
Transaction with Joint Venture				
Secretarial fees received	251	216	-	-

Support service fees and other expenses charged are based on the respective services provided by Carsons Management Services (Private) Limited (CMSL) as per the service agreements signed between the companies on an arm's length basis.

Transaction with Other related entities

(i) Carson Cumberbatch PLC has provided letters of comfort to Carsons Management Services (Private) Limited. Confirming its intention to continue to provide financial and other support and meet liabilities to enable the subsidiary to continue as a going concern for audit purposes.

NOTES TO THE FINANCIAL STATEMENTS

(Amounts expressed in Sri Lankan Rs. '000)

(50) RELATED PARTY DISCLOSURES (Contd.)

Transaction with Key Management Personnel (KMP)

According to LKAS 24 "Related Party Disclosures", Key Management Personnel are those having authority and responsibility for planning and controlling the activities of the entity. Accordingly, the Directors of the Company/Group (including Executive and Non Executive Directors) and their immediate family members have been classified as KMP of the Company/Group.

Compensation paid to the key Management Personnel of the Company and the Group comprise as follows:

	Group		Company	
For the year ended 31st March	**2018**	**2017**	**2018**	**2017**
Short term employee benefits	969,041	1,024,999	2,220	2,010
Post employment benefits	3,489	21,194	-	-
Termination benefits	6,600	-	-	-
Non-cash benefits	295	236	-	-
	979,425	1,046,429	2,220	2,010

Non Recurrent Transaction

There were no non-recurrent related party transaction during the period.

(51) As at March 31, 2018, certain plantation companies of the Group (PT Sariwana Adi Perksa, PT Sinar Sawit Andalan, PT Sumber Hasil Prima, Sawit makmur Sejahtera, PT Batumas Sejahetera, PT Agro Wana Lestari and Premium Oils & fats Sdn. Bhd) have incurred accumulated loss and net liability positions. Furthermore, the above subsidiaries' current liabilities were exceeded its current assets at March 31, 2018. Goodhope Asia Holdings Ltd, the immediate parent entity of the said subsidiaries, confirmed its intention to financially support the said subsidiaries to enable them to meet their financial obligations as they fall due.

(52) EXCHANGE RATE

The exchange rates applicable during the period were as follows:

	Balance Sheet Closing rate		Income Statement Average Rate	
For the year ended 31st March	**2018 Rs.**	**2017 Rs.**	**2018 Rs.**	**2017 Rs.**
Malaysian Ringgit	40.33	34.28	36.79	34.90
US Dollar	155.60	151.99	153.35	147.61
Indonesian Rupiah (Rp)	0.0113	0.0114	0.0114	0.0111
Indian Rupee (INR)	2.39	2.34	2.38	2.20

(53) BOARD OF DIRECTORS RESPONSIBILITY FOR FINANCIAL REPORTING

The Board of Directors is responsible for the preparation and presentation of the financial statements in accordance with Sri Lanka Accounting Standards.

(54) COMPARATIVE INFORMATION

The presentation and classification of the Financial Statements of the previous years have been amended, where relevant for better presentations and to be comparable with those of the current year.

GROUP REAL ESTATE PORTFOLIO

The values of land & buildings owned and leased by companies within the Group and which have been revalued by valuers are indicated below together with the last date of valuation:

Company	Location	Land & Building			
		Extent (Hectares)	Market Value Rs. '000	Book Value Rs. '000	Date of last Valuation
Equity One Limited	Colombo 7	0.238	1,329,524	1,329,524	31-Mar-18
Equity One Limited	Colombo 2	0.455	810,850	810,850	31-Mar-18
Equity Two PLC	Colombo 1	0.072	486,747	486,747	31-Mar-18
Equity Two PLC	Colombo 1	0.146	860,083	860,083	31-Mar-18
Equity Three (Private) Limited	Colombo 13	0.208	438,682	438,682	31-Mar-18
		1.119	3,925,886	3,925,886	
PT Agro Indomas	Indonesia	26,998	7,531,088	3,565,282	31-Mar-16
PT Agro Bukit	Indonesia	15,391	7,099,756	3,679,422	31-Mar-16
PT Karya Makmur Sejahtera	Indonesia	10,049	1,371,990	1,676,536	31-Mar-16
PT Agro Wana Lastari	Indonesia	15,273	4,260,168	3,696,738	31-Mar-16
PT Agro Jaya Baktitama	Indonesia	6,851	908,667	887,802	31-Mar-18
PT Rim Capital	Indonesia	3,933	730,794	527,153	31-Mar-16
PT Nabire Baru	Indonesia	11,610	1,819,390	1,790,938	31-Mar-18
PT Batu Mas Sejahtera	Indonesia	6,836	540,954	504,187	31-Mar-18
PT Sawith Makmur Sejahtera	Indonesia	6,563	2,556,761	696,321	31-Mar-18
PT Sumber Hasil Prima	Indonesia	8,219	1,263,046	510,489	31-Mar-18
PT Sinar Sawit Andalan	Indonesia	6,306	951,460	709,811	31-Mar-18
PT Sariwana Adi Perkasa	Indonesia	6,493	263,934	260,151	31-Mar-18
PT Agro Bina Lestari*	Indonesia	8,500	184,464	184,464	31-Mar-18
PT Agro Surya Mandiri*	Indonesia	6,500	184,457	184,457	31-Mar-18
		139,522	29,666,929	18,873,751	
Premium Vegetable Oil Sdn. Bhd.	Malaysia	4.836	1,889,738	757,308	31-Jul-17
Premium Fats Sdn. Bhd.	Malaysia	0.024	32,267	28,740	31-Jul-17
Arani Agro Oil Industries Private Limited	India	0.931	123,146	123,146	31-Mar-17
		5.791	2,045,151	909,194	
Ceylon Beverage Holdings PLC	Nuwara-Eliya	1.540	331,261	331,261	31-Mar-16
Lion Brewery (Ceylon) PLC	Biyagama	13.933	4,465,501	4,465,501	31-Mar-16
Millers Brewery Limited	Padukka	9.699	934,424	934,424	31-Mar-16
		25.172	5,731,186	5,731,186	
Pegasus Hotels of Ceylon PLC	Wattala	5.450	1,600,077	1,600,077	31-Mar-17
Equity Hotels Ltd.	Giritale	6.030	118,350	118,350	31-Mar-17
		11.480	1,718,427	1,718,427	
Total value		139,566	43,087,579	31,158,444	

* Please note that the market value of Land and Building of PT Agro Bina Lestari and PT Agro Surya Mandiri reflects carrying value as at 31 March 2018.

STATEMENT OF INCOME - USD

As at 31st March 2018	Group 2018	2017 (Re - stated)
Continuing operations		
Revenue	520,700,150	436,819,441
Direct operating expenses	(382,412,123)	(324,073,505)
Progressive insurance receipts on business interruption	7,860,183	6,774,609
Gross profit	146,148,210	119,520,545
Change in fair value of investment properties	4,050,114	-
Change in fair value of biological assets	6,632,736	226,123
Gain on fair value of financial assets held for trading	(214,581)	(319,294)
Other income	8,984,690	4,683,796
Distribution expenses	(35,195,220)	(30,835,160)
Administrative expenses	(44,268,034)	(49,385,502)
Other operating expenses	(2,281,585)	(1,840,837)
Impairment of business assets	(6,993,557)	(16,467,850)
Foreign exchange (losses) /gains	(4,732,410)	2,547,775
Profit from operations	72,130,363	28,129,594
Inventory and fixed assets quantified and written-off to date due to flood related damages	-	(9,140,892)
Progressive insurance receipts on property damages	4,905,530	9,256,107
Reversal of unabsorbed VAT provision	-	2,302,087
	77,035,893	30,546,897
Net finance cost	(29,318,735)	(29,968,562)
Share of net result of joint venture	71,907	18,610
Profit / (loss) before Income tax expenses	47,789,066	596,951
Income tax expenses		-
Current taxation	(14,915,989)	(8,191,877)
Deferred taxation	(8,913,212)	(2,663,505)
	(23,829,201)	(10,855,382)
Profits / (loss) from continuing operations	23,959,865	(10,258,431)
Discontinued operation		
Profit for the Period from discontinued operations, net of tax	654,757	(2,405,515)
Profits from disposal of Plantation Assets	-	42,177,861
Transfer from Translation Reserve on discontinued overseas branch operation	-	(9,960,409)
Net impact from discontinued operations, net of tax	654,757	29,811,937
Profits for the year	24,614,622	19,553,505
Profit Attributable to:		
Owners of the Company	8,049,803	10,186,606
Non controlling interest	16,564,819	9,366,899
	24,614,622	19,553,505
Exchange rate	153.35	147.61

STATEMENT OF FINANCIAL POSITION - USD

	Group	
As at 31st March 2018	2018	2017
ASSETS		
Non - Current Assets		
Property, plant & equipment	327,196,317	353,819,712
Bearer Plants	203,924,320	181,045,748
Prepaid lease payment for land	28,148,772	32,420,672
Investment properties	22,158,088	18,455,276
Intangible assets	32,404,434	32,390,184
Investments in joint ventures	264,679	242,963
Available-for-sale financial assets	62,855,405	56,373,077
Deferred tax assets	22,731,922	20,506,014
Other financial receivables	1,092,326	1,002,671
Other non financial receivables	41,839,994	41,376,946
Total non - current assets	742,616,257	737,633,263
Current Assets		
Inventories	41,580,045	39,159,307
Trade receivables	23,183,284	25,194,954
Other financial receivables	12,305,572	7,004,073
Other non financial receivables	47,894,865	36,450,260
Current tax recoverable	638,721	384,835
Financial assets held for trading	16,692,603	20,810,909
Derivative financial instrument	666,810	93,671
Biological assets	11,080,996	4,690,078
Cash and cash equivalents	86,487,481	101,572,492
	240,530,377	235,360,576
Assets held for sale	4,246,947	4,259,800
Total current assets	244,777,324	239,620,376
Total assets	987,393,581	977,253,639
EQUITY AND LIABILITIES		
EQUITY		
Stated capital	10,103,695	10,103,695
Capital reserves	17,025,341	17,736,950
Revenue reserves	110,233,504	107,194,699
Equity attributable to owners of the Company	137,362,540	135,035,343
Non-controlling interest	210,615,437	203,796,316
Total equity	347,977,977	338,831,659
LIABILITIES		
Non - Current Liabilities		
Loans and borrowings	259,614,775	215,299,161
Debenture	12,853,470	19,730,245
Other financial payables	563,593	510,606
Other non financial liabilities	9,401,253	7,527,890
Deferred tax liabilities	53,100,334	38,218,514
Total non - current liabilities	335,533,425	281,286,417
Current Liabilities		
Trade payables	23,968,785	17,964,373
Other financial payables	99,213,618	94,951,411
Current tax liabilities	6,837,127	2,507,204
Derivative financial instrument	70,154	-
Loans and borrowings	166,655,077	235,541,563
Debenture	7,137,416	6,171,011
Total current liabilities	303,882,179	357,135,563
Total liabilities	639,415,604	638,421,980
Total equity and liabilities	987,393,581	977,253,639
Exchange rate	155.60	151.99

GLOSSARY

ACTUARIAL GAINS AND LOSSES
Gain or loss arising from the difference between estimates and actual experience in a company's pension plan.

AVAILABLE FOR SALE FINANCIAL ASSETS
Non derivative financial asset that are designated as available for sale or any other instruments that are not classified as loans and receivable, held to maturity investment or financial assets at fair value through profit and loss.

ASSETS HELD FOR SALE
The carrying amount of the asset value which will be recovered through a sale transaction rather than through continuing use.

AWDR
The Average Weighted Deposit Rate is calculated by the Central Bank monthly and half yearly based on the weighted average of all outstanding interest bearing deposits of commercial banks and the corresponding interest rates.

AWPLR
The Average Weighted Prime Lending Rate is calculated by the Central Bank weekly, monthly and half yearly based on commercial bank's lending rates offered to their prime customers.

AMORTISATION
The systematic allocation of the depreciable amount of an intangible asset over its useful life.

BIOLOGICAL ASSET
A living plant or animal used in a business.

CAPITAL EXPENDITURE
The total of additions to property, plant & equipment, Biological assets, intangible assets, prepaid lease payments for lands and investment property.

CARRYING AMOUNT
The amount at which as asset is recognised in the statement of Financial Position.

CREDIT RISK
Risk that the counterparty to a transaction fails to meet its contractual obligations in accordance to the agreed terms and conditions.

CASH & CASH EQUIVALENTS
Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant can't risk of changes in value.

CONTINGENT LIABILITIES
A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

CURRENT RATIO
Current Assets over Current Liabilities. A measure of liquidity.

CAPITAL EMPLOYED
Shareholders' funds plus non-controlling interests and long term and short term borrowings.

CURRENCY SWAP
An agreement between two parties to exchange two currencies at a certain exchange rate at a certain time in the future.

CURRENT SERVICE COST
Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

DEBENTURE
A long-term debt instrument issued by a corporate.

DERIVATIVES
Financial contracts whose values are derived from the values of underlying assets.

DIVIDENDS
Distribution of profits to ordinary shareholders of equity investments.

DIVIDEND COVER
Profit after tax divided by gross dividends. This ratio measures the number of times dividend is covered by the current year's distributable profits.

DIVIDEND YIELD
Dividend earned per share as a percentage of its market value.

DIVIDENDS PER SHARE (DPS)
Dividends paid and proposed, divided by the number of issued shares, which ranked for those dividends.

DEBT/EQUITY RATIO
Debt as a percentage of Shareholders Funds.

DIVIDEND PAYOUT RATIO
Total Dividend interest and Tax as percentage of Capital Employed.

EBIT
Earnings before Interest and tax expenses.

EBITDA
Earnings before interest, tax, depreciation and amortization.

EFFECTIVE RATE OF INTEREST
Total long-term and short-term interest divided by average long-term and short-term liabilities at the beginning and end of the year.

EFFECTIVE TAX RATE
Income tax expense divided by profit before tax.

EMISSIONS
The release of greenhouse gases and/or their precursors into the atmosphere over a specified area and period of time.

EQUITY INSTRUMENTS
A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

ENTERPRISE VALUE (EV)
The total sum value of market capitalization, equity attributable to non- controlling shareholders and net debt.

EARNINGS PER SHARE (EPS)
Profit attributable to ordinary shareholders, divided by the number of ordinary shares in issue.

FAIR VALUE
Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

FAIR VALUE THROUGH PROFIT AND LOSS
A financial asset/liability acquired/ incurred principally for the purpose of selling or repurchasing it in the near term.

FORWARD EXCHANGE CONTRACT
Agreement between two parties to exchange one currency for another at a future date at a rate agreed upon today.

FINANCIAL ASSET
Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

FINANCIAL INSTRUMENT
Any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.

FINANCIAL LIABILITY
Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

FINANCE LEASE
A contract whereby a lessor conveys to the lessee the right to use an asset for rent over an agreed period of time which is sufficient to amortise the capital outlay of the lessor. The lessor retains ownership of the asset but transfers substantially all the risks and rewards of ownership to the lessee.

GROSS DIVIDENDS
The portion of profit inclusive of tax withheld distributed to shareholders.

GROUP
A group is a parent and all its subsidiaries, associates and joint ventures.

GAIN ON BARGAIN PURCHASE
The amount of the identifiable assets acquired and liabilities

assumed exceeds the aggregate consideration transferred.

GEARING
Proportion of total interest bearing borrowings to capital employed.

GOODWILL ON CONSOLIDATION
The excess of the cost of acquisition over the fair value of the share of net assets acquired when purchasing an interest in a company.

GUARANTEES
A contractual obligation made by a third party (Guarantor), who is not a party to a contract between two others, that the guarantor will be liable if the guarantee fails to fulfil the contractual obligations under that said contract.

HELD-TO-MATURITY
A financial asset with fixed and determinable payments and fixed maturity, other than loan and receivables, for which there is a positive intention and ability to hold to maturity.

IMPAIRMENT
This occurs when recoverable amount of an asset is less than its carrying amount.

INTEREST COVER
Profit before tax and net finance cost divided by net finance cost. Measure of an entity's debt service ability.

INTEREST RATE SWAP
An arrangement whereby two parties swap interest rate commitments with each other to reduce interest rate risks on fixed or floating rate loans.

INTERNAL RATE OF RETURN (IRR)
Rate of return used in capital budgeting to measure and compare the profitability of investments.

INTANGIBLE ASSET
An identifiable non-monetary asset without physical substance held for use in the production / supply of goods / services or for rental to others or for administrative purposes.

KEY MANAGEMENT PERSONNEL
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

LIBOR
The London Inter-Bank Offer Rate is an interest rate at which banks can borrow funds, in marketable size, from other banks in the London interbank market.

LIQUIDITY RISK
The risk of an entity having constrains to settle its financial liabilities.

LOANS AND RECEIVABLES
A financial asset with fixed and determinable payments that are not quoted in an active market and do not qualify as trading assets.

LIQUID ASSETS
Assets that are held in cash or in a form that can be converted to cash readily, such as deposits with other banks, bills of exchange and treasury bills.

MARKET CAPITALISATION
Number of Shares in issue at the end of the period multiplied by the Market price at end of period

MARKET RISK
Possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices.

NON-CONTROLLING INTEREST (NCI)
Equity in subsidiary not attributable, directly or indirectly, to a parent.

NET ASSET VALUE PER SHARE
Shareholders' funds divided by the number of ordinary shares in issue.

OTHER COMPREHENSIVE INCOME
An entry that is generally found in the shareholders' equity section of the balance sheet.

PRICE EARNINGS RATIO (P/E RATIO)
Market price of an ordinary share divided by earnings per share (EPS).

PRICE TO BOOK VALUE RATIO (PBV)
Market price per share divided by net assets per share.

PUBLIC HOLDING
Percentage of shares held by the public calculated as per the Colombo Stock Exchange Listing Rules as at the date of the Report.

QUICK ASSET RATIO
Total current assets less inventories divided by total current liabilities.

RELATED PARTIES
A person or entity that is related to the entity that is preparing its Financial Statements.

RETURN ON AVERAGE ASSETS (ROA)
Net income expressed as a percentage of average total assets, used along with ROE, as a measure of profit and as a basis of intra-industry performance comparison.

RETIREMENT BENEFITS
Present value of a defined benefit obligation is the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

RETURN ON EQUITY
Profit attributable to equity holders of the company divided by average equity less non-controlling interest at the beginning and end of the year.

RETURN ON CAPITAL EMPLOYED
Earnings before interest and tax as percentage of Capital Employed.

RELATED PARTIES
Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

REVALUATION SURPLUS
Surplus amount due to revaluing assets in accordance with its fair value.

SHAREHOLDERS' FUNDS
Shareholders' funds consist of stated capital plus capital and revenue reserves.

SEGMENTS
Constituent business units grouped in terms of similarity of operations and location.

TOTAL VALUE ADDED
The difference between revenue (including other income) and expenses, cost of materials and services purchased from external sources.

TOTAL ASSETS
Fixed Assets plus Investments plus Non-Current Assets plus Current Assets.

VALUE ADDED
Value added is the wealth created by providing products and services less the cost of providing such services. The value added is allocated among the employees, the providers of capital, to government by way of taxes and retained for expansion and growth.

WEIGHTED AVERAGE COST OF CAPITAL (WACC)
The rate that a company is expected to pay on average to all its equity and debt holders.

WORKING CAPITAL
Capital required to finance day-to-day operations, computed as the excess of current assets over current liabilities.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the One Hundred and Second Annual General Meeting of Bukit Darah PLC will be held on Monday, the 30th day of July 2018 at 11.00 a.m at the Auditorium, the Institute of Chartered Accountants of Sri Lanka, Ground Floor, 30A, Malalasekera Mawatha, Colombo 07, Sri Lanka for the following purposes:

1. To consider the Annual Report of the Board of Directors including the financial statements of the Company for the financial year ended 31st March 2018 together with the Report of the Auditors thereon.

2. To re-elect Mr. S. K. Shah who retires by rotation in terms of Articles 82 and 83 of the Articles of Association of the Company.

3. To re-appoint Mr. I. Paulraj as a Director of the Company who is over Seventy years of age and to consider and if deemed fit to pass the following resolution:

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No. 7 of 2007 shall not be applicable to Mr. I. Paulraj who is 81 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

4. To re-appoint Mr. L. R. De Lanerolle 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. L. R. De Lanerolle who is 75 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

5. To re-appoint Mr. M. Dayananda 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. M. Dayananda who is 72 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

6. To re-appoint Mr. M. Selvanathan 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. M. Selvanathan who is 71 years of age and that he be re-appointed as a Director of the Company from the conclusion of the Annual General Meeting for a further period of one year."

7. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154(1) of the Companies Act No. 07 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 (PRIVATE) LIMITED
Secretaries

Colombo
21st June 2018

Notes:

1. A member is entitled to appoint a proxy to attend and vote instead of him/herself. 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, Sri Lanka not later than 4.45 p.m on 28th July 2018.

3. A person representing a Corporation is required to carry a certified copy of the resolution authorizing 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 lobby.

FORM OF PROXY

*I/We ....

of ....

being *a Shareholder/Shareholders of BUKIT DARAH 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,
Don Chandima Rajakaruna Gunawardena	or failing him,
Leslie Ralph De Lanerolle	or failing him,
Suresh Kumar Shah	or failing him,
Mahendra Dayananda	

as *my/our proxy to attend at the 102nd Annual General Meeting of the Company to be held on Monday, the 30th day of July 2018 at 11.00 a.m at the Auditorium, the Institute of Chartered Accountants of Sri Lanka, Ground Floor, 30A, Malalasekera Mawatha, Colombo 07, Sri Lanka and any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
1.	To re-elect Mr. S. K. Shah who retires by rotation in terms of Articles 82 and 83 of the Articles of Association of the Company.		
2.	To re-appoint Mr. I. Paulraj who is over Seventy years of age as a Director of the Company.		
3.	To re-appoint Mr. L. R. De Lanerolle who is over Seventy years of age as a Director of the Company.		
4.	To re-appoint Mr. M. Dayananda who is over Seventy years of age as a Director of the Company.		
5.	To re-appoint Mr. M. Selvanathan who is over Seventy years of age as a Director of the Company.		
6.	To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company as set out in Section 154 (1) of the Companies Act. No. 07 of 2007 and to authorize the Directors to determine their remuneration.		

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

.... Signature /s

Note:

(a) *Please delete the inappropriate words.

(b) 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.

(c) A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.

(d) Instructions are noted on the reverse hereof

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy by filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.
3. In terms of Article 67 of the Articles of Association of the Company:

The instrument appointing a proxy shall be in writing and:

(i) in the case of an individual shall be signed by the appointor or by his attorney;

and

(ii) in the case of a corporation shall be either under its common seal or signed by its attorney or by an officer on behalf of the corporation.

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

A proxy need not be a member of the company.

4. In terms of Article 62 of the Articles of Association of the Company:

In the case of joint-holders of a share, the senior who tenders a vote, whether in person or by proxy or by attorney or by representative, shall be accepted to the exclusion of the votes of the other joint-holders and for this purpose seniority shall be determined by the order in which the names stands in the Register of members in respect of the joint holding.

5. To be valid the completed form of proxy should be deposited at the Registered Office of the Company situated at No. 61, Janadhipathi Mawatha, Colombo 1 not later than 4.45 p.m on 28th July 2018.

Please fill in the following details

Name :..

Address :..

....

....

....

Jointly with

Share folio no :..

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