CARSON CUMBERBATCH PLC

Annual Report 2013 - 14

A GLOBAL GROWTH COMPANY

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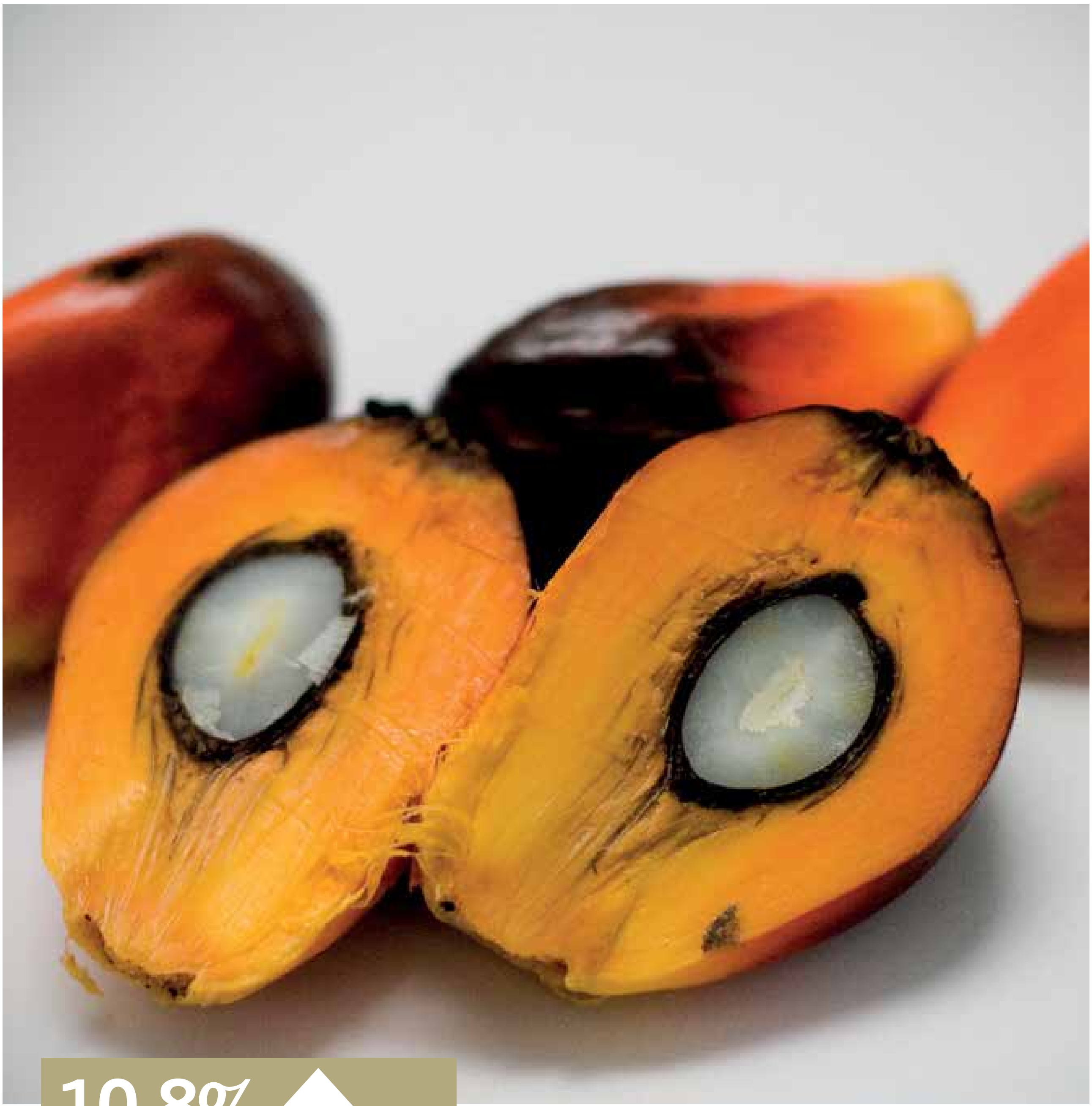
Carson Cumberbatch PLC, which originated in 1857, is a highly reputed diversified conglomerates in Sri Lanka. Our broad portfolio of high value business sectors is virtually unmatched as we continue to expand our interests across the south asian region and beyond.

The year under review has been an impressive one for more reasons than one, enabling us to reinforce our position among the nation's industry front-runners with pride.

Carson Cumberbatch PLC was selected to join the elite community of Global Growth Companies formed by the World Economic Forum. This is a rare honour for a Sri Lankan Company to grace a list limited to only 364 members worldwide. Criteria for entry included a consistent annual growth rate,demonstrated growth potential, the capacity to build a global business and exemplary executive leadership.

All reasons why we have evolved over the years into the impressive corporate presence we have become today.

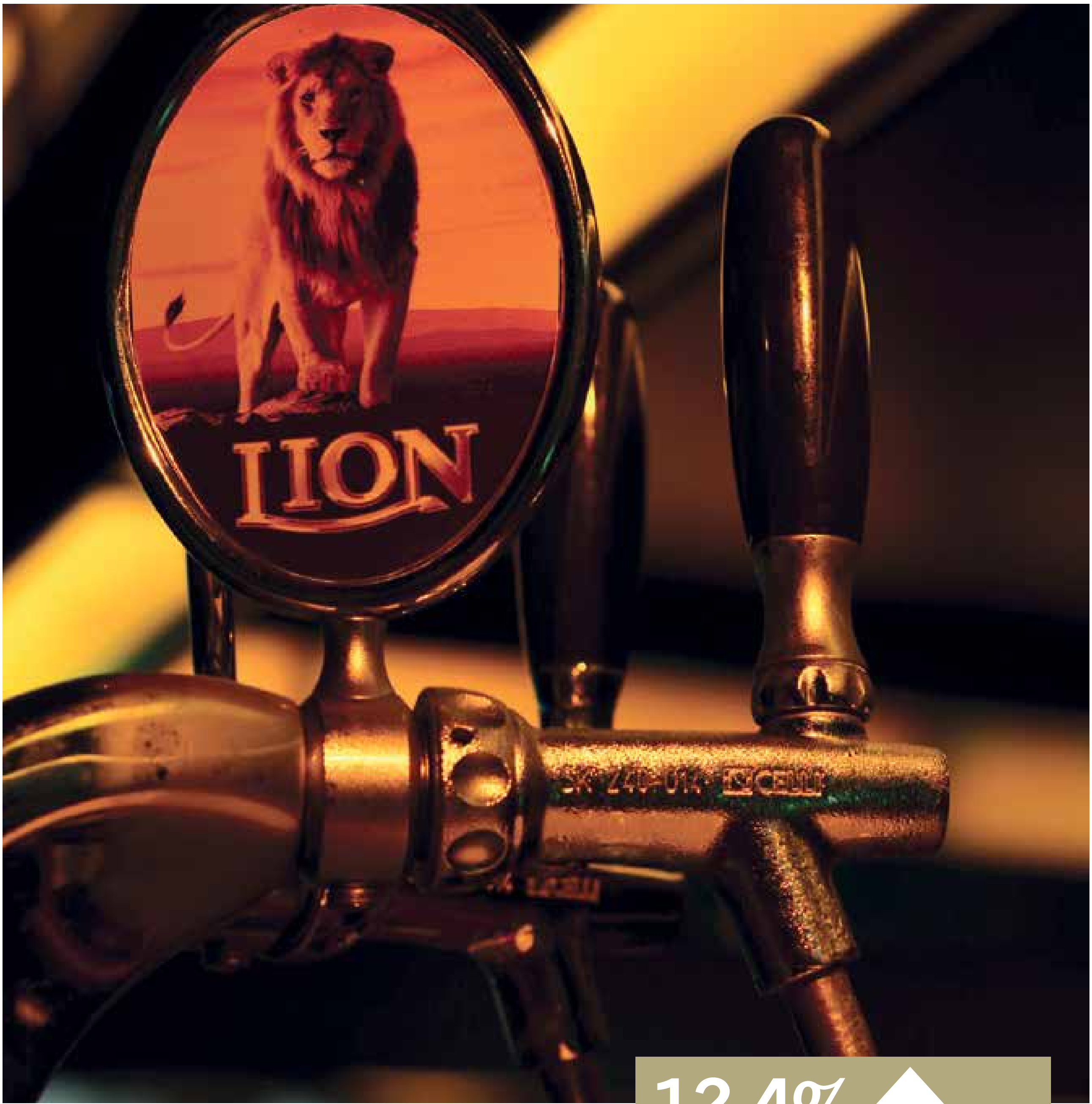


10.8%

Total Assets
Greater Combined Segmental Asset base, resulting from increase in Biological assets and Cash & Cash Equivalents

PLANTATIONS, OILS & FATS

Integrated Palm Oil Producer - upstream and downstream



12.4%

Turnover
Boosted by higher volumes on the back of increased tourist arrivals and an excise duty increment in August 2013

BEVERAGE

Manufacturing, distributing and exporting Sri Lanka's best loved Beer

9.28%

Turnover

Higher Turnover amidst volatile market conditions, stemming from capital gains and profits booked on market anomalies

PORTFOLIO & ASSET MANAGEMENT

Composite investment management - listed equity, private equity, fixed income securities and unit trusts

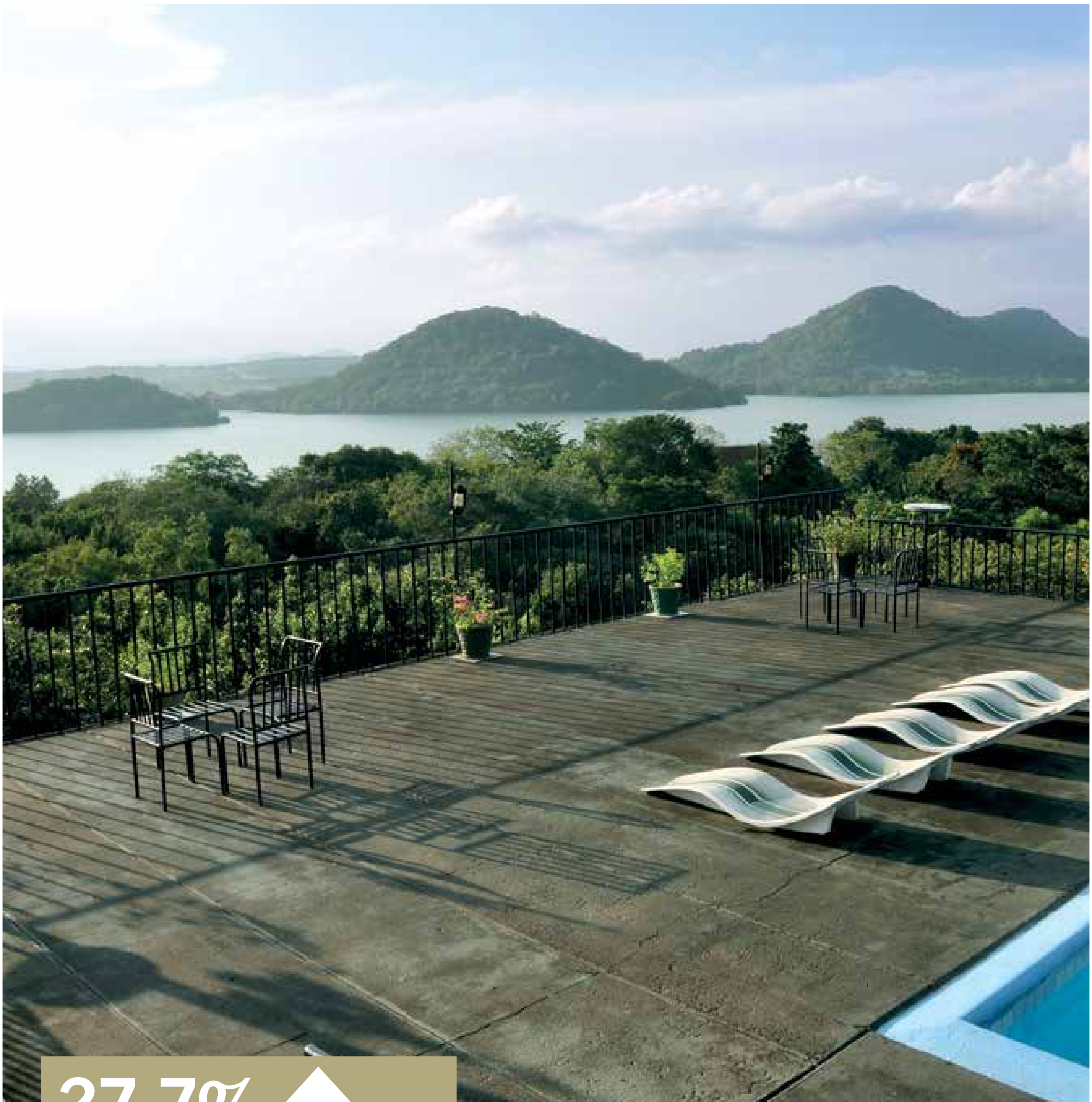
113.8%

PBT

Boosted by increase in total occupancy to 91% from the 85% reported for Financial Year 2013

REAL ESTATE

192,000 Sq. ft of Prime office/ warehouse space valued at Rs.2.4Bn



27.7%

MICE Revenue

Banquet, conferences related revenue increased by 27.68% Year-On-Year to reach Rs.68.44Mn

LEISURE

Two properties offering beach and cultural triangle experience flavoured with excellent food and best of class service

100%

Satisfaction
Maximising Satisfaction of internal customer expectations instead of profit maximisation

MANAGEMENT SERVICES

Inwardly focussed service oriented competency provider

Financial Highlights

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

For the year ended 31st March	2014	2013	% Change
Statement of Income			
Group revenue	76,540,926	76,162,126	-
Segment results	12,905,456	11,045,641	17
Profit before taxation	11,136,235	13,637,001	(18)
Profit after taxation	7,879,015	9,655,276	(18)
EBITDA	16,042,379	13,835,559	16
Profit attributable to ordinary shareholders	3,737,335	4,593,942	(19)
Cash earning per share (Rs.)	81.69	70.45	16
Earnings per share (Rs.)	19.03	23.39	(19)
Dividend per share (Rs.)	2.00	2.00	-
Dividend payout (%)	104	117	(11)
Statement of Cash Flow			
Operating cash flow	13,596,441	4,667,377	191
Capital Expenditure	17,787,504	20,901,140	(15)
Statement of Financial Position			
Shareholders' funds	34,199,700	34,476,542	(1)
Net assets	67,916,679	68,342,037	(1)
Net assets per ordinary share (Rs.)	174.14	175.55	(1)
Return on ordinary shareholders' funds (%)	10.93	13.32	(18)
Total assets	159,388,425	140,739,488	13
Net debt	47,753,595	44,369,967	8
Market / Shareholder Information			
Market value per share (Rs.)	365.00	440.00	(17)
Enterprise value (Rs.Mn)	153,152	164,645	(6)
Market capitalisation (Company) (Rs.Mn)	71,681	86,410	(17)
Revenue to Government	16,664,134	15,283,472	9
Group value addition	35,310,682	34,837,251	1
Group employment (Nos.)	15,580	15,097	3

SEGMENT RESULTS

Rs.12,905 Mn

2013: SEGMENT RESULTS 11,045 Mn

TOTAL ASSETS

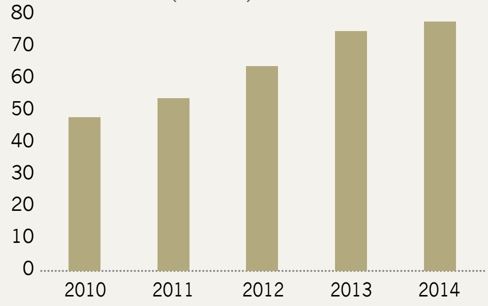
Rs.159 Bn

2013: TOTAL ASSETS 140 Bn

Our Performance - Non Financial Graphical Review

We track performance against key financial and non-financial indicators.

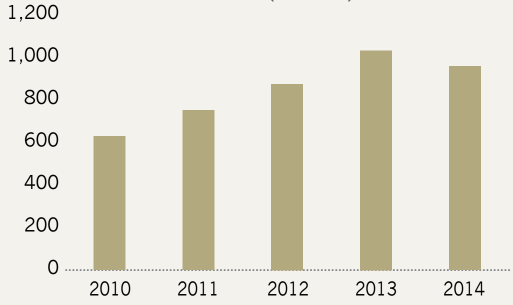
Gross Planted Land-Oil Palm Plantation (Ha '000)



2014 - 77,575 Ha
2013 - 74,913 Ha

The oil palm plantation segment's gross planted land displays gradual increases over the years, driven by the plantation development targets of the sector.

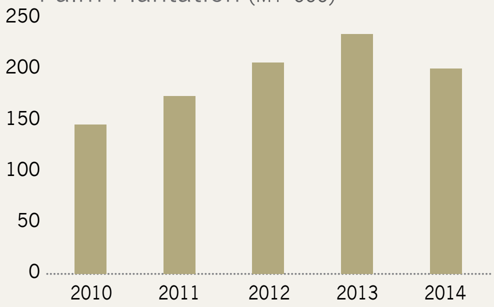
Fresh Fruit Bunch Production - Oil Palm Plantation (MT '000)



2014 - 958,815 MT
2013 - 1,031,788 MT

The production of Fresh Fruit Bunches (FFB) has increased over the years as new planted areas reach maturity. However, the current financial year's yields were impacted by biological and weather factors that affected the region (and are cyclical occurrences in the industry). Nonetheless, we continue to implement agronomy best practices which focus towards enhancing site yield potentials.

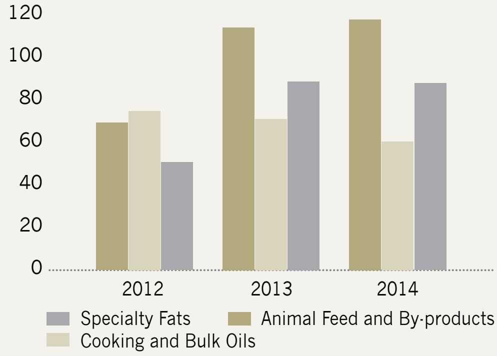
Crude Palm Oil Production - Oil Palm Plantation (MT '000)



2014 - 201,027 MT
2013 - 234,503MT

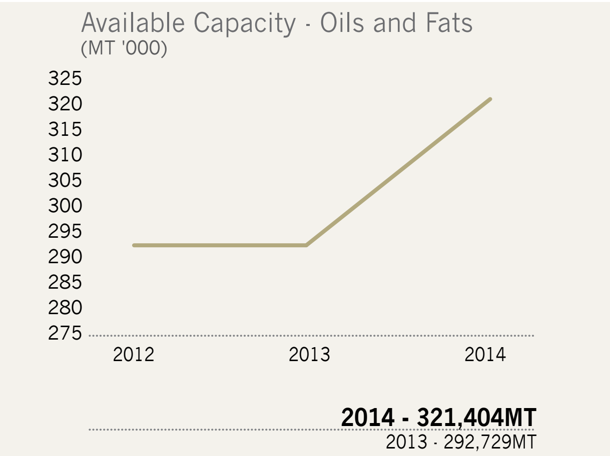
Our CPO production displays gradual increases over the years as a result of increasing FFB yields witnessed in the sector plantations. However, the prevalent biological and weather conditions have adversely impacted the current year's fruit production which has in turn affected the oil production. Nonetheless, we continue to implement best practices focussing towards enhancing site yield potentials, maximise oil content of fruits and improve oil mill extraction rates for the future.

Production Output - Oils and Fats (MT '000)

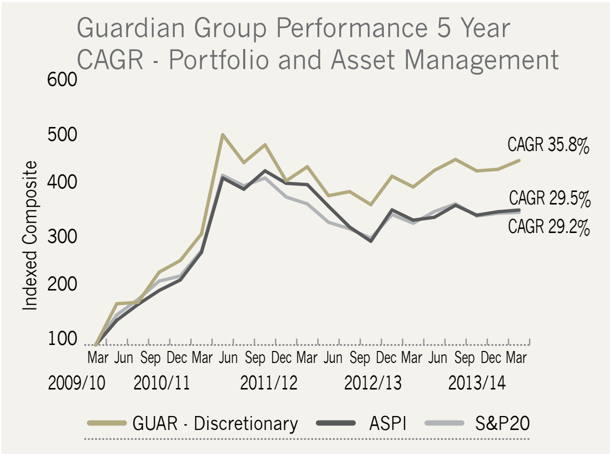


We continue to focus on building the right foundation to gear the business for future growth and enhanced volumes in line with capacity levels, whilst investing on R&D and product development initiatives to enhance margins.

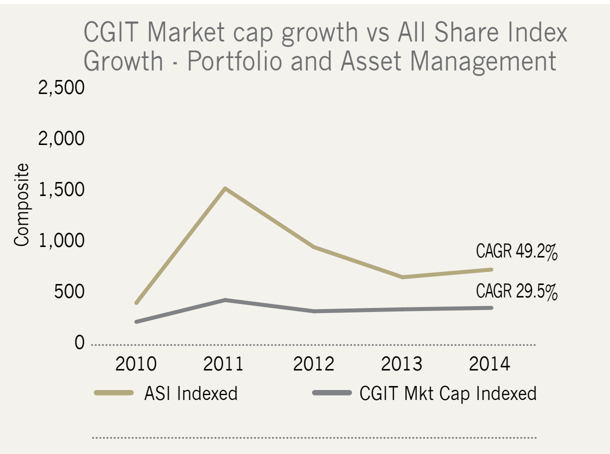
Our Performance
- Non Financial Graphical Review



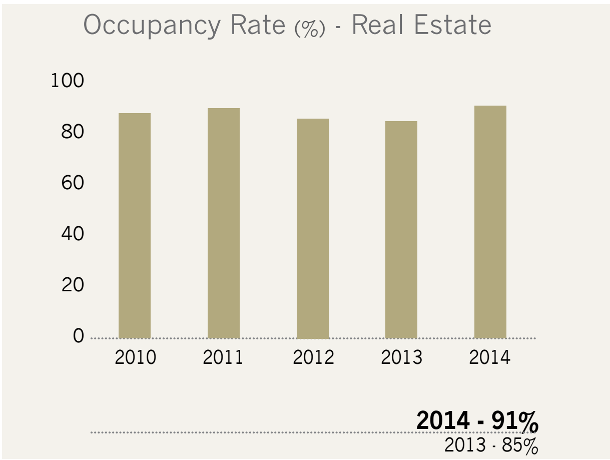
The sector underwent capacity enhancements and plant upgrades during the year under review in order to meet the increased demands foreseen in the future. Thus, production bottlenecks were remedied whilst capacities were increased. The oils and fats segment will also as a result, witness improvements through economies of scale.



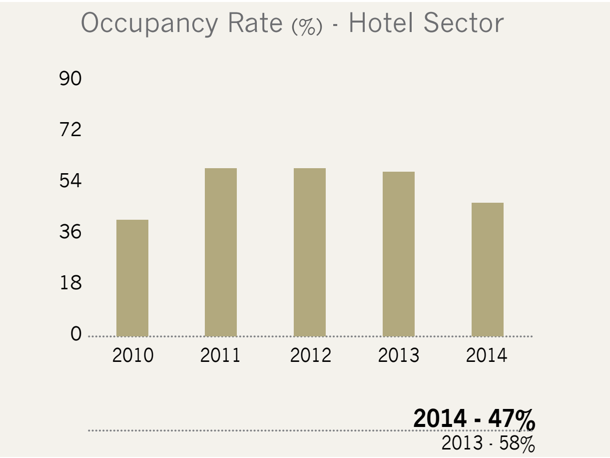
The Guardian discretionary portfolio has given a 35.8% CAGR return against benchmark ASPI CAGR return of 29.51% taking a long cycle of 5 years. The over performance of 6.29% is due to bottom picking stocks at good intrinsic values taking a long investment horizon of the market, exploiting short term market vagaries.



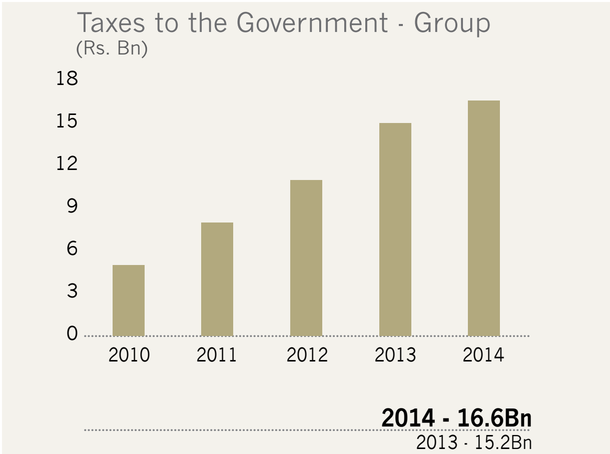
Ceylon Guardian market cap growth during the last 5 years (2009 Mar to 2014 Mar) has grown by 49.2% against ASPI growth of 29.5% for the same period. Hence an investor in Ceylon Guardian share would have got a return above market return of 19.7% in the last 5 years.



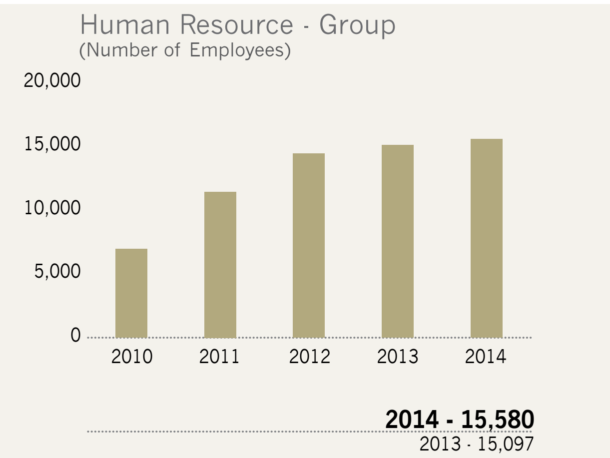
Occupancy rates in our real estate sector which had stagnated due to vacancies at the EQ 2 property got a boost up with the new building in Janadhipathi Mawatha which added 44,000 sq.ft. to the portfolio getting fully occupied by a long term tenant.



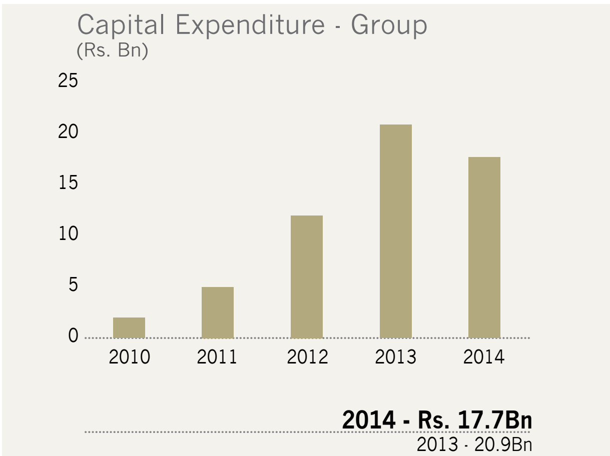
Occupancy rate in our Hotel Sector which showed a steady increase to peak in 2012/13 started to take a dip thereafter. The expected proliferation of star class room availability would push these trends further south.



Group contributed Rs.16.6Bn as taxes to the Government for FY2014 which is an increase of 9% from last year.



Human Resources continued to grow in order to facilitate the expanding business segments. As at 31st March 2014, the total number of employees stood at 15,580, an improvement of 3.1% over the previous year.



Capital expenditure incurred on expansions relating to the plantations, oils and fats and beverage sectors is highlighted in the graph. Capital expenditure translates to earning capacity increase for the future.

Chairman's Statement

Dear shareholders,

It gives me great pleasure to extend a warm welcome to the 101st Annual General Meeting of the Company, the beginning of the second century of our corporate journey. I am very pleased to place before you the audited financial statements and the annual report of the Company for the financial year ended 31st March 2014. The year under review is of great significance, considering not only the final results but more importantly the strategic direction the company has taken during the period which will ensure substantial gains in value and returns to the Group in the years to come.

I will not report on the financial results and the projected trends in detail as the Financial and the Business sector reviews have dealt with the subject adequately.

The Group recorded a net turnover of Rs.76.54Bn, a marginal increase of 0.5% from Rs.76.16Bn recorded last year. However, profit for the year has gone down by 18% to Rs.7.87Bn from Rs.9.65Bn last year. Though at first glance it suggests diminishing operational profitability, the real reasons are attributable to material changes in non-cash elements of accounting and translations as explained below.

Perusal of the Statement of Income will show that the impact of change in fair value of Biological Assets (palm oil plantation assets) on profitability has dropped by 35% YoY which is equivalent to Rs.1.7Bn. Biological valuation is a non-cash adjustment to profitability mandated by Accounting Standards and is determined based on age of plants, yield of palm, location of plantation, price of crude palm oil etc. The second significant YoY disparity arises from the translation of non-current US Dollar borrowings of the plantation sector into Indonesian currency. This again is a non-cash item necessitated by cross-border accounting where the adverse impact on the current financial year's results compared to last year is Rs.2.1Bn.

Based on the assumption that the operations during the preceding year and the year under review were more or less the same , the above mentioned non cash adjustments has adversely impacted the profit before tax by approximately Rs.3.8Bn. I believe this explains the correct perspective of the current year's results vis-à-vis the previous year.

At Company level, revenue, has dropped 6% from Rs.677Mn recorded last year to Rs.639Mn this year as a net result of increased dividend income but a greater drop in interest income. However, profit for the year is up 12%, benefitting from the lower finance cost regime which prevailed during the year under review as compared to the previous year. No significant changes were made to the business model at Company level during the year under review.

ECONOMIC OUTLOOK - SRI LANKA

Sri Lanka's annual real GDP growth, which fell to 6.3% in 2012 from a high of 8.2% in 2011, rebounded strongly to reach 7.3% in 2013. This along with 5 year continuous single digit marked inflation, down trended single digit interest regime and stable though high US dollar exchange rate parity, augured well for our local based businesses during the year under review.

In the financial sector, during the financial year 2014 the benchmark All Share Price Index recorded marginal growth of 406 basis points, to end at 5,968.31 as at 31st March 2014 whereas the more liquid S&P SL 20 reported a negative 0.41% return for the period under consideration. However, it was a positive year where foreign investor participation was concerned, as foreigners were net buyers for the financial year concluded, with a net foreign inflow of Rs.22.9Bn for the period, fuelled by interest on banks and blue chips.

OUR LOCAL BUSINESSES

The Portfolio & Asset Management Segment, which is commonly known as " The Guardian group" and its investment in Bukit Darah PLC, recorded a consolidated revenue of Rs.1.82Bn reflecting a 9.3% increase relative to that of the financial year 2013.

This sector reported a consolidated profit after tax of Rs.1.55Bn for the year ended 31st March 2014 against the Rs.1.52Bn reported for the corresponding period.

The Portfolio & Asset Management Segment managed to sustain earnings in a volatile market environment amidst much uncertainty as a result of timely profits booked on selected stocks and capital gains secured by way of capturing market anomalies.

The total portfolio under the ownership of Guardian Group, based on market value decreased to Rs.24.19Bn as at 31st March 2014 against the Rs.26.03Bn reported previously, depicting a 7% year-on-year decline in value. The discretionary portfolio, valued at Rs.12.12Bn as at year ended 31st March 2014 recorded a 4.4% appreciation in value in comparison to the Rs.11.61Bn of the corresponding period. Guardian Group, through its wholly owned subsidiary, Guardian Fund Management Limited, a registered market intermediary, administers a total Assets Under Management (AUM) of Rs.27.68Bn as at 31st March 2014 , comprising Guardian group portfolio above, private investor portfolios, units trusts and Sri Lanka Fund.

The Beverage segment had to face the marked presence of intense competition, low margins and increased regulatory pressure.

Growth within the industry seems to have tapered off, giving rise to aggressive competition amongst existing industry participants. With the absence of new market penetration opportunities, industry players have been compelled to seize market share from one another by way of providing increased incentives to the middle man, i.e the retailer. Such competition within industry only enriches the middle man and is not consumer friendly.

> The Portfolio & Asset Management Segment managed to sustain earnings in a volatile market environment amidst much uncertainty as a result of timely profits booked on selected overvalued stocks and capital gains secured by way of capturing market anomalies.

The Beverage Segment of the Group recorded a consolidated turnover of Rs.25.84Bn for the financial year 2014, contributing to a gross margin of 23.2%, which is a 0.8% increment when compared to the previous period.

The positive movement in Gross Margin was due to the stoppage of relatively expensive imported canned beer to supplement capacity constraints, in October 2013. The imported canned beer although brought down at higher prices was sold at existing market prices which was below cost.

On the other hand, the segment encountered factors such as increased input costs and excise duty increments which challenged the sustainability of margins. Given the price sensitive nature of this industry, the full increase in product costs was not passed to consumers, thereby absorbing a considerable portion of the total cost increase affecting the bottom line.

Sector reported a consolidated profit after tax of Rs.1.17Bn as compared to Rs.1.02Bn achieved during the previous year.

Having increased its brewing capacity by commissioning a brand new brew house at its plant which, coupled with the Old brew house which is still in excellent operating condition, Lion Brewery successfully concluded most of the proposed expansion in the beer processing section during the year. The installation of the new state-of-the-art packaging lines - both bottling & canning – are currently underway and will be commissioned shortly. With these additions, Lion Brewery will not be hindered by capacity constraints in producing Sri Lanka's best loved beers.

Chairman's Statement

As informed to the public through recent announcement to Stock Exchange, Lion Brewery Ceylon PLC and its wholly owned subsidiary entered in to a Sale and Purchase Agreement with Cargills (Ceylon) PLC and its subsidiary Millers Brewery Limited to purchase the shareholding including trademarks of Millers Brewery Limited for Rs.5.15Bn, subject to the completion of the necessary due diligence studies.

As informed to the public through a recent announcement to the Stock Exchange, Lion Brewery Ceylon PLC and its wholly owned subsidiary entered in to a Sale and Purchase Agreement with Cargills (Ceylon) PLC and its subsidiary Millers Brewery Limited to purchase the shareholding including trademarks of Millers Brewery Limited for Rs.5.15Bn, subject to the completion of the necessary due diligence studies. This strategic acquisition will provide the consumer with a wider choice of products offered by Lion Brewery with expected enhancements in volume and profitability.

The Leisure sector performances should ideally be directly correlated to the tourist arrivals to the country which had shown a 26% YoY increase during the calendar year 2013 as against 2012, reaching 1.27Mn tourists. Furthermore, spending per tourist too increased by 30% to reach USD 1,345.5. In spite of the spike in both these indicators, occupancy at our Pegasus and Giritale hotels showed downward trends resulting in declined turnover and profits. This is believed to be a common phenomenon with most star-graded properties due to the emergence of low grade establishment venues which lure the incoming tourists through internet and other direct channels.

During the year under review, as a result of the strategic directive to increase emphasis on core operations of the Group, Carsons Group made an exit from the Airline Operations Business, where it was the General Sales Agent (GSA) for two world class airlines; Air France & KLM Royal Dutch Airlines.

The Real estate sector which had been the silent fixed income earner of the Group whilst accumulating capital value in its property portfolio, suddenly sprung to action with two significant achievements during the year under review. Firstly, the scourge of the sector for some time now, the 6 acre land in Mount Lavinia, was disposed off at a gain, the proceeds of which allowed substantial settlement of the parent company loan sourced to purchase the said land. Secondly, the sector's property in Janadhipathi mawatha, completed the renovation of its adjoining building at the site and secured a long term tenant for the full 44,000 sq ft whilst the renovation was in progress. The full impact of the above events could be seen only during next financial year's operations.

OUR OVERSEAS BUSINESSES

Oil Palm Plantations Segment

Indonesia, recorded a moderated 5.8% GDP growth in 2013 as compared to an average of 6.3% over the previous 3 years, as investments decelerated sharply. Bank Indonesia, the Central Bank, raised interest rates to restrain domestic demand at a time of rising inflation and a widening current account deficit.

Palm Oil prices improved towards the latter part of the financial year ending 31st March 2014, as production tightened and demand side factors showed signs of stability. Palm oil production in Indonesia recorded a year on year drop in decades, whilst on the demand side higher bio diesel mandate was announced by the Government of Indonesia. This led to the stock levels coming down, thereby leading to upward movement in the CPO prices.

The current expectation by industry analysts is that the Crude Palm Oil (CPO) prices will continue to hold well during the coming year. The positive outlook stems from the expected tightening in CPO production.

One of the factors that impacted on the financial performance of this segment was the drastic depreciation of the Indonesia Rupiah during the year. The Indonesian Rupiah dropped to over IDR 12,000 to the USD during the year, being a depreciation of over 30%. In the beginning of my statement I have given in detail the nature of this book loss and the resulting impact on the Group's consolidated results denoted in Sri Lankan Rupees. However, the currency stabilised towards the fourth quarter of the financial year under review, closing the financial year at IDR 11,404 to the USD.

Higher operational productivity and the stringent cost management regime practiced within this segment enabled us to sustain cost of production, withstanding the impact of inflationary pressures. Many operational initiatives are being undertaken to enhance the operational efficiency and structures, generate synergies amongst multiple operating locations within each region and enhance overall productivity.

Accordingly a turnover of Rs.22.35Bn was recorded by this segment during the financial year ended 31st March 2014, as compared to Rs.25.80Bn recorded during the previous financial year. However, as aforementioned, an exchange translation loss of Rs.2.80Bn was booked as at 31st March 2014, reflecting the depreciation of the currency as at 31st March 2014. Resultantly, a net profit after incorporating exchange valuation losses and gains on biological valuation, of Rs.5.28Bn was recorded for the year under review, compared to Rs.8.71Bn recorded in the previous financial year.

With the reaching of maturity of an extent of approximately over 15,000 ha which is currently at immature stage, the sector expects to derive further cost, operational and logistics related efficiencies in the coming 1-3 years.

Oils and Fats Segment

The industry environment impacting the Oils and Fats segment continues to be a challenging one. The refining capacity in Indonesia has enhanced with many players increasing their refining and processing capacity. Indonesian refiners are provided a relative advantage over their Malaysian counterparts given the differential duty structure that favours domestic refiners. It is anticipated that Indonesia will further adjust the differential duty structure to protect and support its increasing refining capacity.

With the many initiatives undertaken during the year, the sector managed to record a turnover of Rs.25.89Bn for this segment, as compared to Rs.25.06Bn recorded in the previous year. The sector posted a net loss of Rs.128.23Mn for the financial year ended 31st March 2014 as opposed to a net loss of Rs.1.53Bn recorded during the previous financial year.

The foregoing paragraphs give a concise overview of the businesses of the Group, the landscape of their operational environment including economic and regulatory thrusts, broad business philosophy and their respective contribution to the overall consolidated results.

I take this opportunity to express my sincere appreciation to all our employees totaling to 15,500 in Sri Lanka and overseas for their contribution to the Group’s success. Without their dedication and commitment none of the above achievements would have been possible. To the policy makers and regulatory authorities of the countries we operate in, I wish to convey our grateful appreciation ,for understanding our business sensitivities and the support and facilitation extended to us at all times.

It is my pleasure to acknowledge the cooperation and support we received from our business partners for which we are very grateful.

I wish to thank all my colleagues on the Board, in particular, the members of the Audit, Remuneration and Nomination committees for their invaluable contribution and guidance. We remain indebted to Mr. Mangala Moonesinghe who served on the Board for 9 years with great distinction.

On behalf of the Board of Directors I wholeheartedly thank all our shareholders for the continuing trust and confidence placed in the Company, which I have no doubt will propel the Company to achieve its full potential.

I along with the Board take pleasure in recommending a first and final dividend of Rs 2/- per share for the financial year ended 31, March 2014 for your approval at the forthcoming Annual General Meeting.

(Sgd.)
Tilak de Zoysa
Chairman

25th June 2014
Colombo

Group Structure

PLANTATIONS, OILS & FATS

- Goodhope Asia Holdings Ltd. • 2008* • 53.33%
- Agro Asia Pacific Limited • 2010* • 100%
- Premium Nutrients Private Limited • 2011* • 100%
- Agro Harapan Lestari Sdn. Bhd. • 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* • 99.26%
- Selinsing PLC • 1907* • 96.03%
- Indo-Malay PLC • 1906* • 90.45%
- Good Hope PLC • 1910* • 94.48%
- Agro Harapan Lestari (Private) Limited • 2008* • 100%
- AHL Business Solutions (Private) Limited • 2010* • 100%
- PT Agro Indomas • 1987* • 91.31%
- 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%
- Arani Agro Oil Industries Private Limited • 1986* • 100%

BEVERAGE

- Ceylon Beverage Holdings PLC • 1910* • 75.06%
- Lion Brewery (Ceylon) PLC • 1996* • 58.76%
- 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%

REAL ESTATE

- Equity One PLC • 1981* • 96.27%
- Equity Two PLC • 1990* • 88.81%
- Equity Three (Private) Limited • 1990* • 100%

LEISURE

- Pegasus Hotels of Ceylon PLC • 1966* • 93.09%
- Equity Hotels Limited • 1970* • 100%
- Carsons Airline Services (Private) Limited • 1993* • 100%
- Riverside Resorts (Private) Limited • 2008* • 51%

MANAGEMENT SERVICES

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

PORTFOLIO & 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%
- Guardian Acuity Asset Management Limited • 2011* • 50%

DIVERSIFIED HOLDING COMPANY

- Bukit Darah PLC+ • 1916* • 26.19%

% refer to group interest
+ refer to associate company
* refer to year of incorporation

Country of Incorporation/Operation

Sri Lanka, Malaysia, India, Indonesia, Singapore

Corporate Information

Name of the Company
Carson Cumberbatch PLC

Company Registration No.
PQ 41

Legal Form
A Public Quoted Company with limited liability.
Incorporated in Sri Lanka in 1913.

Board of Directors
Mr. T. de Zoysa (Chairman)
Mr. H. Selvanathan (Deputy Chairman)
Mr. M. Selvanathan
Mr. I. Paulraj
Mr. D. C. R. Gunawardena
Mr. S. K. Shah
Mr. P. C. P. Tissera
Mr. V.P . Malalasekera
Mr. M. Moonesinghe - *Resigned with effect from 31st March 2014*
Mr. F. Mohideen
Mr. R. Theagarajah

Alternate Director
Mr. K. Selvanathan (for Mr. M. Selvanathan)
Mr. S. Selvanathan (for Mr. H. Selvanathan)

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

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

Nomination Committee
Mr. T. de Zoysa - (Chairman) - *Non Executive/ Independent Director*
Mr. D. C.R. Gunawardena - *Non Executive Director*
Mr. M. Moonesinghe - *Non Executive/ Independent Director **
Mr. R. Theagarajah - *Non Executive/ Independent Director ***

Bankers
Standard Chartered Bank
Bank of Ceylon
Citibank NA
Commercial Bank of Ceylon PLC
HSBC
Sampath Bank PLC
Hatton National Bank PLC
Nations Trust Bank PLC
Deutsche Bank
Public Bank Berhad
Pan Asia Banking Corporation PLC

Auditors
Messrs KPMG
Chartered Accountants
No. 32A,
Sir Mohamed Macan Markar Mawatha,
Colombo 3
Sri Lanka

Secretaries
Carsons Management Services (Pvt) Ltd
No. 61, Janadhipathi Mawatha,
Colombo 1
Sri Lanka
Tel : 94-11-2039200
Fax: 94-11-2039300

Registered Office
No. 61,
Janadhipathi Mawatha,
Colombo 1
Sri Lanka
Tel : 94-11-2039200
Fax: 94-11-2039300

Email
carsons@carcumb.com

Corporate Website
www.carsoncumberbatch.com

* *Resigned from the Board with effect from 31st March 2014 and accordingly from the Remuneration/Nomination committees with effect from 31st March 2014*
** *Appointed with effect from 1st April 2014*

Sector Review

Revenue	Profit before tax	Contribution to Group profit
Rs.48.2Bn	**Rs.7.3Bn**	**65%**

Oil Palm Plantations Segment

Industry overview and market conditions

During the year under review, year-on-year Palm Oil Production in Indonesia was at a decade low, triggered by biological factors, bearing a hit on palm oil manufacturers in the country across the board.

Palm Oil Prices, which were volatile during the beginning of the financial year, stabilised as the year progressed, enabled by subdued supply conditions and improved demand potential, stemming from the recent Bio Diesel Mandate announced by the Indonesian Government. The current industry sentiment on palm oil prices is relatively positive and as such, is expected to trade at current levels and with a possible increase towards the second half of the impending year.

Overview of sector performance

The total area under plantation by the segment increased to 77,575 Ha's as at 31st March 2014, relative to that of the corresponding period, which was at 74,913 Ha's.

Whilst the first half of the year was marked with low CPO prices and meager crop production, the six months to 31st March 2014 proved to be better for the Oil Palm Plantation segment where crop production picked up as did CPO prices. Therefore the impact of total year-on-year crop drop was mitigated to an extent through higher CPO prices. Revenue reported by the Oil Palm Plantation segment was at Rs.22.35Bn for the period, which is a 13.37% dip in comparison to that of last year. In addition to poor crop production, which was in line with the industry; the sector's performance for the Financial Year 2014 was also affected by the drastic depreciation of the Indonesian Rupiah, which fell beyond IDR 12,000 per USD during the year, reflecting a currency depreciation of over 30%. The currency stabilised towards the fourth quarter of the financial year under review, closing at IDR 11,404 per USD. The overall movement in currency exchange rates resulted in an exchange loss of Rs.2.80Bn for the current period, compared to the loss of Rs.0.74Mn reported previously, arising from translation of the dollar loan obtained.

Sector Review

Amidst such challenges, the sector managed to sustain production costs withstanding the impact of inflationary pressures, through stringent cost management procedures. Further, a number of operational initiatives were put into effect during the year, in order to enhance operational efficiency and generate synergies amongst multiple operating locations within each region. Further, the gain from change in fair value of Biological assets for the period, was down by 34.81% relative to the Rs.4.88Bn recorded for the financial year 2013, thereby carrying a comparatively lower positive impact on Group earnings for the year under review.

The Oil Palm Plantation Segment reported net profit of Rs.5.28Bn for the financial year ended 31st March 2014, as compared to Rs.8.71Bn recorded during the previous financial year. The year-on-year reduction in net profit could be attributed towards significant increase in foreign exchange loss and reduction in gain from change in faire value of biological assets, as explained above.

The positive market sentiment prevalent, which is expected to continue into the future, is envisaged to improve performance of companies within the Oil palm plantations industry. As such, the management has scheduled to work towards managing operational costs and increasing planting area by way of enforcing stringent agronomy practices. With the anticipated maturity of approximately over 15,000 ha which is currently at an immature stage, the segment is also expected to derive cost efficiencies pertaining to operations and logistics, in the coming 1 - 3 years.

OILS AND FATS SEGMENT

Industry overview and market conditions

The Financial year ended 2014 ended on a positive note for domestic refineries in Indonesia and India due to the differential duty structure favouring domestic players, although the possibility of higher feedstock import cost led by fluctuating currency remains a key risk in the Indian Market. Indonesia witnessed enhanced refining capacity during the period with many players expanding their refining and processing capabilities to cater to the escalating demand potential. With the said policy coming into play, the country is expected to replace India as the largest consumer of Palm oil. Under such circumstances, it is envisaged that the differential duty structure in Indonesia will be adjusted further in favour of domestic refineries, in order to protect and support its increasing refining capacity. As at present, Indonesian refineries share a relative advantage over their Malaysian counterparts due to the prevalent duty structure.

Operational Overview

Despite overall sales prices remaining comparatively low during most part of the year, Revenue reported by the Downstream Oils & Fats Business for the period under review registered growth of 3.33% relative to that of the financial year 2013, fuelled by higher sales volumes.

With increased levels of marketing and market development activities undertaken, the sector witnessed increased volumes to key markets and new customers.

During the year under review, the Oils and Fats business successfully concluded expansion of its operating capacity within the Malaysian plant. However, given that a significant portion of the capacity expansion project was completed towards the last quarter of financial year 2014, the full benefit of enhanced capacity will only be realised during the coming financial year.

The Indian business saw increased competition from local and multinational players who have recently increased focus on the specialty fats business segment. However, the Group's operations in the country managed to maintain continued presence in the market despite the difficulties faced. The Indian operations also managed to increase bulk volumes and add value to by-products which were hitherto eroding margins generated from the main products.

Significant developments which took place in this segment for the current year include; commissioning of a dedicated Research and Development facility known as the Premium Innovation Centre. This state of the art innovation centre consists of advanced analytical facilities, improved pilot processing capabilities and a complete application lab to test the use of products. This will enable the segment to enhance its product mix focusing on value added products, increase operating margins and build long term alliances with our customers.

Overview of sector financial performance and future outlook

Operating profit recorded by the sector for financial year 2014 stood at Rs.271.89Mn, as compared to the loss of Rs.985.70Mn recorded in the previous year. The Oils and Fats business posted an overall net loss of Rs.128.23Mn for the financial year ending 31st March 2014 as opposed to the net loss of Rs.1.53Bn recorded for the corresponding year.

The management anticipates improved performance during the coming year through consolidation of current businesses and via internal efficiencies generated. Focus will also be directed towards deriving operational efficiencies whilst concurrently strengthening market development initiatives and building long term relationships with key customers. The new product development initiatives and greater product customisations that will now become possible due to the Premium Innovation Centre should also bode well for this segment in the coming years.

The management is also of the view that it is imperative to consider setting up processing capacities in Indonesia in order to build volumes over the long term and attain competitiveness. This will also facilitate integration within the upstream plantations segment over the long term.

Sector Review

Revenue	Profit before tax	Contribution to Group profit
Rs.25.8Bn	**Rs.2.1Bn**	**15%**

Beverage Segment

Industry overview and market conditions

The financial year concluded was a challenging one for the beer industry with the marked presence of intense competition, low margins and increased regulatory pressure.

Growth within the industry seemed to come off its high, giving rise to aggressive competition amongst existing industry participants. With the absence of new market penetration opportunities, industry players have been compelled to seize market share from one another by way of providing increased incentives to the middle man, i.e the retailer. Unfortunately, the consumer does not benefit from such competition.

As mentioned previously, the existence of cheaper illicit alcohol remains a threat to the stability of the industry and industry dynamics. Since of late, in addition to the illicit alcohol manufacturers, a third segment from within the alcohol industry emerged to capture market share from the licensed manufacturers. Such market participants, who are relatively new, have launched brands at margins which are wafer thin or less. Once excise duties and retail margins are paid on their products, the balance available to meet costs of raw materials, labour, transportation, energy and overheads is remarkably little. Although not immediately apparent, it would appear that these products have captured a significant component of the market from the licensed manufacturers.

During the year, margins were further compressed by the excise duty increment imposed in August 2013.

As announced after the end of the financial year, Lion Brewery Ceylon PLC, together with a fully owned subsidiary has proposed to acquire Millers Brewery (Pvt) Ltd. The conclusion of the transaction is subject to a due diligence which is currently underway. Once concluded, Lion Brewery Ceylon PLC is expected to have a more diverse product portfolio which in turn will translate to higher volumes in future.

Sector Review

Overview of financial performance of the segment

The Beverage Segment of the Group recorded turnover of Rs.25.8Bn for the financial year 2014 attributing towards a gross margin of 23.2%, a 80 basis point increment when compared to the previous period.

The positive movement in Gross Margin was due to the stoppage of relatively expensive imported canned beer in October 2013. The imported canned beer although brought down at higher prices was sold below cost, due to which margins eroded temporarily.

However, the segment encountered factors such as increased input costs and excise duty increments by authorities which challenged the sustainability of margins. Given the price sensitive nature of this industry, the Company refrained from passing on the full increase in product costs to consumers, thereby absorbing a considerable portion of the total cost increase.

Total debt outstanding under the Beverage segment stood at Rs.6.80Bn. Of this, long term debt comprised of Rs.5.50Bn. A bulk of the debt under this segment represented funds obtained to finance the capacity expansion project.

Going forward, the proposed acquisition of Milers Brewery Ceylon PLC is expected to have some effect on the Company's balance sheet.

Expansion Project

Under the initial phase of the expansion project, Lion Brewery commissioned a new state of the art brew house at its plant in Biyagama during the financial year 2013. The Old brew house, which is still in excellent operating condition, coupled with the new brew house represents a substantial increase in brewing capacity.

During the year under review, the Company successfully concluded most of the proposed expansion in the processing section. The installation of the new state of the art packaging lines - both bottling & canning – are currently underway and will be commissioned shortly. With these additions, Lion Brewery will be geared to meet the full demand for beer in the country.

The expansion program was funded entirely via a mix of internally generated funds and external borrowings with no burden on the shareholders.

Taxation

As mentioned on previous occasions, the beverage segment of the Group continued to be one of the largest sources of tax revenue to the government of Sri Lanka.

During the year under review, the segment's contribution to the exchequer amounted to Rs.16.1Bn up 9.52% (Rs.1.4Bn) from the previous year.

Corporate taxes for the year amounted to Rs.892.09Mn based on the discriminatory 40% rate applicable to the alcohol sector. The same for the previous year was at Rs.572.66Mn.

The Year Ahead

The year ahead is likely to be challenging. Volumes in the initial months of the new financial year have been in decline. This trend may continue into the remaining period. In this environment, management is determined to remain focused on its core operations and face the challenging year ahead with confidence.

Sector Review

Revenue	Profit before tax	Contribution to Group profit
Rs.1.8Bn	**Rs.1.7Bn**	**20%**

Portfolio & Asset Management Segment

Market Performance

During the year under review, equity markets across the globe experienced much uncertainty with the announcement of QE tapering by the Fed. Sri Lanka however, was least affected and did not experience major Capital Outflows.

The Financial Year 2014 commenced on a promising note for the Colombo Stock Exchange, with the benchmark All Share Price Index displaying buoyant performance during the first half of 2013.

However, the market failed to retain its luster as investor confidence appeared vary particularly during the second half of the year, in spite of the encouraging shift in the country's macro landscape, where policy rates were slashed to multi year lows amidst improving economic fundamentals.

Accordingly, for the financial year 2014 the benchmark All Share Price Index recorded marginal growth of 406 basis points, to end at 5,968.31 as at 31st March 2014 whereas the more liquid S&P SL 20 reported a negative 0.41% return for the period under consideration.

Foreigners were net buyers for the Financial Year concluded, with a net foreign inflow of Rs. 22.9 Bn, fuelled by interest on banks & blue chips.

In comparison, local investor participation was relatively low, as market participants opted for a more cautious approach with regard to stocks. Although the sentiment concerning equities was as such, there appeared to be no qualms where fixed income securities were concerned, as investors cashed in on the more attractive debenture offers which took off during the year.

From a sectorial perspective, Beverage Food & Tobacco, Healthcare and Power & Energy sectors emerged strong for the financial year 2014 whereas Hotels & Travels, Plantations & Diversified sectors underperformed

Overview of Segment Financial Performance

The Portfolio & Asset Management Segment, which includes Ceylon Guardian Investment Trust PLC and its subsidiaries; Ceylon Investment PLC, Guardian Capital Partners, Rubber Investment Trust PLC & associate

Sector Review

company Bukit Darah PLC, reported consolidated profit after tax of Rs. 1.55 bn for the year ended 31st March 2014 against the Rs. 1.52 Bn reported for the corresponding period.

Sector Revenue stood at Rs. 1.82 bn reflecting a 9.3% increase relative to that of Financial Year 2013. The Portfolio & Asset Management Segment managed to sustain earnings in a volatile market environment amidst much uncertainty due to profits booked and capital gains secured by way of capturing market anomalies.

Group Net asset valuer per share based on market value as at 31st March 2014 stood at Rs. 228.72, which is a decline of 7.7% when compared to the Rs. 247.78 reported as at 31st March 2013. As at the year end, the share traded at a 22.22% discount to its NAV, reflecting upside potential.

The total portfolio under the purview of Ceylon Guardian Investment Group, based on market value decreased to Rs. 24.19 bn as at 31st March 2014 against the Rs. 26.03 bn reported previously, depicting a 7% year-on-year decline in value. The discretionary portfolio, valued at Rs. 12.12 Bn as at year ended 31st March 2014 recorded a 4.4% appreciation in value in comparison to the Rs. 11.61 Bn of the corresponding period.

Where medium term performance is concerned, the five year compounded portfolio growth rate was 47.4% on market value basis, vis-à-vis an All Share Index growth of 29.5%. This signifies the long term track record of Ceylon Guardian. The performance attributes the funds ability to shift funds between asset classes and transform within fairly valued stocks to under –valued stock. Sector cash and cash equivalents as at 31st March 2014 stood at Rs.2.80Bn, compared to the Rs.2.75Bn of financial year 2013. Sizeable cash keeps yielding a return to the investors by way of interest income adding to the total return of Guardian.

During the period, the private equity business of the segment did not attract deals that matched with the management criteria, although there is an increasing amount of project flows entering the market. The retail business under the Portfolio & Asset Management Sector, carried out as a joint Venture with Acuity Partners (part of

DFCC and NDB banks), showed slow but encouraging growth, especially on the fixed income front.

The management remains committed towards these businesses going forward, for, as an economy develops one would find more corporates as well as individuals seeking greater participation in capital markets through varied mechanisms.

Guardian Fund Management

Guardian Fund Management Limited (GFM), which is entrusted with the task of managing group portfolios, is registered with the Securities and Exchange Commission of Sri Lanka. It has an experienced team whereby competencies in all aspects of fund management encapsulating listed equity, fixed income, and private equity are covered. The core style of management remains to be based on fundamentals.

Total Assets under Management (AUM) of the Guardian Group including funds of external clients stood at Rs. 27.68 Bn for the period under review, relative to the Rs. 28.14 Bn of Financial Year 2013.

Outlook Going Forward

Although the prevalent low interest rate environment has done little to spur activity in the Colombo Stock Exchange to date, we are of the view that things are likely to take a positive shift in due course provided the rates remain at current levels, for in an ideal scenario, interest rates as low as this should shift investor attention to the more lucrative equity markets. With sustained low interest rates, investors are likely to converge to equity asset class, matching risk return and expected returns.

Whilst the presence of external stimulus as such is essential for the growth in Equity Markets, solid underlying earnings by corporates is the key catalyst to market performance. In the absence of such fundamentals the sustainability of market growth is limited to a short life span.

Sector Review

Revenue	Profit before tax	Contribution to Group profit
Rs.161.5Mn	**Rs.250.0Mn**	**3%**

Real Estate Segment

Our Business

The year under review featured several events of significance to the group's Real Estate Segment.

To begin with, during the year, Equity One PLC divested the 6 Acre Land located in Mount Lavinia, at a gross consideration of Rs.571.2Mn, bearing a positive impact on group financials for the period. The disposal came in the wake of a strategic decision to utilize assets in a more efficient manner. Thereby, the full sum of net proceeds received from the disposal was directed towards repaying debt outstanding in the Company. Accordingly, the net borrowing position of the segment witnessed a considerable improvement during the period under review.

During the year, the segment also witnessed completion of renovation and refurbishment activities of the previously vacant property at assessment no: 55, Janadhipathi Mawatha, at a cost of Rs.208.2Mn. The renovated building added nearly 44,000 sqft. to the Group's rentable property portfolio. Immediately upon completion of construction activities, the building was given on long term lease and is currently at 100% occupancy.

The value of the investment property portfolio of the Group stood at Rs.2.4Bn as at 31st March 2014, comprising of approximately 160,000 square feet of rentable office property and 32,000 square feet of stores property. Accordingly, the office vs stores property mix stood at 83% & 17% respectively.

Financial Performance

The segment also witnessed an overall increase in occupancy during the year under review, at 91% for the current period as against the 85% reported previously, which led towards increased revenue for the period. Accordingly, sector revenue for the financial year 2014 stood at Rs.161.52Mn, up by 42.6% against that of last year, driven by both increased occupancy and rental revisions.

Sector Review

Further to increased revenue, sector earnings also received a boost from gain on disposal of land which stood at Rs.79.8Mn. In addition, change in fair value of investment properties for the period under consideration increased to Rs.79.21Mn from the Rs.62.41Mn for the previous year.

Accordingly, Segment profitability improved by 96.7% year-on-year to Rs.198.32Mn for the current period.

The period under review also witnessed a reduction in debt outstanding to the parent company, Carson Cumberbatch PLC. Post repayment, the level of debt outstanding to the ultimate parent company reduced substantially, to Rs.174.7Mn as at 31st March 2014.

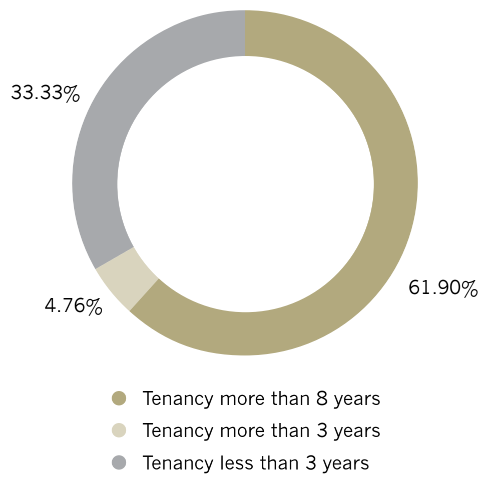
Although Equity Two PLC received rent & deposit advances amounting to Rs.138.7Mn from the tenant sourced to the newly renovated building, the total value received was utilised to finance renovation and refurbishment activities including part settlement of related company borrowings obtained to finance the said project. Thus, the impact on incremental cash flows will be limited in the short to medium term, in spite of higher earnings.

Our Tenants

A greater majority of our tenants have been with us for a period nearing a decade, which speaks volumes about the success of our tenant sustainability measures.

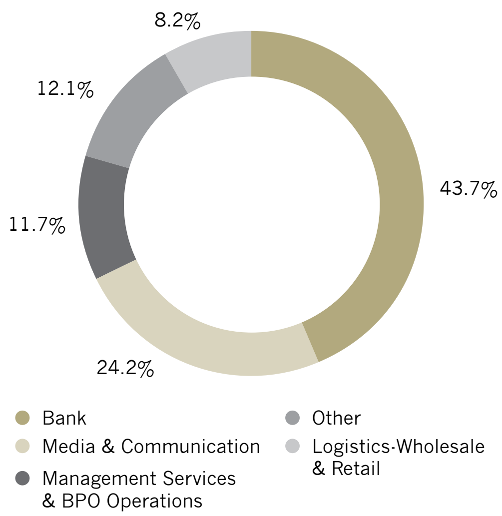
As a business entity centred on tenants, we take every effort to treat our tenants with utmost good care and timely provision of facilities. We believe in cultivating long term ties with our tenants and therefore make a conscious effort to provide a superior service which in turn will enable them to carry out their businesses in an efficient manner.

Tenant Age Analysis



As of 31st March 2014, the group had a diverse mix of tenants, belonging to sectors ranging from banking to Logistics to Services.

Tenant Profile based on Revenue



Outlook

Considering the number and scale of projects currently in the pipeline, the city of Colombo is undergoing rapid transformation. Given the city's development potential along with the favourable economic fundamentals currently in place, prospects for the real estate and property segment appears to be positive. In the light of this situation, we are optimistic about the business potential of our properties, which are located in the heart of Colombo.

However, the semi closure of access to the properties at Janadhipathi Mawatha remains a pressing issue, as the properties in the said location are unable to demand a higher rent in par with its peers in the vicinity due to this problem.

Sector Review

Revenue	Profit before tax	Contribution to Group profit
Rs.459.5Mn	**Rs.71.3Mn**	**0.8%**

Leisure Segment

Hotels

Industry Overview

According to data released by the Sri Lanka Tourism Development Authority, tourist arrivals for the calendar year 2013 recorded an year-on-year increase of 26% to 1.27 Mn tourists.

However, the emergence of low grade establishment venues continued to pose a challenge to star class hotels where occupancy is concerned.

Financial & Operational Performance

Amidst such an environment, The Pegasus Group recorded revenue of Rs.452.21Mn for the period under review, down by 8.31% relative to the previous financial year due to drop in overall occupancy at both Pegasus Reef and Giritale Hotels.

As a result of decline in overall Revenue, coupled with increased direct cost for the period, Gross Profitability recorded by the Pegasus Group trended downwards to Rs.194.22Mn for the current financial year, relative to the Rs.257.15Mn recorded previously.

Triggered by lower gross profits, Net profitability recorded by the Group stood at Rs.65.38Mn, a 53.95% drop relative to that of last year.

Future plans are underway to construct a seafood restaurant, new infinity pool and enhance the lobby area, car park and the hotel frontage to incorporate an added touch of elegance to the establishment.

Airlines

During the year under review, the Carsons Group made an exit from the Airline Operations Business, where it was the General Sales Agent (GSA) for two world class airlines; Air France & KLM Royal Dutch Airlines.

The decision to divest the business arose given the strategic directive to increase emphasis on core operations of the group.

Sector Review

Revenue	Profit before tax	Contribution to Group profit
Rs.14.4Mn	**Rs.7.6Mn**	**0.04%**

Investment Holdings Management Services

Investment Holding

This segment depicts the affairs of the holding company, Carson Cumberbatch PLC (CCPLC). The Carsons Group structure has evolved over the years from a quagmire of a decentralised holding pattern to a much rationalised structure through a series of restructuring exercises spanning more than 10 years.

The current structure is built on the foundation of sector level holding companies which in turn have sector level subsidiaries under them. Based on the complexity of the business and the regional spread, the number of subsidiaries each sector holding company controls range from 1 to 29. CCPLC, in turn hold majority shares in each of these sector holding companies thus demonstrating a clear line of sight both in control and reporting feedback. These holdings are shown at cost as mandated by Accounting Standards.

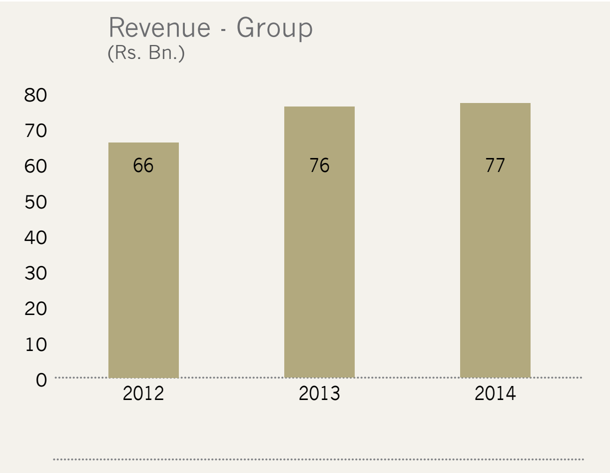
At Company level, CCPLC recorded a turnover of Rs.639.29Mn, down from Rs.677.14Mn of last year, a decrease of 6%. However, profit after tax increased by 12% to reach Rs.375.93Mn compared to Rs.336.27Mn reported during the previous year. This improvement in profitability was as a result of reduction in administrative expenses and finance costs.

Management Services

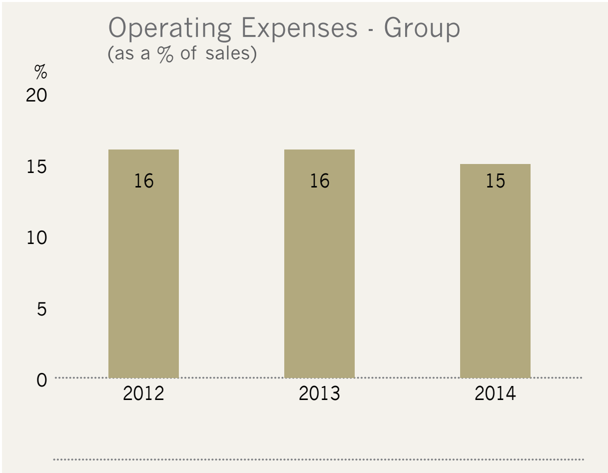
In a real business sense, the management services segment is not a profit oriented business venture since it serves only the internal customers. Sri Lanka based businesses of the Group are managed by Carsons Management Services (private) Limited (CMSL), a wholly owned management company of CCPLC. CMSL team comprises of the disciplines of corporate finance, company secretarial, legal, tax, IT, HR and group internal audit. Though internal audit falls under the expense heading of CMSL, their reporting structure is independent to the parent company’s audit committee.

Similarly, plantation sector is managed by focussed management companies wholly owned by sector holding company, Goodhope Asia Holdings Ltd. The Oil Palm plantation upstream segment is serviced through two management companies set-up on geographical basis. Agro Harapan Lestari Sdn. Bhd. manages the Malaysian Plantations whilst PT Agro Harapan Lestari manages the Indonesian counterparts. The Group's Oils & Fats downstream segment is managed by Premium Oils & Fats Sdn. Bhd. Agro Harapan Lestari (pvt) Limited oversees the overall sector management as the corporate office.

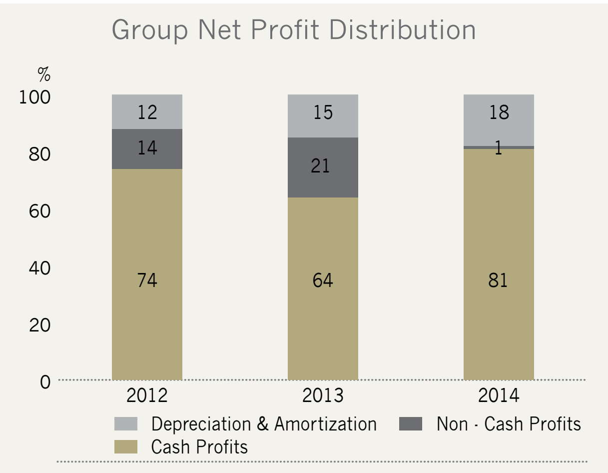
Graphical Financial Review



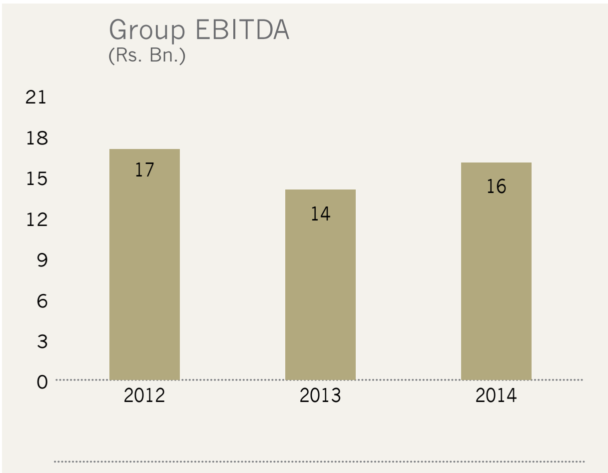
Revenue trends upwards albeit marginally. Stagnant revenue from oil palm plantation segment due to CPO price drop coupled with crop volume drop contributed largely to the performance.



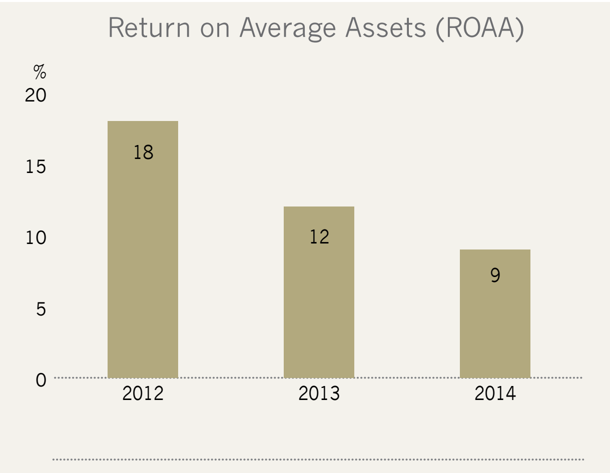
In spite of inflationary external factors, improved cost management efforts, productivity measures overall group wide helped to keep the operating expenses tight.



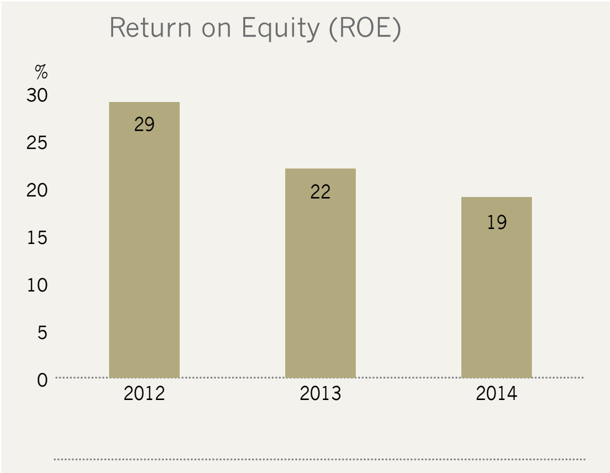
Above analysis indicate that the current year profits reported carry a greater percentage of cash profits as opposed to previous years, which is a good barometer for anyone perusing the accounts to get a clear idea of the cash profit related performance.



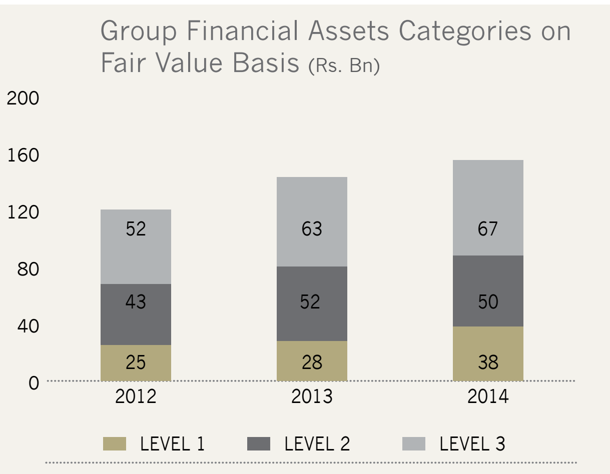
Group EBITDA shows an increase over last year and depicts the groups profitability unmarred by effects of financing options, tax regime and accounting provisions.



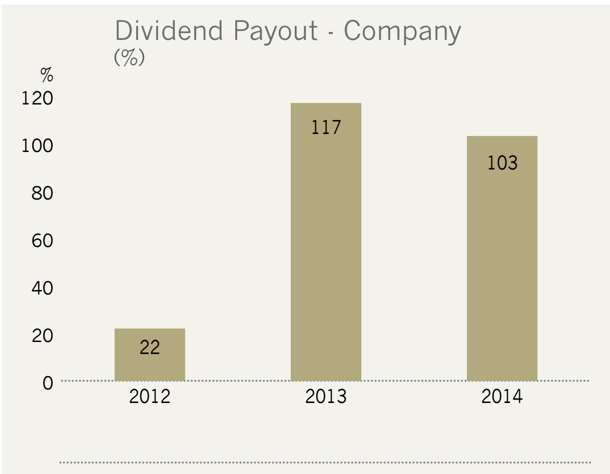
Although the trend shows a declining profile, it must be viewed on the premise that the asset base has increased at a CAGR of 16% where the return to be derived from the CAPEX invested would take a longer maturity due to respective business sector profile.



ROE and ROAA show an almost same trend since both are correlated positively. Fair Value appreciations in biological assets and real estate in the group business segments boost up equity whilst the return generation is medium to long term, hence the declining trends.



The above graph indicates that the Group financial assets are steadily growing over the years and the composition ratio is more or less static. Refer Note No.39 (c) for more description of each level of asset category.



Company has been regularly distributing more than 100% of the profit available from the current year's performance by using available brought forward reserves, whilst managing the cash flows as well.

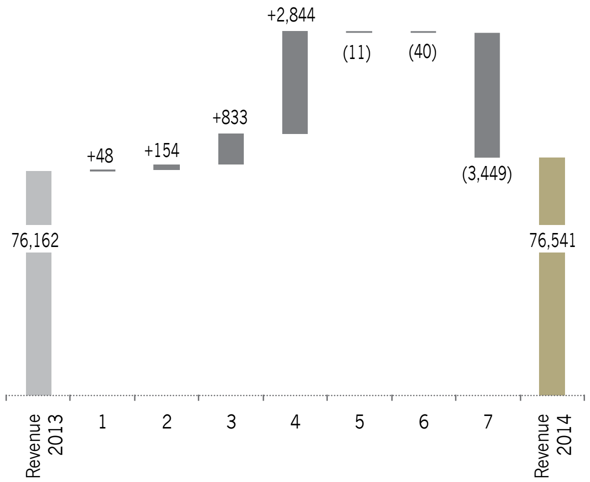
Group Financial Review

Revenue

379Mn

	Rs. 000'
2013	76,162,126
2014	76,540,926

Movement in Group Revenue
(Rs. Mn)



Segmental Contribution to Group Revenue

		2013	2014	
1	Real Estate	0.15%	0.21%	↑
2	Portfolio & Asset Management	2.18%	2.37%	↑
3	Oils & Fats	32.90%	33.83%	↑
4	Beverage	30.20%	33.77%	↑
5	Investment Holding & Management Services	0.04%	0.02%	↓
6	Leisure	0.66%	0.60%	↓
7	Oil Palm Plantations	33.87%	29.20%	↓

Consolidated Revenue for the Financial Year 2014 witnessed an increase over that of last year, though marginal. The upstream Oil Palm Plantations business reported revenue of Rs.22.35Bn for the current year, reflecting a 13.4% dip against that of the previous year, due to decline in Crude Palm Oil (CPO) sales revenue, which resulted from contraction in volumes stemming from a drop in Fresh Fruit Bunch (FFB) production yields. The lower FFB yields were a reflection of the general cropping pattern witnessed in Indonesia and the region, triggered by biological factors arising from the lagging effects of the drought conditions experienced in Central Kalimantan, Indonesia, during the financial year ended March 2014.

CPO prices remained low during the first quarter of the financial year but recovered during the second half, on the back of demand and supply pressures.

The downstream Oils & Fats business witnessed a marginal improvement in performance, with Revenue of Rs.25.89Bn for the period under review, recording a 3.33% year-on-year improvement in topline for the current period. Increased volumes to key markets triggered by favourable demand and supply drivers fuelled top line growth for the period under review

The Beverage Segment experienced an year-on-year increase in topline for the current financial year with Revenue at Rs.25.85Bn, largely resulting from price revisions led by the excise duty increment imposed in August 2013. Further, volumes witnessed an upward movement over the period on account of increased tourist arrivals to the country.

In spite of a lacklustre performance displayed by the Colombo Stock Exchange during the year under review, the portfolio & asset management segment achieved revenue growth of 9.28% against that of last year, driven by capital gains booked during the period.

Although appearing to be relatively small from a consolidated standpoint, the Real estate sector too recorded a healthy 42.6% Year-on-Year increase in Revenue for the current financial year, stemming from addition and letting of nearly 44,000 sq.ft. of rental space to the segment property portfolio.

Contribution to topline made by the Leisure segment dropped to 0.60% in the financial year 2014, as a result of negative 7.92% year-on-year change in Revenue for the current period, mainly due to drop in overall occupancy of the two hotels Pegasus Reef Hotel & Giritale Hotel.

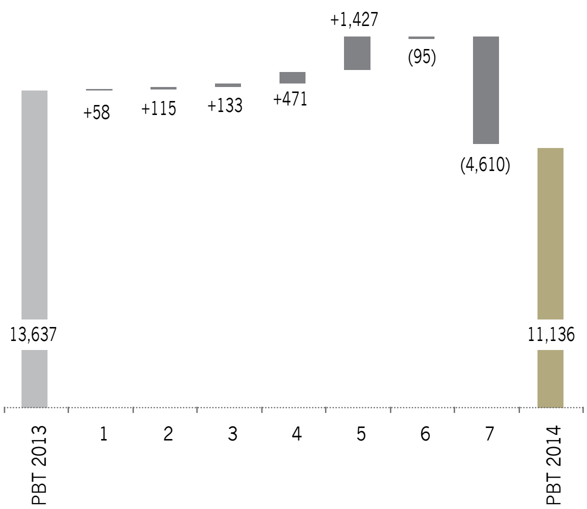
Profitability

Profit Before Tax (PBT)

2,501Mn

	Rs. 000’
2013	13,637,001
2014	11,136,235

Movement in Group PBT
(Rs. Mn)



Segmental Contribution to Group PBT

		2013	2014	
1	Investment Holding & Management Services	-2.24%	-2.21%	↑
2	Portfolio & Asset Management	11.35%	14.93%	↑
3	Real Estate	0.86%	2.24%	↑
4	Beverage	11.66%	18.51%	↑
5	Oils & Fats	-11.88%	-1.73%	↑
6	Leisure	1.22%	0.64%	↓
7	Oil Palm Plantations	89.03%	67.62%	↓

Despite increased Group Revenue for the period, consolidated Profit before Tax declined by 18.34% against the comparable period, to Rs.11.14Bn, which can be largely attributed towards the negative impact from Forex losses and relatively lower Biological gains in the Oil Palm Plantation Sector compared to the financial year 2013. A detailed description of this is included in the table below, on analysis of sector performance.

The Oil Palm Plantations segment recorded Profit before Tax of Rs.7.53Bn for the period under review relative to the Rs.12.14Bn reported previously, reflecting a 37.98% year-on-year drop. Consequently, the sector contribution towards Group Profit before tax also decreased to 67.62% from the 89.03% reported for Financial Year 2013.

The dip in sector earnings was driven by lower crop production, moving in tandem with the general industry cropping trend explained above and the non-cash foreign exchange loss charged to the income statement due to the significant depreciation of the Indonesian Rupiah. The Indonesian Rupiah closed at IDR 11,404 per USD as of 31st March 2014, from IDR 9,719 per USD as at 1st April 2013.

The adverse movement in the exchange rates affected segment earnings in the form of exchange loss arising from the revaluation of USD denominated borrowings as required by Accounting Standards. Thus, the exchange loss for the period by the segment amounted to Rs.2.80Bn in comparison to the loss of Rs.0.74Bn reported last year.

Although overall earnings remained negative, the Oils & Fats segment registered a commendable improvement in profitability, where Loss Before Tax reduced to Rs.192.88Mn compared to the Loss of Rs.1.62Bn reported last year.

The improvement in profitability is mainly attributable towards overall reduction in costs, where cost of sales and overhead costs witnessed a favourable movement, led by a decline in feedstock prices and stringent cost control mechanisms respectively.

Apart from costs reductions, the sector also benefitted from the modest increase in revenue for the period under review.

The Beverage Segment too reported a considerable improvement in overall profitability amidst a challenging environment. Profit before Tax recorded by the sector stood at Rs.2.06Bn in comparison to the Rs.1.59Bn registered for the corresponding year.

Further, the financial year 2014 proved to be one of significance for the Real estate sector, which witnessed increased earnings on the back of higher

Group Financial Review

occupancy and one off gain from sale of land, amounting to Rs.79.8Mn.

The Portfolio & Asset Management Segment, which reported profit before tax of Rs.1.66Bn for the financial year 2014, represented a 14.93% share of consolidated Profit before Tax, whilst the same for last year was 11.35%.

The improvement in sector earnings resulted from profits booked on capital gains secured by way of capturing market anomalies.

Eventhough the Group recorded a lower PBT in comparison to the previous year, pre-tax earnings after adjusting for non-cash gains and losses arising from change in fair value of Biological Assets, Unrealised Forex Gains/(Losses) and share of results of Associates net of tax improved to Rs.10.61Bn for the period under review, compared to the Rs.9.44Bn reported previously.

Thus, the Year-on-Year change in adjusted Group Profit before Tax was at a positive 12.4%.

Analysis of Sector Performance

LKR Mn.	Company		% Change	Consolidated		% Change
	FY 2014	FY 2013		FY 2014	FY 2013	
Turnover	639	677	-5.6%	76,541	76,162	0.5%
Reported Profit Before Tax	382	336	13.4%	11,136	13,637	-18.3%
Net Adjustment	-	-	-	(530)	(4,198)	-87.4%
Adjusted Profit Before Tax	**382**	**336**	**26.6%**	**10,606**	**9,439**	**12.4%**

LKR Mn.	Revenue		% Change	Profit Before Tax		% Change
	FY 2014	FY 2013		FY 2014	FY 2013	
Portfolio & Asset Management	1,815	1,661	9.3%	1,663	1,547	7.5%
Oil Palm Plantations	22,347	25,798	-13.4%	7,530	12,141	-38.0%
Oils & Fats	25,893	25,059	3.3%	(193)	(1,620)	-88.1%
Beverage	25,846	23,002	12.4%	2,061	1,590	29.7%
Real Estate	162	113	42.6%	250	117	113.9%
Leisure	459	499	-7.9%	71	167	-57.2%
Investment Holding & Management Services	18	30	-38.1%	(246)	(305)	-19.2%
Group Revenue / PBT	**76,540**	**76,162**	**0.5%**	**11,136**	**13,637**	**-18.3%**
Adjustments	-	-	-			
Non-cash Foreign exchange Loss	-	-	-	2,641	667	
Change in Fair value of Biological Assets	-	-	-	(3,182)	(4,881)	
Share of net result of Associate / Joint Venture	-	-	-	11	16	
Net Adjustment	-	-	-	(530)	(4,198)	
Adjusted PBT	-	-	-	**10,606**	**9,439**	**12.4%**

Profit after Tax

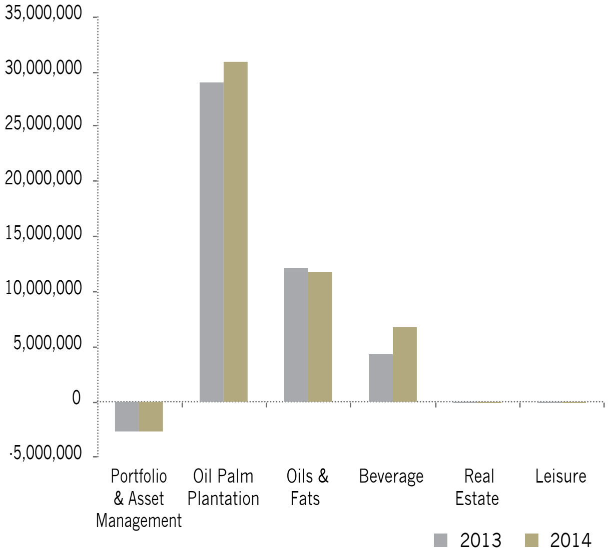
Accordingly, consolidated Profit for the year stood at Rs.7.88Bn for the current period, relative to the Rs.9.66Bn reported for Financial Year 2013.

Net Debt

3,384Mn

	Rs. 000'
2013	44,369,967
2014	47,753,595

Segmental Net Debt Position (Rs. 000')



The Group's Net Debt comprises of Long term and Short Term borrowings, less Cash & Cash Equivalents. In comparison to the Rs.44.37Bn Net Debt reported for the financial year 2013, the Net Debt for the current financial year was up by 7.6% to Rs.47.75Bn.

A significant portion of the borrowings represent funding obtained for expansions in the Oil Palm Plantations & Oils & Fats Business.

During the year, subsidiary company Lion Brewery Ceylon PLC representing the Beverage segment carried out a debenture issue consisting of 2.5 Mn Rated, Unsecured and Redeemable Debentures. With the initial issue being oversubscribed, the company proceeded to issue a further 455,000 debentures, taking the total value of debentures issued to Rs.2.955Bn.

Accordingly, the net debt position of the Beverage sector increased to Rs.6.80Bn in comparison to the Rs.4.27Bn for the financial year 2013.

The Portfolio & Asset management segment was in cash surplus for the year under review, due to profit taking on investments.

During the financial year, the Oil Palm Plantations sector raised proceeds of USD 60Mn from term loans and USD 18.86Mn from net working capital funding for the utilisation of ongoing plantation development programmes and to support working capital requirements of the business segments.

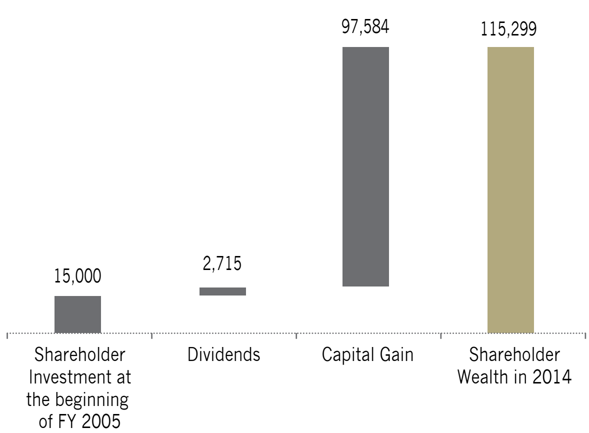
The Group Net Debt Ratio for the financial year 2014 stood at 70% whilst the same for the corresponding period was at 65%.

Capital Expenditure and Shareholder Return

Over the years, the Carsons Group has operated on the fundamental principle of pursuing opportunities when required in a timely manner by taking calculated risks. Thus, the Group has managed to strike a comfortable balance between the funds raised via reinvested earnings and external debt capital, whilst maintaining a stable dividend payout despite substantial funds deployed for Group's business expansions.

As such, the aforementioned strategy has yielded a cumulative average annual shareholder returns of 22.62% which is well above the ASPI return for the same period which was at 16.61%.

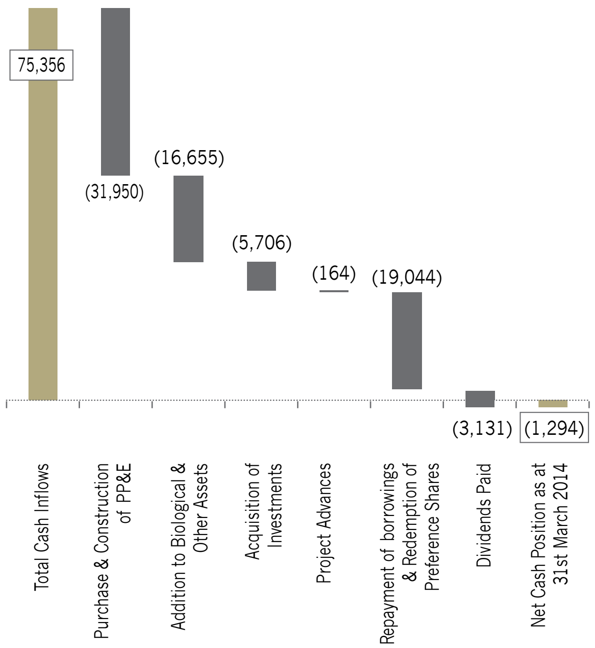
Shareholder Wealth Movement over a Ten Year Horizon (Rs.)



Group Financial Review

The information presented below is an analysis of how the Group has allocated its cash generated from operating, financing and investment activities.

Cash Generation vs. Utilisation over three financial years ending 2014 - (Rs. Mn)



Rs. '000	2012	2013	2014	Total
Cash Inflows				
Opening Cash Balance	8,698,067			8,698,067
Total Cash Inflows from Operating, Investing & Financing Activities	19,295,045	15,725,961	31,636,754	66,657,760
Total Inflows				75,355,827
Cash Outflows				
Investing Activities				
Purchase and Construction of PP&E	(8,828,099)	(12,712,303)	(10,409,763)	(31,950,165)
Addition to Biological assets & other assets	(3,859,362)	(7,133,943)	(5,662,248)	(16,655,553)
Acquisition of new investments and non-controlling interest	(5,065,718)	(413,840)	(226,632)	(5,706,190)
Project Advances	-	-	(163,877)	(163,877)
Total Investing Cash Outflows				(54,475,785)
Financing Activities				
Repayment of borrowing and Redemption of Preference Shares	(9,406,756)	(6,710,384)	(2,926,496)	(19,043,636)
Dividends Paid (Including Dividend paid to Non-Controlling Shareholders and Preference Shareholders)	(1,073,512)	(1,012,941)	(1,044,332)	(3,130,785)
Total Outflows from Financing Activities				(22,174,421)
Net Cash Position as at Financial Year Ended 31st March 2014				(1,294,379)

Sustainability Report

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

In keeping with our ethos in alignment with the World Commission on Environment and Development, we continued to engage in facilitating and developing youth by identifying their needs and aspirations. Carson Cumberbatch PLC has a long-standing commitment towards educating, developing and empowering youth by direct engagement in selected programmes that provide both tangible and intangible long term benefits.

Education Advancement

The Group in businesses with residential workforce provides comprehensive education facilities to the children of employees and also school children of the surrounding communities. Such facilitation extends towards 91 schools that include 11 schools owned by the Group.

SMP Tunas Agro at PT Agro Indomas, Central Kalimantan, Indonesia

- **Teaching English to Children of Employees**
  In 2006, a Group company embarked on an ambitious project to teach English to the children of its employees below the rank of middle management. The project provides the opportunity to gain an internationally recognized English education starting as a Young Learner, progressing to Foundation and Intermediate Levels, and finally to achieving the Diploma. The project is conducted in multiple locations in order to avoid inconvenience to the participants.

- **Book Distribution for Village Children**
  For the thirteenth consecutive year, a Group company continued to provide one year's requirement of school books and stationery to children from the Biyagama South Gramasevaka area .This year over 1,750 students received the benefits.

Annual Book Distribution, Biyagama, Sri Lanka

- **Supporting the Education of Children of Low Income Families in Hambantota District**
  The Group continued to support 17 children selected from low income families of the district by offering scholarships to further their education.

- **Scholarship Scheme for Village Children**
  Based on the academic merits and achievements as well as parents' income, a Group company

Award of Annual Scholarships, Biyagama, Sri Lanka

Sustainability Report

continued to select 3 students who have completed their Ordinary Level Examination, and provided them with scholarships to continue their studies through to university education.

- **Enhancing Employability of Youth in Hambantota**
  Since 2011, the Group has collaborated with "Tharunyata Hetak" in providing youth with much needed behavioural skills that would enable them to enter the world of work. To date, the project has developed nearly 1,000 youth in Hambantota in batches of 150, improving their English Language, Information Technology and Personality Development skills including personal grooming and fine dining. The intensive four-month curriculum was developed based on a study conducted by the Employers' Federation of Ceylon on what the private sector is looking for from entry level employees.

Team Work - Enhancing Employbility of Youth, Hambantota, Sri Lanka

  The programme consistently engaged the service of reputed institutions and professionals in delivering effective, interactive workshop sessions. Out of these 1,000 youth, over 15% have proceeded to gain employment in both the private and public sector, in addition a considerable number have engaged in higher education and self-employment.

- **Computer Training Centres**
  The Group continued facilitating the well-equipped computer centre in Hambantota, that provides internet facility to the students of the "Enhancing Employability" training programme plus visitors to the adjoining Public Library.

  In addition to Hambantota, the Group has offered a similar facility : a computer centre in Biyagama to facilitate yesteryear school children.

Socio Economic Development

- **Economic Empowerment**
  The main goal of the economic empowerment programme is to uplift the self-reliance status of communities around the Group's plantation operating locations. A core initiative under this is the PLASMA programme, whereby land blocks are specifically allocated to community members and developed in partnership with them. As at date, the programme has successfully developed 4,083 hectares of land.

Health and Safety

Focusing on health and safety, employees are continuously trained and educated in safety procedures and take strategic importance of ensuring adherence to safety standards by regular monitoring and audits for continuous improvement. The Group ensures these practices meet the international standard: OHSAS 18001.

Extending this facility to the external community, the Group organizes health campaigns of preventive medication and appropriate lifestyles. Regular dental and eye clinics are conducted to lift general well-being of people.

Infrastructure Development

The Group invests on basic infrastructure development to ensure upliftment of living standards of resident employees.

The Group also extends infrastructure development to surrounding villages in partnering the government's efforts on Village Electrification Programme.

Culture Preservation

The Group considers it a corporate value, preserving the unique cultures of the communities where they have their business presence. Many sociocultural programmes are being carried out upholding the indigenous cultures and social values.

Building relationships with villages in the neighbourhood of business, the Group collaborate with civil society and government agencies in joint endeavours of uplifting their cultural values.

Religious and Social Integrating Activities

Restoration of religious institutions of social significance to benefit the observers of those religious beliefs is the demonstration of the human face of corporate governance of the Group.

The funding and the staff engagement at Giritale Hotel has constructed a new building in Agbopura Temple within the Polonnaruwa area to facilitate Sunday Schools for 200 children in the vicinity which would also fulfil the much needed Dharma Shalawa for the community at large to uphold Buddhist values.

Sunday School Children in Attendance, Giritale

Young Entrepreneurs Development Programme

The year under review marked the formation of a separate entity, the Youth to Nation Foundation, to streamline and provide greater focus to the efforts towards facilitating youth with self-reliance.

One of the CSR initiatives under the Youth to Nation Foundation (YNF) is the "Young Entrepreneurs Development Programme", launched in December 2013. The objective of this programme is to enhance the entrepreneurial, technical and business management skills of young entrepreneurs with a view of promoting sustainable socioeconomic development in Sri Lanka.

The programme identifies young entrepreneurs below 40 years of age through a selection process to ensure economic value creation through usage of local raw materials, provision of employment to skilled youth, integration with other SMEs in further value creation by either earning or saving foreign exchange.

The project was piloted with selected entrepreneurs from the Hambantota District in the food and coir industries, providing them with financial support as well as individualized assistance in areas such as cash management, value chain management, sales and marketing and new product development, to further their businesses. This assistance has also ensured the implementation of good business practices of governance and health and safety of employees, in meeting environmental compliances and improving community relations.

Following these pilot projects, YNF is geared to expand its scope of assistance within the southern region through provision of financial assistance, as well as technical and management incubator facilities.

Coir and Chips manufacturer, Hambantota, Sri Lanka

In order to offer greater benefits to a greater number, the business incubator process also involves conducting workshops in selected clusters, to develop business competencies of young entrepreneurs. The inaugurating workshop was conducted in March 2014 at the Hambantota District Chamber of Commerce, and included participants from Hambantota, Galle and Matara. The respective

Sustainability Report

regional chambers supported YNF in attracting deserving young entrepreneurs to participate in the work shop.

Using the experience gained, YNF would conduct similar workshops in other regions to cater to the specific needs of young local entrepreneurs.

Competency Development Programme, Hambantota, Sri Lanka

CAREER GUIDANCE AND SOFT SKILL DEVELOPMENT FOR UNDERGRADUATES

The Group initiative towards career guidance for undergraduates of national universities would be revitalized in the upcoming year under the Youth to Nation Foundation, to provide more in-depth sessions that would cater to their specific developmental needs.

An in-depth industry survey would be conducted among a diverse range of companies who have earned preferred employer status among new graduates venturing into the world of work. This survey would assist YNF to design and deliver an effective intervention programme in developing much needed competencies.

Further, the undergraduates would be provided access to an internationally recognized personality testing system, to gain timely awareness of their strengths and weaknesses in planning their career path.

ENVIRONMENTAL SUSTAINABILITY ACTIVITIES

Carsons Group of Companies recognizes its responsibilities to conduct its businesses that protect and improve the state of the environment for future generations. As a regional group, it understands that the long-term well-being of society, the well-being of its employees, the strength of the global economy and the continuing success of its businesses depend on unqualified commitment for a sustainable environment.

PLANTATIONS, OILS AND FATS SECTOR

Through the years, the Sector has developed and put in place well-established environmental sustainability policies and practices that are monitored and implemented by a dedicated Environment Management Department. The department is further supported by teams that overlook such matters in each of the plantation locations. This department's key role is to ensure integration of environmental and occupational health and safety standards into all business operations and practices.

Certifications and Awards

The Sector, in line with its commitment to environmental sustainability, obtained RSPO (Roundtable on Sustainable Palm Oil) certification in the previous financial year, for its two mills Sugai Purun and Terawan, located within its most mature plantation in Central Kalimantan, Indonesia. This certification was successfully renewed during the current financial year. As proof of its continued efforts in this regard, another mill is also currently being assessed for RSPO certification and is expected to receive same by the next financial year.

Another initiative that the Sector has been working towards is the synchronization and integration of the RSPO and ISPO (Indonesian Sustainable Palm Oil) certification parameters. In the year under review, an initial implementation at PT Agro Indomas in Central Kalimantan, Indonesia was successfully completed. This model will be used to achieve time bound targets for certification of all the plantation companies in Indonesia by 2018.

The three most mature plantation companies of the Sector are ISO 14001 and OHSAS 18001 certified, while the oils and fats production facilities subscribe to other relevant certifications such as GMP, Halal, Kosher and HACCP and ISO 9001.

Preservation of Bio-diversity

The Sector has in place relevant processes to identify plantation areas with High Conservation Value (HCV) during the new development stage. The areas identified for High Conservation are observed and monitored regularly to ensure the conservation of natural resources, preservation of bio-diversity and protection of endangered species within these areas. Each plantation company adopts and adheres to a clearly set out plan to ensure the continuous preservation of bio-diversity within the plantations. As of 31 March 2014, the sector has identified in total 32,130 hectares positioned in 14 different locations to be of High Conservation Value.

High Conservation Value Area

Further, the Sector continues to organize public awareness programmes to educate the communities surrounding the plantations about the importance of preserving natural resources and species, and placement of boundaries marking HCV areas to prevent trespassing. Such initiatives would uplift the commitment and accountability of all stakeholders to preserve the bio-diversity of plantations.

During the year, the sector continued its commitments with both the Orangutan Foundation International (OFI) and Borneo Orangutan Foundation

Sustainability Report

(BOSF). The agreement with Orangutan Foundation International (OFI) is focused on supporting research on orangutan food while Borneo Orangutan Survival Foundation (BOSF) is to support orangutan rehabilitation and release them to their natural habitat.

The Sector is in discussion to extend agreements with both OFI and BOSF in Central Kalimantan, Indonesia to further strengthen its preservation efforts. The Orangutan Herbarium set up by the sector at the OFI/Orangutan Care Centre & Quarantine Facility (OCCQ) continues to operate successfully.

Environmental Rehabilitation
The Sector initiated an environmental rehabilitation initiative to plant indigenous tree seedlings in areas of High Conservation Value. Thus far, 32,866 indigenous tree seedlings have been planted in 178 hectares of conservation areas in PT Agro Bukit, Central Kalimantan.

Ground Cover Crop

Environmental Protection
Protecting the Environment around the plantation operations through a strict adherence to a "No Burning Policy" continues to be a focal point for the Sector. Same policy is adopted both in the Sector's plantations in Malaysia and Indonesia when undertaking land clearing and development activities.

Strict adoption of the 'No Burning' policy prevents fire and haze pollution and enables the Sector to be in line with the principles and criteria as set-out by the RSPO.

Further, in order to increase relevant stakeholder awareness regarding adherence to and practice of the Zero Burning Policy, the Sector continues to organize awareness sessions and educate employees and other relevant stakeholders on the critical aspects of zero burning and its related advantages.

Volunteer Fire Fighters at Our Plantations

BEVERAGE SECTOR

The sector has commenced work to gain accreditation and registration with the Sri Lanka Sustainability Development Centre as a green reporting factory.

The sector has successfully implemented the 3R system (Reduce, Reuse and Recycle) in their production processes for sustainable environmental international benchmark practices. It has also worked the required prerequisites in meeting the OHSAS 19001 certification process that would facilitate certification of standards in 2014/2015.

PEOPLE SUSTAINABILITY ACTIVITIES

Our greatest asset, and the key to our success, is our people. We believe that each of us needs a sense of pride and satisfaction in what we do. Our business objectives both long and short term depend on the united effort of many, therefore we are most effective when we work together, respecting each other's contribution and importance. Our 'people' philosophy is simple. We take on the best people, train them well, provide opportunity for personal and professional growth and then empower them to use their skills and to focus on our clients' needs both internal and external.

Carson Cumberbatch PLC has forged business relationships that transcend geographic and cultural barriers. These bring together the very best resources the world has to offer – ideas, technology, products, services, people, and capital. Strategic alliances with high-quality partners are at the heart of our success as a regional holding company.

As the Group is operating on a regional basis, it is essential that HR practices must respect local legislations and give consideration to varying degrees of development of each business unit and its capacity to advance in the management of its human resources.

Joining Carson's Group

Sustainable success of the sector depends on its capacity to attract, retain and develop employees able to ensure its growth. Carsons' policy is to hire staff with personal attitudes and professional skills enabling them to develop long term relations with the Group.

Carsons wishes to maintain and develop its reputation as an employer of high repute. Having contacts with universities, participating at recruitment events and other contacts to ensure good visibility of the Group vis-à-vis relevant recruitment sources enhances Group's image in the job market.

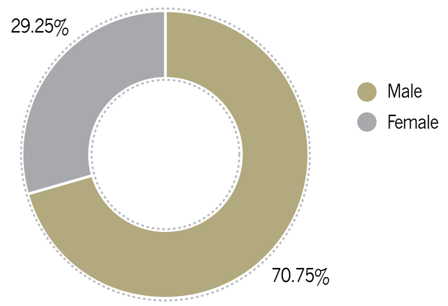
Group's human resources architecture is based on provider of equal opportunity employment and it has harnessed the Group's effort of valuing diversity.

- **Training and Professional Development**
  Learning is part of the Group culture. Each employee at all levels is conscious of the need to continuously upgrade knowledge and skills. Training and development is done based on need analysis and guiding and coaching is part of the responsibility of each manager. Each employee is in charge of his/ her own professional development and the Group endeavors to offer the opportunity to progress for those having the determination and the potential to develop their capabilities.

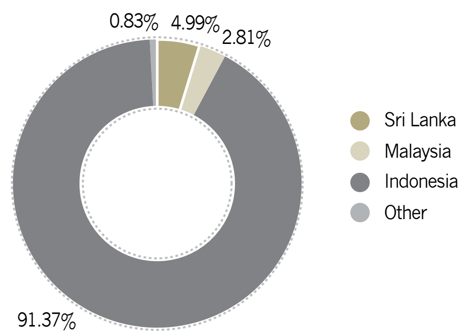
  When formal training programmes are initiated they should be purpose and business oriented and designed to improve relevant skills and competencies. Therefore they are proposed in the framework of individual development planning programmes. Adequate training programmes are developed at the level of each operating company capitalizing the available local, regional and global resources.

- **Performance Management**
  The Group firmly believes that achievement of agreed objectives is a primary responsibility of managers of staff. The feedback is meant to stimulate performance and takes place through open dialogue based on mutual trust, respect

Gender Diversity



Total Workforce by Country



Sustainability Report

Sector	Executive Directors	Managers	Executives	Non-Executives	Employees by Sector for 2013/14
Plantations, Oils and Fats	19	437	655	13,930	15,041
Portfolio & Asset Management	2	5	9	2	18
Beverage	4	52	86	82	224
Real Estate	1	1	6	9	17
Leisure	1	11	23	205	240
Management Services	3	8	23	6	40
Total	30	514	802	14,234	15,580

and willingness to progress. Formal feedback is given in writing bi-annually to ensure adequate intervention for continuous improvement.

Promotions are exclusively based on competence, insights, performance and potentials, and uphold the true meaning of equal opportunity to employees with excellent performance.

The Group adopts competitive, stimulating and fair remuneration structure offering an overall compensation package. Remuneration includes base salary, and variable compensation based on performance of individual employees.

All operating companies establish compensation practices taking into account relevant business realities as well as internal fairness and regular surveys so as to gather market information on the remuneration levels.

Compensation Committee that constitutes independent directors monitors and advises on strategic issues of the group compensation policy.

- **Work Life Balance**
  The Group believes that employees' private and professional life should have a good balance and reinforces employee's satisfaction and loyalty. The Group supports employees who wish to take an active part in the life of community or assuming responsibilities in professional, civic, cultural or voluntary organizations it being understood that any activity during working hours be first approved by the operating company.

Annual Christmas Party held for all Group Employees in Sri Lanka

Socialising - Work-life Balance

The Group emphasizes socializing of employees, and staff events take important feature of the annual calendar. Staff family engagement of annual trip, children's art exhibition, Christmas party promotes the culture blend of solidarity and sociability at work.

- **Health and Safety**
  The Group reiterates its strategic importance of employees' health and safety at work by ensuring best practices and meeting international standards of repute in the implementation. Regular monitoring and audits of practices has become part of the Group's overall performance measures.

- **Industrial Relations**
  The Group ensures direct and frequent communication with employees and a clear responsibility of management in maintaining harmonious relations with staff under their purview. Managers and supervisors ensure open dialogue and surfacing and addressing issues in enhancing better relations to ensure work life balance and productivity improvements.

Beverage Sector

- **Consolidating the Performance based Reward Schemes**
  The continuing reward schemes of the sector are encouraging to build a performance driven culture that is mutually beneficial to the sector and its employees.

  To date, the scheme to recognize and remunerate small initiatives / projects at a special Quick Win forum held 3 times per year has generated an average of 20 to 25 initiatives per session.

- **Implementation of an Integrated and Online Human Resource Management System**
  The Integrated Human Resources Management System has provided the sector an effective and efficient way to manage its employees in the organization, providing a meaningful and well defined link between all HR activities – from staff administration to training and performance management.

- **Training and Development**
  Using Performance Appraisal and Assessment Centres to identify training needs, the sector has given a strategic importance to training and development of staff especially the ones in critical positions. The sector has trained its key staff in leadership at Carlsberg Leadership Building Centre, Asia & National University of Singapore and given exposure and insights to best practices at leading Carlsberg Breweries in Malaysia, Laos and Switzerland. Field sales staff is given training on negotiation skills coaching and mentoring to raise their level of performance and the office and factory employees' business skills.

- **Man Power Planning and Management**
  In order to align the organization structure with its long-term objectives and strategies, the sector has carried out work studies that resulted in setting up new divisions/ functions.Organisational restructure has brought following functions under a defined and dedicated unit: Administration Division to handle Regulatory Affairs, Compliance & Safety, PR / CSR at village level, Security, Outsourced Services and, Building & Yard Maintenance including House Keeping Innovation Centre was set up with an overall scope of looking at Innovations in Products, Process, Raw & Packaging material and Technology, towards finding effective solutions to meet existing requirements, emerging trends and unarticulated needs.

  Have restructured the Draught Beer & Party Line Operation to facilitate total event solutions provider concept.

  Enhanced Supply Chain Structure to cater to the commissioning of the new packaging plant and expansion of the Brewing operations.

- **Employee Engagement Activities**
  The beverage sector sponsors employees' children English language learning as extension of people development, and also Lions' Family Day, Employees' Children Art Competition, and staff get-together: "Paduru Party" to help build and sustain employee morale.

Sustainability Report

Plantations, Oils and Fats Sector

Given the labour intensive nature of the plantations, oils and fats sector, a significant amount of effort is taken with regard to people management across all our operations. During the year under review, the sector has continued its efforts towards creating an effective and sustainable employee value proposition in line with its stated vision of 'being the employer of choice to current and future employees'.

The sector has strengthened its comprehensive human resource management framework that spans all business operations, whilst ensuring its HR strategies, policies and procedures are all aligned towards 'valuing and respecting individuals and supporting their growth and aspirations'.

Being an equal opportunity employer, the sector has continued non-discriminatory recruitment practices. Given the geographical spread of its business operations across different countries, it ensured compliance to international labour laws as well as the country specific laws and regulations.

In pursuing its vision, the sector continues to undertake numerous initiatives to enable employees to develop their careers and improve their skills Reward and recognition initiatives stimulate and trigger employees' achievements and continuous Improvement:

- **Recruitment & Retention**
  As part of the strategy to retain the talent pool, the sector has deployed various integrated strategies across different levels to strengthen employee engagement. The initiatives have ranged from communication sessions aimed at socializing business goals and cascading organizational values, to employee-led CSR and knowledge sharing initiatives. These activities empower and enable the employees to develop their talents and move forward in their chosen careers, whilst creating sustainable value for the sector.

- **Occupational Health and Safety**
  The sector continues its commitment to internationally recognized health and safety standards through the strict application of policies. Some of the sector's plantation companies are certified OHSAS 18001. Further, as a part of routine operations, other safety measures and standards are practiced in the plantations, mills and refineries of the sector. These include notices and warning and safety signs in prominent places, as well as the strict use of safety gear and equipment as per defined safety guidelines. Employees are trained and monitored on safety, while all related systems and procedures are regularly reviewed to ensure continuous improvement in safety standards.
  In the plantations, fire teams are in place and regular fire drills are undertaken to ensure readiness in case of fire emergency.

  One of the sector's plantation companies, PT Agro Bukit, Central Kalimantan received the prestigious Regency Award for "Zero Accidents" in February 2014. This is the second time a group company has received this award.

- **Learning and Development**
  Through sustained investment in L&D, the sector has continued its efforts towards creating a skilled, knowledgeable and competent workforce which is adaptive, flexible and focused on the future. All interventions undertaken are aimed at facilitating the continuing development and growth of staff by nurturing individual skills and talents.

Outbound Training for AHLBS Talent Development

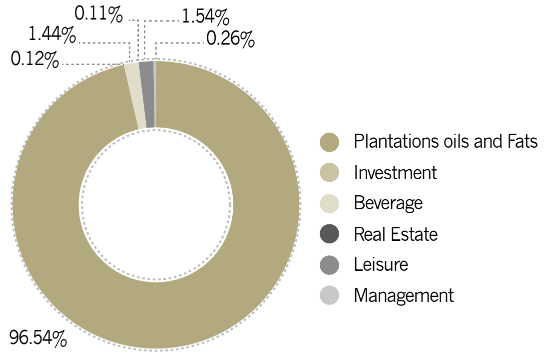
Learning and Development programmes of the sector continue to be overlooked and executed by the Goodhope Academy of Management Excellence (GAME). Well-equipped GAME Centres located at the Corporate Office in Colombo and at PT Agro Indomas (PTAI) in Central Kalimantan, Indonesia, continue to deliver world class training programmes.

Testament to its efforts, GAME has secured numerous international awards including the award for the “Best Leadership Development Programme for Middle Management” at Asia’s Training & Development Excellence Awards in August 2013 and the award for the “Most Innovative use of Training and Development as an HR Initiative for Organizational Development” at the Global Training & Development Leadership Awards in February 2014.

Awards - World Training & Development Congress 2014

In the year under review, GAME conducted 197 training programmes in total amounting to 30,772 man hours.

Employees by Sector



Value Added Statement

For the year ended 31st March	2014		2013		2012		2011		2010	
Revenue	76,540,926		76,162,126		66,079,268		34,628,986		21,327,821	
Other income	486,522		416,110		562,392		5,094		27,633	
	77,027,448		76,578,236		66,641,660		34,634,080		21,355,454	
Cost of materials and services purchased from outside	(41,716,766)		(41,740,985)		(32,526,413)		(11,814,708)		(9,802,147)	
Value Added	35,310,682		34,837,251		34,115,247		22,819,372		11,553,307	
		%		%		%		%		%
Distributed as follows:										
To Employees as remuneration and other benefits	7,381,020	21	6,582,914	19	5,276,276	15	3,729,948	16	1,290,267	11
To Governments as taxation/ excise - Sri Lanka	13,598,694	9	12,488,515	36	9,215,232	27	5,739,730	25	3,039,013	26
- Overseas	1,234,454	3	1,732,190	5	2,272,139	7	1,647,571	7	1,376,698	12
To Providers of capital										
as interest on loans	2,073,516	6	1,496,146	4	2,335,777	7	689,373	3	586,334	5
as non controlling interest	4,141,680	12	5,061,334	14	5,627,102	16	5,002,206	22	2,158,444	19
as dividend to shareholders (Company)	392,774	1	392,774	1	392,774	1	392,774	2	192,536	2
Retained in the business										
as depreciation	3,143,983	9	2,882,210	8	2,386,493	7	1,469,831	6	1,001,777	9
as retained profits	3,344,561	9	4,201,168	12	6,609,454	19	4,147,939	18	1,908,238	17
	35,310,682	100	34,837,251	100	34,115,247	100	22,819,372	100	11,553,307	100

Note

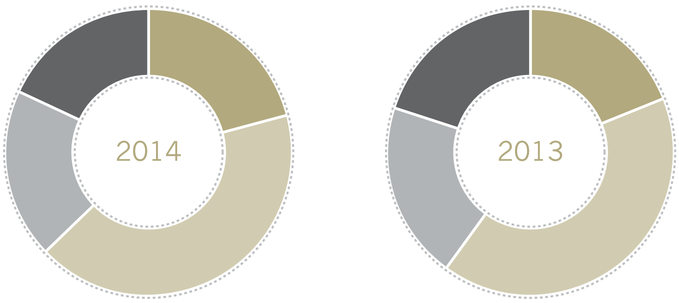
1. The Statement of Value Added shows the quantum of wealth generated by the activities of the companies within the Group, excluding its Associate Companies and its application.

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:

	2014	2013	2012	2011	2010
Value Added Tax /Goods and Services Tax	3,065,440	2,794,957	2,204,416	1,988,353	1,624,842
Social Responsibility Levy/ Nation Building Levy included under net sales above	480,453	431,469	337,641	346,950	45,025
Excise Duty included under net sales above	12,294,312	11,309,633	7,758,627	4,646,616	2,918,917
	15,840,205	14,536,059	10,300,684	6,981,919	4,588,784
Income Tax	823,929	747,413	1,118,964	639,404	75,071
Total Taxes paid to the Government of Sri Lanka	16,664,134	15,283,472	11,419,648	7,621,323	4,663,855

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.

Profit After Tax by Business Segment

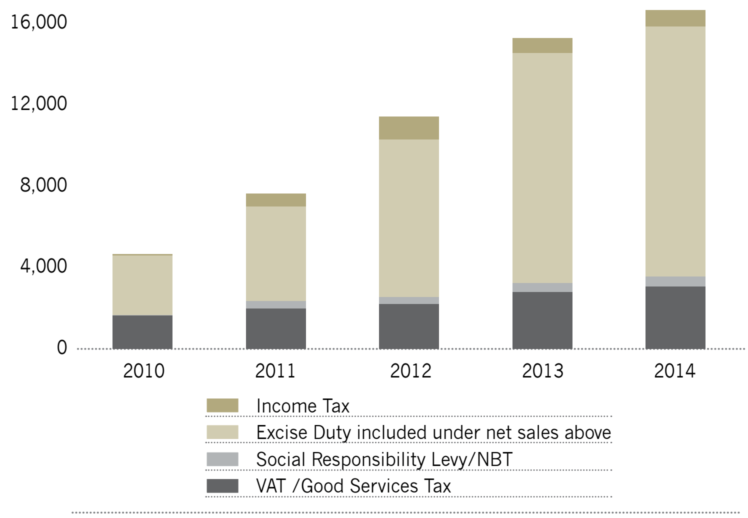


	2014	2013
To employees	21	19
To governments	42	41
To provide of capital	19	20
Retained in business	18	20

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 duty.

The portion of value added distributed to the government of Sri Lanka increased from 36% in the financial year 2013 to 38% in the financial year 2014, whilst the corresponding value distributed to overseas governments declined to 3% during the period under review from 5% recorded in the previous year.

Taxation paid to Sri Lankan Government (Rs.Mn)



Profiles of the Directors

Mr. Tilak de Zoysa

A well-known figure in the Sri Lankan business community, Tilak de Zoysa, FCMI (UK) FPRI (SL), Honorary Consul for Croatia and Global Ambassador for HelpAge International was conferred the title of "Deshabandu" by His Excellency the President of Sri Lanka in recognition of his services to the country and was the recipient of "The Order of the Rising Sun Gold Rays with Neck Ribbon" conferred by His Majesty the Emperor of Japan.

In addition to being the Chairman of the Supervisory Board and Advisor to the Al-Futtaim Group of Companies in Sri Lanka, he chairs Amaya Hotels and Resorts USA (Radisson), AMW Capital Leasing and Finance PLC, Jetwing Zinc Journey Lanka (Pvt) Ltd and HelpAge Sri Lanka.

He is also the Vice Chairman of Ceat Kelani Holdings (Pvt) Ltd., Orient Insurance Ltd. and serves on the boards of several listed and private Companies which include John Keells PLC, Taj Lanka Hotels PLC, TAL Hotels and Resorts Ltd, Lanka Walltiles PLC, Nawaloka Hospitals PLC, Dutch Lanka Trailer Manufacturers (Tata Group), Eastern Merchants PLC, Associated Electrical Corporation Ltd., Inoac Polymer Lanka (Pvt) Ltd., Cinnovation INC., GVR Lanka (Pvt) Ltd and Varun Beverages Lanka (Pvt) Ltd(Pepsi).

Mr. Tilak de Zoysa is a past Chairman of the Ceylon Chamber of Commerce, the National Chamber of Commerce of Sri Lanka, HelpAge International (UK) and served as Member of the Monetary Board of Sri Lanka (2003-2009).

Hari Selvanathan

Hari Selvanathan is the Chairman of Bukit Darah PLC and Deputy Chairman of Goodhope Asia Holdings Ltd. He is the President Commissioner of the palm oil related companies in Indonesia. He holds Directorships in several subsidiary companies within the Carsons Group and is also a Director of Sri Krishna Corporation (Private) Limited and the Chairman of Express Newspapers (Ceylon) Ltd. He is also the Chairman of Carsons Management Services (Private) Limited and Agro Harapan Lestari (Private) Limited, the Group's Management companies. 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 Bachelors Degree in Commerce, and is the Chairman of Sri Krishna Corporation (Private) Limited, Ceylon Finance & Securities (Private) Ltd. and Selinsing PLC and is a Group Director of most companies in the Carson Cumberbatch Group in Sri Lanka, Indonesia, Malaysia, Singapore & India and is an active Member of its Executive Management Forums. He is also the Deputy Chairman of Ceybank Asset Management Ltd.

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

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

He served as Past Chairman of the Federation of Exporters Associations of Sri Lanka and The Coconut Products Traders Association. He was a member of the Executive Committee of the Ceylon Chamber of Commerce, 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 President R.Premadasa. He served as Chairman of the Ecumenical Loan Fund of Sri Lanka and on its International Board in Geneva. He was a member of the Commercial Law Reform Commission and has served on the Parliamentary Consultative Committee on Internal and International Trade.

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

Chandima Gunawardena

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

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.

Suresh Shah

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 Carson Cumberbatch PLC and the Sri Lanka Business Development Centre.

He is the current Chairman of the Ceylon Chamber of Commerce and also serves on the council of The Employers Federation of Ceylon.

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

Chandana Tissera

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

He has previously served on the Board of Union Assurance PLC and counts over 29 years of experience in the fields of manufacturing, financial services, capital market operations, plantations, project development and management services. He is a Fellow of the Institute of Management, UK.

Vijaya Malalasekera

Vijaya Malalasekera served as Director-Corporate and Legal Affairs at Ceylon Tobacco Company PLC and as a Non-Executive Director in the same company up to April 2012. Chairman of Bogala Graphite Lanka PLC, Axis Financial Services (Pvt) Limited, Fairway Skyhomes (Pvt) Limited and Boston Capital (Pvt) Limited.

He holds a M.A. (CANTAB), Barrister - at-Law (Inner Temple) and is an Attorney-at-Law of the Supreme Court of Sri Lanka.

Mangala Moonesinghe (Resigned w.e.f 31st March 2014)

Mangala Moonesinghe is a Barrister - at Law, Middle Temple, London and legal practitioner for over 30 years. He was a Member of the Parliament of Sri Lanka (1965 -1977 and 1989 – 1994) and the High Commissioner of Sri Lanka to India (1995-2000 and 2002-2005) and to the United Kingdom (2000-2002). Past Chairman of the Parliamentary Select Committee to arrive at a national solution to the ethnic conflict and restore peace and a member of the Parliamentary Committee on Public Enterprises. Year 2006 - Chairman, Marga Institute (Centre for Development Studies). He is a Director/Chief Advisor to the Board of Directors of One Text Initiatives. He has a vast amount of international experience and has served on several committees, including the Steering Committee of the Asian Parliamentarians Training Programme for Conflict Resolution and

Profiles of the Directors

the Commonwealth Parliamentary Association. He was awarded the Eisenhower Fellowship in 1975. Member of the Group of Eminent Persons appointed by the Heads of State of South Asian Nations to identify measures and mechanisms to enhance the effectiveness of SAARC to achieve its objectives.

Faiz Mohideen

Faiz Mohideen holds a B.Sc. Degree in Mathematics from the University of London and a M.Sc. Degree in Econometrics from the London School of Economics. Former Deputy Secretary to the Treasury and Director General, External Resources Department, Ministry of Finance & Planning.

Rajendra Theagarajah

Mr.Theagarajah joined the Group from one of the largest private sector banks in Sri Lanka where he was the CEO for the last nine years. Prior to being appointed as the Chief Executive Officer at the said bank, Mr.Theagarajah had been a member of the Corporate Management Team of that bank for nearly eight years.

Mr.Theagarajah counts over 29 years of experience in banking, including overseas experience. He had been with Chase Manhattan Bank (now known as JP Morgan Chase) in London and had served in the European, Middle East and African regions.

Mr.Theagarajah is a Fellow Member of the Institute of Chartered Accountants (ICA) of Sri Lanka and the Chartered Institute of Management Accountants (CIMA), United Kingdom. He is a Chartered Global Management Accountant (CGMA) and also holds a MBA from the Cranfield School of Management, United Kingdom.

His contribution and expertise has also been extended through many professional bodies. He was a past Chairman of Sri Lanka Banks' Association (Guarantee) Ltd., Chairman of Asian Banks Association and a former Director of the Colombo Stock Exchange. He was the first Sri Lankan to assume Chairmanship of the Asian Bank's Association from 1st November 2010 for a two year tenure.

He is also a member of the Sri Lanka Accounting and Auditing Standards Monitoring Board, Deputy Vice Chairman of Ceylon Chamber of Commerce, Chairman of the Chartered Institute of Management Accountants (U.K) Sri Lanka Governing Board and member of the Sri Lanka Auditing Quality Assurance Board. He is also Sri Lanka's representative in the CIMA UK's Global Council. He is also an independent Non-Executive Director of Carson Cumberbatch PLC and several companies in the NDB Group.

Mr.Theagarajah was appointed as the Chief Executive Officer/Director of NDB on 24th August 2013.

Krishna Selvanathan - (Alternate to Mr. M. Selvanathan)

Krishna Selvanathan is a Director of Carsons Management Services (Private) Limited, Lion Brewery (Ceylon) PLC and the Investment Sector Companies of the Carsons Group. He is also a Director of Carlsberg India (Pvt) Ltd.

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

Satish Selvanathan - (Alternate to Mr. H. Selvanathan)

Mr.Satish Selvanathan is currently responsible for the turnaround effort at Premium Oils & Fats – the downstream subsidiary of Goodhope Holdings. Previously, he was a Consultant at The Boston Consulting Group (BCG) in New York, where he specialised in developing & implementing turnaround strategies for clients in the financial services, consumer & healthcare space. Prior to BCG, Satish worked at Barclays Capital in London, where he was an Associate Director on the Asset-Backed Securities trading desk.

He holds an MBA with Honours from Columbia Business School & an undergraduate degree in Engineering, Economics & Management from Oxford University. He sits on the Leadership Board of the Primary Care Development Corporation - a New York City based non-profit that provides funding for primary care facilities in underserved communities in New York State.

Management Teams

OIL PALM

Corporate

Chandana Tissera
Director / Group CEO

Rizan Jiffrey
Director - Projects and Business Development

Ms. Janaka Jayawickrama
Director - Legal and Corporate Affairs

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

Shalike Karunasena
Director / Chief Financial Officer

Sahad Mukthar
Director - Corporate Planning

Ms Sharada Selvanathan
Director

Plantations

Sanjaya Upasena
Director - Chief Operating Officer - Oil Palm Plantations

Christoforus Pakadang
Director - Head of Tax Administration and Local Relations

Rathakrishnan Raman
Director - Plantations

Mathew Gomez
Director - Engineering

Shaji Thomas
Director - Agronomy

Edi Suhardi
Director - Sustainability

Ramakrishnan Rajoo
Director - Plantation Advisory

Edible Oils and Fats

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

T Tharumarajah
Director - Business Development

Satish Selvanathan
Director

Thahir Hussain
Director / Head of Business Operations – India

BEVERAGE

Suresh Shah
Director / CEO

Prasanna Amerasinghe
Director - Marketing

Chan Liyanage
Director - Supply Chain

Ranil Goonetilleke
Director - Finance

Stefan Atton
General Manager - Marketing

Preethi De Silva
General Manager - Ran Sahal (Pvt) Ltd

Shamal Boteju
General Manager - Pub Chain

Jeremy David
General Manager – Luxury Brands (Private) Limited

Ms. Sharlene Adams
Head of Exports

Shiyan Jayaweera
Marketing Manager - Regular Category

Madhushanka Ranatunga
Marketing Manager - Premium Category

Shiran Jansz
Head of Sourcing & Procurement

Ms. Nausha Raheem
Head of Human Resources

Nishantha Hulangamuwa
Head of Outbound Supply Chain

Eshantha Salgado
Manager - Quality Assurance

Janaka Bandara
Manager - Production

Chandima Rajapakshe
Head of Sales

Hiran Edirisinghe
Chief Engineer

Daham Gunasena
Financial Controller

Keerthi Kanaheraarachchi
Head of Administration

Chandana Rupasinghe
Manager - Packaging

Prasanthan Pathmanathan
Finance Manager - Marketing

PORTFOLIO & ASSET MANAGEMENT

Ms. Ruvini Fernando
Director/CEO

Ms. Niloo Jayatilake
Director / Head of Portfolio Management

Vibath Wijesinghe
Financial Controller

Tharinda Jayawardena
Head of Research

Sumith Perera
Fund Manager

Asanka Jayasekara
Manager – Research

Lakmal Wickramaarachchi
Accountant

Management Teams

REAL ESTATE

Nalake Fernando
Director Property Management

S. Rajaram
Head of Engineering

Vibath Wijesinghe
Financial Controller

LEISURE

Paddy Withana
Director - Hotel Sector

Ajith Weeratunge
Director - Management Services

Niranjan Naganathan
Resident Manager - Pegasus Reef Hotel

Kapila Gunatillaka
Chief Accountant

Ms. Mala Munasinghe
Executive Housekeeper

S. Kariyawasam
F & B Manager

D. Fernando
Sales & Marketing Manager

K. Jayathilake
Front Office Manager

Roshan Jayawickrama
Executive Chef

Ganeshan Thiagarajah
Resident Manager - Giritale Hotel

S. Suraweera
Chief Engineer

Senarath Ekanayake
Accountant

Mahinda Tennekoon
House-keeper

Hendrik Nandasena
Chef

Ananda Ratnayake
Restaurant & Bar Manager

MANAGEMENT SERVICES

Ajith Weeratunge
Director

Ms. Keshini De Silva
Director

Krishna Selvanathan
Director

Ms. Amali Alawwa
Head of Legal

Bennett Patternott
Head of HR

Chaminda Premarathne
Head of Internal Audit

Amal Badugodahewa
Head of Tax

Sunimal Jayasuriya
Manager - 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,
Abdullah Bin Tarmugi ** *NEI,*
Chan Cheow Tong Jeffery ** *NEI,*
D.C.R. Gunawardena *** *NE & NI,*
J. Mathavan

SHALIMAR DEVELOPMENTS SDN. BHD.

Directors:
H. Selvanathan, M. Selvanathan,
D.C.R. Gunawardena, P.C.P. Tissera
Ms. T.Y. Chan,
Ms. J.M.S. Jayawickrama,
C.S. Karunasena,
S. B. Ismail *(appointed w.e.f 30/4/2014),*
Ms. L. Irene *(resigned w.e.f 31/10/2013),*
T.W. Sin *(appointed w.e.f 31/10/2013 & resigned on 30/4/2014)*

PT AGRO INDOMAS

Commissioners:
H. Selvanathan *(President Commissioner),*
M. Selvanathan,
M. Tjandrawinata,
I. Paulraj,
M. Ramachandran Nair,
T. de Zoysa,
D.C.R. Gunawardena

Directors:
P.C.P. Tissera *(President Director),*
C.A.V.S. Upasena *(Vice President Director),*
S. Bastaman,
C.S. Pakadang,
Ms. J.M.S. Jayawickrama,
C.S. Karunasena,
T. Illamurugan

SHALIMAR (MALAY) PLC

Directors:
H. Selvanathan *(Chairman),*
M. Selvanathan, I. Paulraj ** *NEI,*
D.C.R.Gunawardena * *NE,*
P.C.P. Tissera,
K.C.N. Fernando, A.K. Sellayah ** *NEI*

SELINSING PLC

Directors:
M. Selvanathan *(Chairman),*
H. Selvanathan, I. Paulraj ** *NEI,*
D.C.R.Gunawardena * *NE,*
P.C.P. Tissera, C.F. Fernando** *NEI*

INDO-MALAY PLC

Directors:
H. Selvanathan *(Chairman),*
M. Selvanathan, I. Paulraj ** *NEI,*
D.C.R.Gunawardena * *NE,*
P.C.P. Tissera,
K.C.N. Fernando, T. Rodrigo** *NEI*
Alternate Director:
S. Mahendrarajah *(for I. Paulraj)*

GOOD HOPE PLC

Directors:
H. Selvanathan *(Chairman)*
M. Selvanathan, I. Paulraj** *NEI,*
D.C.R.Gunawardena* *NE,* P.C.P.Tissera
T. Rodrigo** *NEI,* A.K. Sellayah** *NEI*
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),*
C.A.V.S. Upasena, C.S. Pakadang,
Ms. J.M.S. Jayawickrama,
C.S. Karunasena, J. Mathavan

PT KARYA MAKMUR SEJAHTERA

Commissioners:
H. Selvanathan *(President Commissioner),* M. Selvanathan,
D.C.R. Gunawardena

Directors:
P.C.P. Tissera *(President Director),*
C.A.V.S. Upasena *(Vice President Director),* C.S. Pakadang,
Ms. J.M.S. Jayawickrama,
C.S. Karunasena, T. Illamurugan

PT AGRO HARAPAN LESTARI

Commissioners:
H. Selvanathan *(President Commissioner),* M. Selvanathan, *(Vice President Commissioner),* I. Paulraj

Directors:
P.C.P. Tissera *(President Director),*
Ms. J.M.S. Jayawickrama,
C.A.V.S. Upasena, C.S. Pakadang,
C.S. Karunasena, Ramakrishan Rajoo,
Ratha K. Raman, M. Gomez,
E. Suhardi, S. Thomas George

AGRO HARAPAN LESTARI SDN. BHD.

Directors:
H. Selvanathan, M. Selvanathan,
J. Mathavan, P.C.P. Tissera,
Ms. T.Y. Chan,
Ms. J.M.S. Jayawickrama,
C.A.V.S. Upasena,
C.S. Karunasena, M.R. Jiffrey,
K.G.G. De Silva, M.S. Mukthar
Alternate Director:
Satish Selvanathan *(for H. Selvanathan)*

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),*
C.A.V.S. Upasena *(Vice President Director),*
S. Bastaman, C.S. Pakadang,
Ms. J.M.S. Jayawickrama,
C.S. Karunasena, M.F. Bin Mathunni

* NE - Non-Executive Director
** NEI - Non-Executive / Independent Director
*** NE & NI - Non-Executive & Non-Independent Director

Group Directorate

AGRO HARAPAN LESTARI (PRIVATE) LIMITED

Directors:
H. Selvanathan *(Chairman),* P.C.P. Tissera, J. Mathavan, Ms. J.M.S. Jayawickrama, K.G.G. De Silva, M.R. Jiffrey, C.A.V.S. Upasena, C.S. Karunasena, S. Mukthar, Ms. Sharada Selvanathan *(appointed w.e.f 01/04/2013)*

Alternate Director:
Satish Selvanathan *(for H. Selvanathan)*

AHL BUSINESS SOLUTIONS (PRIVATE) LIMITED

Directors:
H. Selvanathan *(Chairman),* P.C.P. Tissera, J. Mathavan, Ms. J.M.S. Jayawickrama K.G.G. De Silva, M.R. Jiffrey, C.A.V.S. Upasena , C.S. Karunasena, S. Mukthar

AGRO ASIA PACIFIC LIMITED

Directors:
H. Selvanathan, M. Selvanathan, P.C.P. Tissera, J. Mathavan Wong Gang *(resigned w.e.f 5/7/2013),* Ms. J.M.S. Jayawickrama, C.S. Karunasena

Alternate Director:
Tan Wei Shyan *(for Wong Gang)* - ceased w.e.f 5/7/2013

PT AGRAJAYA BAKTITAMA

Commissioners:
H. Selvanathan *(President Commissioner),* M. Selvanathan, D.C.R. Gunawardena

Directors:
P.C.P. Tissera *(President Director),* C.A.V.S. Upasena *(Vice President Director),* C.S. Pakadang, Ms. J.M.S. Jayawickrama, C.S. Karunasena

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),* C.A.V.S. Upasena *(Vice President Director),* M.F. Bin Mathunni, C.S. Pakadang, Ms. J.M.S. Jayawickrama, C.S. Karunasena

PT AGRO WANA LESTARI

Commissioners:
H. Selvanathan *(President Commissioner),* M. Selvanathan, D.C.R. Gunawardena

Directors:
P.C.P. Tissera *(President Director),* C.A.V.S. Upasena *(Vice President Director),* C.S. Pakadang, Ms. J.M.S. Jayawickrama, C.S. Karunasena, T. Illamurugan

PT NABIRE BARU

Commissioners:
H. Selvanathan *(President Commissioner),* M. Selvanathan, D.C.R. Gunawardena

Directors:
P.C.P. Tissera *(President Director),* C.A.V.S. Upasena *(Vice President Director),* C.S. Pakadang, Ms. J.M.S. Jayawickrama, C.S. Karunasena M.F. Bin Mathunni

PT BATU MAS SEJAHTERA

Commissioners:
H. Selvanathan *(President Commissioner),* M. Selvanathan, D.C.R. Gunawardena

Directors:
P.C.P. Tissera *(President Director),* C.A.V.S. Upasena *(Vice President Director),* C.S. Pakadang, Ms. J.M.S. Jayawickrama, C.S. Karunasena,

PT SAWIT MAKMUR SEJAHTERA

Commissioners:
H. Selvanathan *(President Commissioner),* M. Selvanathan, D.C.R. Gunawardena

Directors:
P.C.P. Tissera *(President Director),* C.A.V.S. Upasena *(Vice President Director),* C.S. Pakadang, Ms. J.M.S. Jayawickrama, C.S. Karunasena

PT SUMBER HASIL PRIMA

Commissioners:
H. Selvanathan *(President Commissioner),* M. Selvanathan, D.C.R. Gunawardena

Directors:
P.C.P. Tissera *(President Director),* C.A.V.S. Upasena *(Vice President Director),* C.S. Pakadang, Ms. J.M.S. Jayawickrama, C.S. Karunasena

PT SINAR SAWIT ANDALAN

Commissioners:
H. Selvanathan *(President Commissioner),* M. Selvanathan, D.C.R. Gunawardena

Directors:
P.C.P. Tissera *(President Director),* C.A.V.S. Upasena *(Vice President Director),* C.S. Pakadang, Ms. J.M.S.Jayawickrama, C.S. Karunasena

PT SARIWANA ADI PERKASA

Commissioners:
H. Selvanathan *(President Commissioner),* M. Selvanathan, D.C.R. Gunawardena

Directors:
P.C.P. Tissera *(President Director),* C.A.V.S. Upasena *(Vice President Director),* C.S. Pakadang, Ms. J.M.S.Jayawickrama, C.S. Karunasena

ARANI AGRO OIL INDUSTRIES PRIVATE LIMITED

Directors:
H. Selvanathan, M. Selvanathan, P.C.P. Tissera, J. Mathavan, Ms. J.M.S. Jayawickrama, T. Tharumarajah, S.C.P. Chelliah, C.S. Karunasena, M.M.T. Hussain *(appointed w.e.f 01/04/2013)*

PREMIUM OILS & FATS SDN BHD

Directors:
H. Selvanathan, M. Selvanathan, J. Mathavan, P.C.P. Tissera, Ms. J.M.S. Jayawickrama, T. Tharumarajah, C.A.V.S. Upasena, C.S. Karunasena, M.R. Jiffrey, K.G.G. De Silva, M.S. Mukthar, Satish Selvanathan (Appointed w.e.f 01/04/2013)

PREMIUM VEGETABLE OILS SDN BHD

Directors:
H. Selvanathan, M. Selvanathan, J. Mathavan, P. C. P. Tissera, Ms. J.M.S. Jayawickrama, T. Tharumarajah, S.C.P. Chelliah, C.S. Karunasena

PREMIUM FATS SDN BHD

Directors:
H. Selvanathan, M. Selvanathan, J. Mathavan P.C.P. Tissera, Ms. J.M.S. Jayawickrama, T. Tharumarajah, S.C.P. Chelliah, C.S. Karunasena

PREMIUM NUTRIENTS PRIVATE LIMITED

Directors:
H. Selvanathan, M. Selvanathan, P.C.P. Tissera, J. Mathavan, Ms. J.M.S. Jayawickrama, C.S. Karunasena, Satish Selvanathan *(appointed w.e.f 12/8/2013)*

GOODHOPE INVESTMENTS (PRIVATE) LIMITED

Directors:
P.C.P. Tissera *(Chairman)*, Ms. J.M.S. Jayawickrema, K.G.G. De Silva, M.R. Jiffrey, C.S. Karunasena, M.S. Mukthar

BEVERAGE

CEYLON BEVERAGE HOLDINGS PLC

Directors:
L.C.R. de C. Wijetunge** *NEI (Chairman)*, H. Selvanathan *(Deputy Chairman)*, M. Selvanathan *(Director/ Alternate Director to H. Selvanathan*, S. K. Shah *(Chief Executive Officer)*, D.C.R. Gunawardena * *NE*, D.A. Cabraal** *NEI (appointed w.e.f 1/11/2013)*, G.J. Fewkes* *NE (resigned w.e.f 28/3/2014)*, H. J. Andersen* *NE (appointed w.e.f 1/4/2014)*

LION BREWERY (CEYLON) PLC

Directors:
L. C. R. de C.Wijetunge** *NEI (Chairman)*, H. Selvanathan *(Deputy Chairman)* S. K. Shah *(Chief Executive Officer)*, D.C.R.Gunawardena* *NE*, C. P. Amerasinghe, C.T. Liyanage, D. R. P. Goonetilleke, K. Selvanathan *(Director / Alternate Director to H. Selvanathan)*, Ms. S.J.F. Evans** *NEI*, R.E. Bagattini* *NE (Resigned w.e.f 7/6/2013)*, S.G.Lauridsen *(Ceased to be Alternate Director to R.E. Bagattini w.e.f 7/6/2013)*, S. Ravn* *NE (Resigned w.e.f 10/6/2013)*, Y.F. Lew *(Ceased to be Alternate Director to S. Ravn w.e.f 10/6/2013)*, H.J. Andersen* *NE (Appointed w.e.f. 10/6/2013)*, S.G. Lauridsen* *NE (Appointed w.e.f. 10/6/2013 / Resigned w.e.f 20/2/2014,)* Y.F. Lew *(Appointed Alternate Director to S.G. Lauridsen w.e.f. 10/6/2013 and Ceased to be Alternate Director to S.G. Lauridsen w.e.f 20/2/2014)*, D. A. Cabraal** *NEI (Appointed w.e.f 01/11/2013)*, Y.F. Lew* *NE (Appointed w.e.f 27/2/2014)*

PUBS ‘N PLACES (PRIVATE) LIMITED

Directors:
S.K. Shah, C. P. Amerasinghe, D.R.P. Goonetilleke, S.W.M.K.N. Hulangamuwa, K.R.T. Bandara *(resigned w.e.f 15/5/2014)*, J.R. Kiridena *(resigned w.e.f 28/2/2014)* K.A.W. Heenatigala *(resigned w.e.f 18/12/2013)* J.A.A. Jayasinghe *(appointed w.e.f 18/12/2013 & resigned w.e.f 16/5/2014)* M.R.B. Ranatunga *(appointed w.e.f 1/4/2014)*

RETAIL SPACES (PVT) LTD

Directors:
S.K. Shah, C.P. Amerasinghe, D.R.P. Goonetilleke, P.P. de Silva

LUXURY BRANDS (PRIVATE) LIMITED

Directors:
S.K. Shah, D.R.P. Goonetilleke, C.P. Amerasinghe, Ms. N. F. Raheem

PEARL SPRINGS (PRIVATE) LIMITED

Directors:
C.T. Liyanage *(Appointed w.e.f 20/5/2014)*, Ms. N.F.H. Raheem *(Appointed w.e.f 20/5/2014)*, D.R.P. Goonetilleke *(appointed w.e.f 21/05/2014)*

* NE - Non-Executive Director
** NEI - Non-Executive / Independent Director

Group Directorate

REAL ESTATE

EQUITY ONE PLC

Directors:
D.C.R. Gunawardena* *NE (Chairman),*
S. Nagendra** *NEI*, K.C.N. Fernando,
E.H. Wijenaike** *NEI*, A.P. Weeratunge
S. Mahendrarajah** *NEI*,
P.D.D. Fernando** *NEI (Stepped down from the Board w.e.f 19/6/2013 and appointed to the Board w.e.f 16/7/2013)*

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 (Stepped down from the Board w.e.f 19/6/2013 and appointed to the Board w.e.f 16/7/2013)*

EQUITY THREE (PRIVATE) LIMITED

Directors:
I. Paulraj, C. F. Fernando,
K. C. N. Fernando

LEISURE

PEGASUS HOTELS OF CEYLON PLC

Directors:
D.C.R. Gunawardena* *NE (Chairman),*
H. Selvanathan, M. Selvanathan,
S. Nagendra** *NEI*, P.M. Withana
Alternate Director:
K.C.N. Fernando *(for M. Selvanathan)*

EQUITY HOTELS LIMITED

Directors:
D.C.R. Gunawardena*(Chairman),*
P. M. Withana, V. R. Wijesinghe
(appointed w.e.f 17/12/2013)

CARSONS AIRLINE SERVICES (PRIVATE) LIMITED

Directors:
H. Selvanathan *(Chairman),*
M. Selvanathan, D.C.R. Gunawardena,
Mrs. M.R. Perera *(resigned w.e.f 30/11/2013)*

RIVERSIDE RESORTS (PRIVATE) LIMITED

Directors:
H. Selvanathan *(Chairman),*
S. Mahendrarajah

MANAGEMENT SERVICES

CARSONS MANAGEMENT SERVICES (PRIVATE) LIMITED

Directors:
H. Selvanathan *(Chairman),*
M. Selvanathan, S.K. Shah,
P.C.P. Tissera, K.C.N. Fernando,
Mrs. K.D.De Silva, A.P. Weeratunge,
K. Selvanathan
Alternate Director:
P.C.P. Tissera *(for H. Selvanathan)*

PORTFOLIO & ASSETS MANAGEMENT

CEYLON GUARDIAN INVESTMENT TRUST PLC

Directors:
I. Paulraj** *NEI (Chairman),*
D.C.R. Gunawardena* *NE*,
A. de Z. Gunasekera** *NEI*,
V.M. Fernando** *NEI*,
Mrs. M.A.R.C. Cooray ** *NEI*,
K. Selvanathan, C.W. Knight** *NEI*

CEYLON INVESTMENT PLC

Directors:
I. Paulraj** *NEI (Chairman),*
D.C.R. Gunawardena* *NE*,
A.P. Weeratunge,
Mrs. M.A.R.C. Cooray** *NEI*,
A.de.Z Gunasekera** *NEI*,
V.M. Fernando** *NEI*,
K. Selvanathan

GUARDIAN CAPITAL PARTNERS PLC

Directors:
I. Paulraj** *NEI (Chairman),*
S. Mahendrarajah** *NEI*,
D.C.R. Gunawardena* *NE*
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)*

LEECHMAN & COMPANY (PRIVATE) LIMITED

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

GUARDIAN FUND MANAGEMENT LIMITED

Directors:
Mrs. W.Y.R. Fernando,
Mrs. B.D.N. Jayatilake,
K. Selvanathan, A.P. Weeratunge
Alternate Director:
M.A.T. Jayawardana *(for Mrs. B.D.N. Jayatilake)* –appointed w.e.f 1/5/2014

GUARDIAN ACUITY ASSET MANAGEMENT LIMITED

Directors:
D.C.R. Gunawardena *(Ceased to be the Chairman by rotation on 19/6/2013),*
R. Theagarajah *(Resigned w.e.f 1/05/2013),* T. W. de Silva *(appointed Chairman by rotation on 24/7/2013),*
M. R. Abeywardena, K. Selvanathan,
Mrs. W. Y. R. Fernando,
D. P. N. Rodrigo *(appointed w.e.f 30/9/2013)*
Alternate Directors:
Mrs. B.D.N. Jayatilake *(for D.C.R. Gunawardena),*
I. A. S. P. Fernando *(for R. Theagarajah - Ceased on 01/05/2013)*

BUKIT DARAH PLC

Directors:
H. Selvanathan *(Chairman),*
M. Selvanathan, I. Paulraj** *NEI*,
D. C. R. Gunawardena* *NE*,
P.C.P. Tissera, K.C. N. Fernando,
L. R. de Lanerolle** *NEI*
Alternate Director:
K. Selvanathan *(for M. Selvanathan)*

* NE - Non-Executive Director
** NEI - Non-Executive / Independent Director

Audit Committee Report

As allowed by the Listing Rules of the Colombo Stock Exchange, the Audit Committee of the Company being the Parent/ultimate Parent Company of the undermentioned listed companies, functions as the Audit Committee to these companies :

Investment Sector :
Ceylon Guardian Investment Trust PLC
Ceylon Investment PLC
Guardian Capital Partners PLC

Plantation Sector – Malaysia :
Selinsing PLC
Indo-Malay PLC
Good Hope PLC
Shalimar (Malay) PLC

Real Estate Sector :
Equity One PLC
Equity Two PLC

Beverage Sector :
Lion Brewery (Ceylon) PLC
Ceylon Beverage Holdings PLC

Leisure Sector :
Pegasus Hotels of Ceylon PLC

The Audit Committee of the Company comprises of Three Members, as follows :

Audit Committee members	Executive/ Non-Executive/ Independent
Mr.V.P. Malalasekera *(Chairman)*	Non-Executive, Independent
Mr.D.C.R. Gunawardena	Non-Executive
Mr.F. Mohideen	Non-Executive, Independent

Mr.V.P. Malalasekera is a Non-Executive, Independent Director of the Company and a former Director of Ceylon Tobacco Company 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.F. Mohideen, a Non-Executive, Independent Director of the Company was the former Deputy Secretary to the Treasury and a former Director of Bank of Ceylon and Securities and Exchange Commission of Sri Lanka.

As per the Audit Committee Charter, the main purpose of the Audit Committee 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 organisation by being objective in providing relevant assurance, contributing to the effectiveness and efficiency of governance, risk management and control processes.

The Audit Committee of the Company convened 15 Meetings during the financial year and the attendance of the Members was as follows:

Meetings attended (Out of Fifteen)	
Mr.V.P. Malalasekera *(Chairman)*	15
Mr.D.C.R. Gunawardena	14
Mr.F. Mohideen	15

Matters pertaining to the Company, as well as of the companies coming within the purview of Carson Cumberbatch PLC-Audit Committee were discussed at the Meetings. The Chief Executive Officer/Chief Financial Officer/Financial Controller of the respective companies, internal auditors and senior management staff members also attended the Audit Committee Meetings by invitation.

The Committee met the External Auditors of the Company, as well as the External Auditors handling the companies coming within the purview of the Audit Committee of Carson Cumberbatch PLC, twice during the year, i.e. to discuss the audit scope and to deliberate the draft Financial Report and Accounts of the Company/Sectors. The Audit Committee also met the External Auditors of the Company, as well as the External Auditors handling the companies coming within the purview of the Audit Committee of Carson Cumberbatch PLC and discussed the draft Financial Report and Accounts, without the management being present.

The Group Internal Audit (GIA) carried out detailed audits in respect of the Company and the Beverage Sector, Investment Sector, Real Estate Sector and the Leisure Sector companies and the audits were based on the audit plans formulated and approved by the Audit Committee for the financial year. The Plantation Sector Internal Audit Team also carried out internal audits in respect of the Plantation Sector based on the audit plan formulated and approved by the Audit Committee.

Audit Committee Report

In accordance with the approved audit plans for 2013/2014, the following Sectors were audited :

Investment Sector	- 06 audits
Plantation Sector	- 01 audit
Real Estate Sector	- 01 audit
Beverage Sector	- 10 audits
Leisure Sector	- 05 audits

The findings and contents of the GIA reports have been discussed with the management and subsequently the audit reports were circulated to the Audit Committee and to the management, facilitating corrective and preventive measures to be taken in a timely manner.

The objectives of the GIA audits were 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 action where necessary.

The interim financial statements of both, the Company and of the companies coming within the purview of the Audit Committee of Carson Cumberbatch PLC have been reviewed at meetings of the Audit Committee.

The draft financial statements for the year ended 31st March 2014 pertaining to the Company and of the companies coming within the purview of the Audit Committee of Carson Cumberbatch PLC were reviewed at meetings of the Audit Committee, together with the External Auditors, Messrs. KPMG and Ernst & Young (pertaining to Plantation Sector Companies), 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 the Managers/Chief Executive Officer/Chief Financial Officer and Head of Finance/Director-Finance of the respective companies that the said financial statements were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 07 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 institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which have become applicable for the financial period beginning on or after 1st January 2014/2015.

However, these standards have not applied when preparing the current year financial statements.

- Sri Lanka Accounting Standards - SLFRS 10 "Consolidated financial statements"
- Sri Lanka Accounting Standards - SLFRS 11 "Joint Arrangements"
- Sri Lanka Accounting Standards - SLFRS 12 "Disclosure of Interest in Other Entities"
- Sri Lanka Accounting Standards - SLFRS 13 "Fair Value Measurement"

SLFRS 10 is expected to have in impact on the Group structure and there for on the Company too.

The management of the Company and the Group are currently in the process of evaluating the potential effects of these standards on the financial statements, with the assistance of an independent consultant.

The Audit Committee obtains confirmation from the respective management that all fair value computations are either carried out by independent qualified valuers (i.e. biological valuations) or calculated according to a set approved formula (i.e. equity investment valuations).

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

The Audit Committee has concurred to recommend to the Board of Directors the re-appointment of Messrs. KPMG, Chartered Accountants, as Auditors of the Company for the financial year ending 31st March 2015, subject to the approval of the shareholders at the Annual General Meeting.

Audit Committee's Reporting Structure

Equity Hotels Limited, Rubber Investment Trust Limited, Guardian Fund Management Limited, Carsons Airline Services (Private) Limited, Carsons Management Services (Private) Limited, Equity Three (Private) Limited, Leechman & Company (Private) Limited, Riverside Resorts (Private) Limited, Ran Sahal (Pvt) Ltd, Pubs 'N Places (Private) Limited, Luxury Brands (Private) Limited, Retail Spaces (Private) Limited, The Sri Lanka Fund have not formed their own Audit Committees, but audit aspects were covered under the direct jurisdiction of Carson Cumberbatch PLC-Audit Committee.

(Sgd.)
V.P. Malalasekera
Chairman – Audit Committee
Carson Cumberbatch PLC

Colombo
25th June 2014

Risk Management

Carson Cumberbatch PLC is a diversified conglomerate. Carson Group 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 maximise the realisation of opportunities whilst risks are managed until they are mitigated and re-assessed to be within the 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.

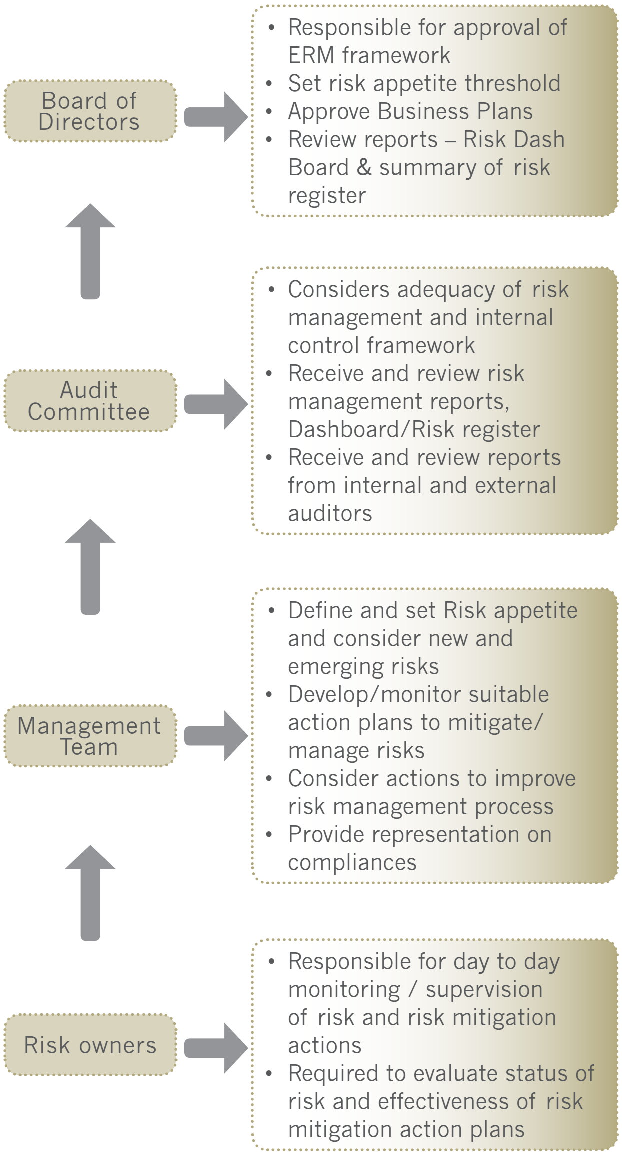
In implementing the business plan, the Group has embodied enterprise risk management to its business activities. This risk management process supports;

- 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.

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

We are of the view that 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.

Risk	Impact	Risk Responses and Strategies
Commodity Price Risk	Volatility in global prices is not a rear occurrence to the commodity market. The selling prices of Crude Palm Oil (CPO) and purchase prices of raw materials are influenced by market dynamics; hence the impact on turnover and profitability would be significant when the subdued prices are prolonged over a period of time.	• Plantation, Oils and Fats sector Manage the price volatility and cash flows, by way of hedging mechanisms either by entering into forward sale contracts or by using derivatives in the future market. • Beverage sector continuously monitor commodity prices of raw materials and enters into forward contracts for buying major raw materials with the assistance of an international business partner or on its own. Further, for local brands the production facility is made agile so that different combinations of raw materials could be used without compromising on either the taste or quality.
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. • 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.

Risk	Impact	Risk Responses and Strategies
Land Ownership	One of the significant issues faced in Indonesia by the plantation companies is the conflict with local communities with regard to clear land titles and ownership that is caused by lack of clarity between authorities on the land status which have been allocated for plantation development. Despite efforts taken by various stakeholders, land problems constantly affect the operational goals resulting in development delays and business disruption.	**Plantation Sector** • Ensure that all required approvals from the respective authorities are obtained and validated prior to commencement of land development • Conduct complete due diligence of permits and licenses to ensure compliance • Establish and maintain sound relationship with key personal • Have in place a plan to complete the land compensation within the stipulated time
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.	The following initiatives have been implemented by the Group. • Ensure recruitments are carried out to hire employees with required qualification, knowledge and experience • Availability of detailed job descriptions and role profiles for each job. • Human resource policies are focused on encouraging continuous training and development and ensuring appropriate compensation as per market rates to retain and develop 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. Currently Plantations, Oils and Fats and Beverage sectors are exposed to foreign currency exchange rate movements, primarily in US Dollar on its US Dollar denominated bank loans and foreign currency denominated supplies.	Assets, liabilities and other operational expenses which arise from daily operations are primarily denominated in the functional currencies. Resort to forward booking as appropriate and seek to match the foreign currency inflows and outflows as an internal hedging mechanism.
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.	Continuous focus on best and sustainable agronomy and plantation management practices to minimise the impact.

Risk Management

Risk	Impact	Risk Responses and Strategies
Liquidity Risk	The risk that a sector cannot easily meet its operational and financial obligations due to 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.
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 and discounting of credit to banks with no recourse to the Company.
Interest Rate	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 Carson Cumberbatch PLC is used via group treasury in negotiating the rates. • Plantation sector will pursue derivative mechanisms such as interest swaps, where necessary. • 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 detailed procedure manuals and provide training and guidelines for new recruits. • The internal audit function of the Group carry out regular review on internal control systems and processes and recommends process improvements if shortcomings are noted.

Risk	Impact	Risk Responses and Strategies
Legal and Regulatory Compliance	Failure to comply with regulatory and legal framework applicable to the Group.	• The management together with the Carsons Group legal division proactively identifies and set up appropriate systems and processes for legal and regulatory compliance in respect of Sector operations. • Arrange training programmes 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.

Information to Shareholders & Investors

1 Stock Exchange Listing

Carson Cumberbatch 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 Carson Cumberbatch PLC shares : CARS.N0000

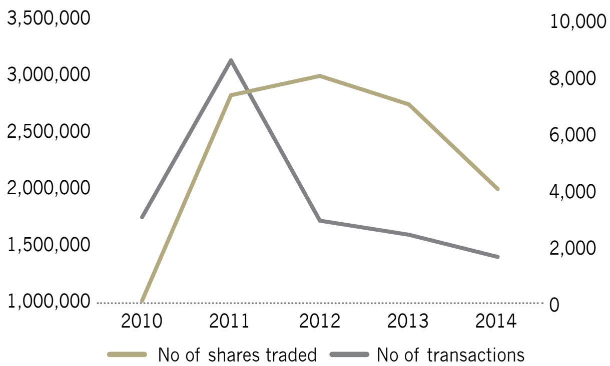
2 Market Capitalisation and Market Price

Market Capitalisation of the Company's share, which is the number of ordinary share in issues multiplied by the market value of a share, was Rs.71,681Mn as at 31st March 2014. (Rs.86,410Mn as at 31st March 2013)

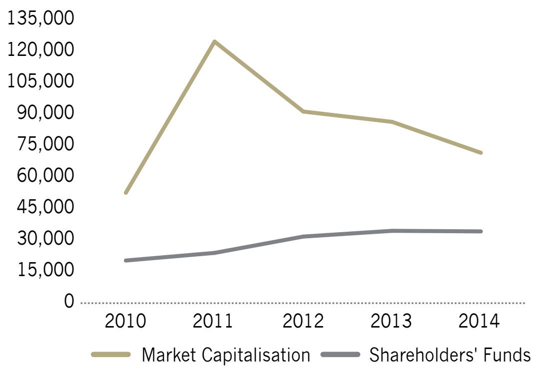
The Information on Market prices are set out below :

	2014	Q4	Q3	Q2	Q1	2013
Share Information						
Highest price (Rs.)	459	375	405	450	459	495
Lowest price (Rs.)	340	340	340	350	435	410
As at periods end (Rs.)	365	365	350	390	435	440
Trading Statistics						
No of transactions	1,632	381	374	432	445	2,416
No of shares traded	2,007,163	145,396	78,033	861,218	922,516	2,754,706
Value of all shares Traded (Rs.Mn)	854	51	29	364	410	1,264
Market Capitalisation (Rs. Mn)	71,681	71,681	68,735	76,591	85,428	86,410
Enterprise Value (Rs. Mn)	153,152	153,152	150,974	155,554	165,094	164,645

Share Trading (Nos.)



Shareholders Funds and Market Capitalisation (Rs. Mn)



3 Shareholder Base

The total number of ordinary shareholders as at 31st March 2014 was 2,251 compared to the 2,366 as at 31st March 2013.

4 Distribution and Composition of Shareholders

Distribution of Shares		Residents No. of Members	Residents No. of Shares	Residents %	Non-Residents No. of Members	Non-Residents No. of Shares	Non-Residents %	Total No. of Members	Total No. of Shares	Total %
1	1,000	1,775	284,812	0.14	20	8,620	0.01	1,795	293,432	0.15
1,001	10,000	271	845,775	0.43	22	104,392	0.05	293	950,167	0.48
10,001	100,000	114	3,074,662	1.57	17	643,520	0.33	131	3,718,182	1.89
100,001	1,000,000	17	3,954,043	2.01	6	2,548,822	1.30	23	6,502,865	3.31
above	1,000,000	6	153,994,573	78.41	3	30,927,695	15.75	9	184,922,268	94.17
Grand Total		2,183	162,153,865	82.56	68	34,233,049	17.44	2,251	196,386,914	100

5 Composition of Shareholders

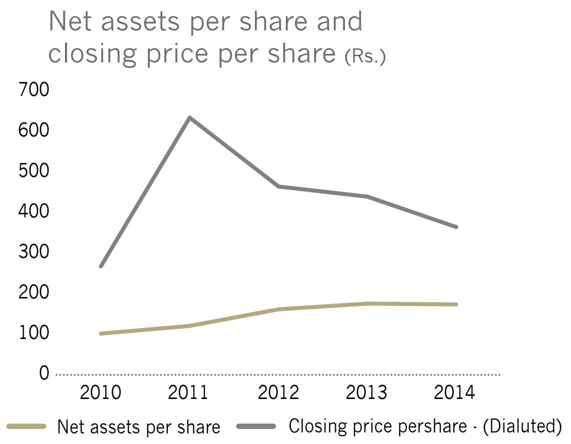
Ordinary Shares	31st March, 2014 No. of Shareholders	31st March, 2014 No. of Shares	31st March, 2014 %	31st March, 2013 No. of Shareholders	31st March, 2013 No. of Shares	31st March, 2013 %
Individuals	2,098	7,808,526	3.98	2,197	8,129,984	4.14
Institutions	153	188,578,388	96.02	169	188,256,930	95.86
Total	2,251	196,386,914	100	2,366	196,386,914	100
Residents	2,183	162,153,865	82.56	2,293	161,043,263	82
Non Residents	68	34,233,049	17.44	73	35,343,651	18
Total	2,251	196,386,914	100	2,366	196,386,914	100

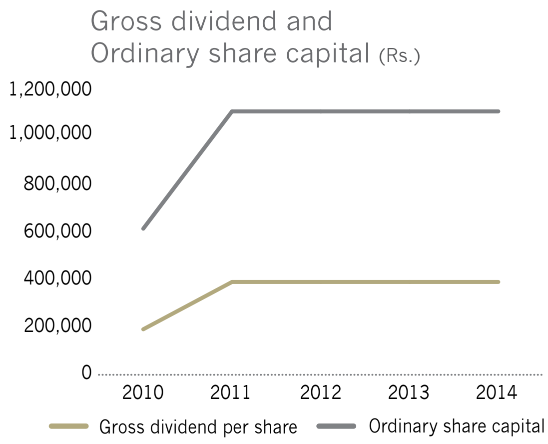
Percentage of ordinary shares held by the public as at 31st March, 2014 was 14.32%.

6 Key Ratios

	2014	2013
EPS	19.03	23.39
Dividend Payout Ratio (%)	104.71	116.80
Price to Book (times)	2.10	2.51
Price Earnings Ratio	19.18	18.81
Dividend Yeld	0.55%	0.45%
Market Value Added (Mn.)	118,952	130,169

7 Information on Dividends





The details of the dividends paid are as follows:

For the year ended 31st March Ordinary Shares	2014 Per share	2014 Amount	2013 Per share	2013 Amount
First & Final dividend	2.00	392,774	2.00	392,774
	2.00	392,774	2.00	392,774
The details of the proposed dividends are as follows:				
Ordinary Shares	2.00	392,774	2.00	392,774
	2.00	392,774	2.00	392,774

Information to Shareholders & Investors

8 Dividends Since

Year ended 31st March	DPS (Rs.)	Dividends (Rs.'000)
2010	2	192,536
2011	2	392,774
2012	2	392,774
2013	2	392,774
2014	2	392,774

9 Ordinary Shares in Issue

Year ended 31st March	Number of Shares
2009	96,268,095
2010	96,268,095
2011	196,386,914
2012	196,386,914
2013	196,386,914
2014	196,386,914

10 History of Scrip Issues

Year ended 31st March	Issue	Basis	Number of Shares	Ex-date
2006	Bonus	5:1	5,093,550	6-Jul-05
2009	Sub-division	15:1	85,571,640	31-Jul-08
	Capitalisation	1:20	4,584,195	31-Jul-08
2011	Capitalisation/Sub-division	2:1	96,268,095	21-Dec-10
	Capitalisation	1:50	3,850,724	24-Dec-10

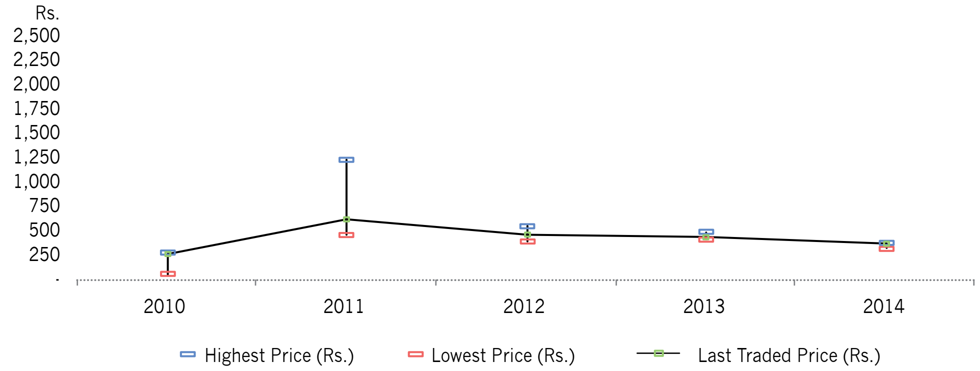
11 Information on Movement in No of Share

Financial Year	Issue	Basis	No of Shares issued	No. of Shares Cumulative Ordinary
2005/06	Bonus Issue	5 for 1	5,093,550	6,112,260
2008/09	Sub-division	15 for 1	85,571,640	91,683,900
	Capitalisation	1 for 20	4,584,195	96,268,095
2010/11	Sub-division	2 for 1	96,268,095	192,536,190
	Capitalisation	1 for 50	3,850,724	196,386,914

12 Share Price Trend Over Last Five Years

Year	2010	2011	2012	2013	2014
Highest Price (Rs.)	292	1,230	549	495	375
Lowest Price (Rs.)	57	470	400	410	340
Last Traded Price (Rs.)	268	635	465	440	365

Share Price Trend over the past Five Years

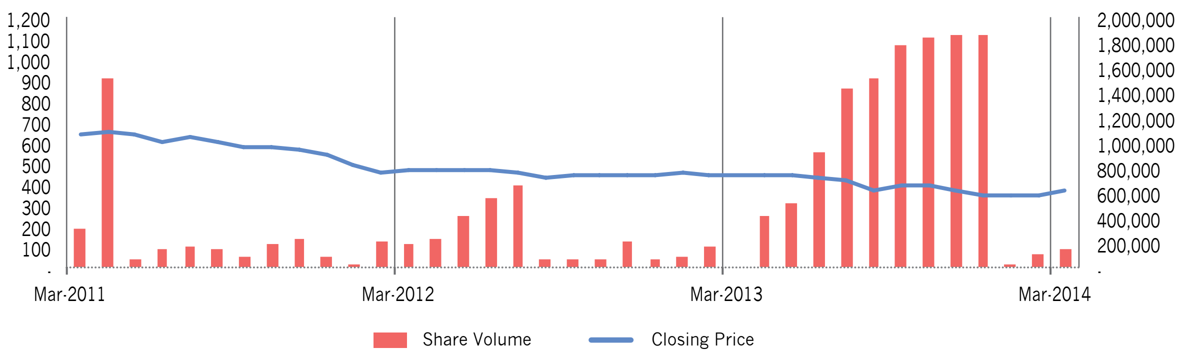


13 Information on Shareholders Funds and market capitalisation

As at 31st March	2010	2011	2012	2013	2014
Shareholders' Funds (Rs. Mn.)	20,322	23,953	31,712	34,476	34,200
Market Capitalisation (Rs. Mn.)	52,611	124,666	91,320	86,410	71,681
Market Capitalisation as % of CSE Mkt. Captl. (%)	4.34%	5.14%	4.54%	3.92%	3.23%

14 Price Volume Chart

Price Volume Chart



Information to Shareholders & Investors

10 Year Summary - Group
(Amounts expressed in Sri Lankan Rs. '000 unless otherwise stated)

For the year ended 31st March	2014	2013	2012
OPERATING RESULTS			
Revenue	76,540,926	76,162,126	66,079,268
Profit from operations	12,905,456	11,045,641	19,121,693
Finance expenses	2,073,516	1,496,146	2,335,777
Profit before taxation	11,136,235	13,637,001	16,937,125
Income tax expenses	3,257,220	3,981,725	4,307,795
Profit for the year	7,879,015	9,655,276	12,629,330
Profit attributable to the Non controlling interest'	4,141,680	5,061,334	5,627,102
Profit attributable to the Owners of the company	3,737,335	4,593,942	7,002,228
CAPITAL EMPLOYED			
Stated capital	1,114,652	1,114,652	1,114,652
Reserves	33,085,048	33,361,890	30,627,531
	34,199,700	34,476,542	31,742,183
Non -controlling interest	33,716,979	33,865,495	30,851,607
Short - term and long - term borrowings	64,587,871	52,234,376	37,664,912
	132,504,550	120,576,413	100,258,702
ASSETS EMPLOYED			
Non - current assets	123,463,249	114,183,049	95,532,196
Current assets	35,925,176	26,556,439	22,999,510
	159,388,425	140,739,488	118,531,706
Current liabilities - excluding borrowings	(16,470,455)	(10,769,171)	(11,228,917)
Non - current liabilities	(50,492)	(28,077)	(25,492)
Deferred liabilities	(10,362,928)	(9,365,827)	(7,018,595)
	132,504,550	120,576,413	100,258,702
CASH FLOW STATEMENTS			
Net cash inflows from operating activities	13,596,441	4,667,377	12,629,005
Net cash used in investing activities	(15,198,722)	(19,256,701)	(17,586,408)
Net cash generated from/(used in) financing activities	12,805,689	2,331,876	(3,981,001)
Net (decrease)/increase in cash & cash equivalents	11,203,407	(12,257,448)	(8,938,404)
OPERATIONAL RATIOS			
Return on ordinary shareholders' funds (%)	10.93	13.32	22.06
Equity to total assets (%)	42.61	48.56	52.81
Revenue growth (%)	-	15.26	90.82
Asset growth (%)	13.25	18.74	49.12
Revenue to capital employed (times)	0.58	0.63	0.66
No. of employees	15,580	15,097	14,453
Revenue per employee (Rs. '000)	4,913	5,045	4,572
Value added per employee (Rs. '000)	2,266	2,307	2,382
DEBT & GEARING RATIOS			
Interest cover (times)	6.22	7.38	8.19
Total debts	64,587,871	52,234,375	37,664,912
Net debts	47,753,595	44,369,967	28,893,154
Debt equity ratio (%)	95.10	76.43	60.17
Gearing ratio (%)	48.74	43.32	37.57
Debt/total assets (%)	40.52	37.11	31.78
Current ratio (times)	0.85	0.75	1.00
INVESTOR RATIOS			
Dividend cover (times)	9.52	11.70	14.25
Dividends per share (Rs.)	2.00	2.00	2.00
Market value per share (Rs.)	365.00	440.00	465
Market capitalisation (Rs.' Mn)	71,681	86,410	91,320
Earnings per share (Rs.)	19.03	23.39	28.51
Price earnings ratio (times)	19.18	18.81	16.31
Net assets per ordinary share (Rs.)	174.14	175.55	161.63

2011	2010	2009	2008	2007	2006	2005
34,628,986	21,327,821	16,795,047	15,243,172	9,321,234	7,995,793	6,148,827
12,275,043	7,237,000	5,013,934	5,052,989	2,421,154	1,842,054	2,043,699
689,373	530,376	993,586	835,747	539,058	357,906	703,260
12,088,562	6,879,407	3,767,804	4,273,921	1,705,940	1,662,247	1,346,298
2,545,643	1,434,052	809,317	1,204,072	477,768	437,607	36,660
9,542,919	5,445,355	2,958,487	3,069,849	1,228,172	1,224,640	1,309,638
5,002,206	2,158,444	1,176,141	1,348,181	525,352	598,552	485,905
4,540,713	3,286,911	1,782,346	1,721,668	702,820	626,089	823,733
1,614,652	1,118,255	1,118,255	286,123	286,123	286,123	235,187
22,338,727	19,204,116	12,415,858	12,584,693	9,646,490	8,190,159	6,000,929
23,953,379	20,322,371	13,534,113	12,870,816	9,932,613	8,476,282	6,236,116
24,702,515	9,429,378	5,781,881	7,055,721	5,054,539	4,543,248	3,366,037
23,340,260	4,989,581	6,741,913	6,179,030	6,170,039	3,662,970	3,178,648
71,996,154	34,741,330	26,057,907	26,105,567	21,157,191	16,682,499	12,780,801
59,290,601	30,441,199	21,524,200	24,043,466	21,791,487	18,188,041	14,231,108
20,196,905	9,567,352	8,976,347	6,752,769	4,190,620	2,783,066	1,654,837
79,487,506	40,008,550	30,500,547	30,796,235	25,982,107	20,971,107	15,885,945
(4,740,251)	(3,321,967)	(2,731,081)	(3,085,224)	(1,869,907)	(1,688,399)	(1,339,315)
(773,052)	(651,168)	(628,255)	(460,503)	(1,300,176)	(1,315,153)	(853,439)
(1,978,049)	(1,294,085)	(1,083,304)	(1,144,941)	(1,654,833)	(1,285,056)	(912,390)
71,996,154	34,741,330	26,057,907	26,105,567	21,157,191	16,682,499	12,780,801
4,295,879	2,604,948	1,723,854	3,195,910	515,377	952,122	2,023,709
(4,784,405)	(2,299,836)	(908,660)	(1,100,761)	(2,185,966)	(1,461,901)	(872,509)
9,803,861	(1,268,542)	535,727	(1,719,207)	904,709	(246,590)	(796,995)
9,315,335	(963,430)	1,350,921	375,942	(765,880)	(756,369)	354,205
19.00	16.12	13.17	13.38	7.08	7.39	13.21
61.00	73.67	62.59	64.70	57.68	62.08	60.44
62.37	26.99	10.18	63.53	16.58	30.04	3.22
98.68	31.17	(0.96)	18.53	23.89	32.01	15.55
0.48	0.61	0.64	0.58	0.44	0.48	0.48
11,672	6,943	5,083	4,109	4,014	3,468	3,489
2,967	3,072	3,304	3,710	2,322	2,306	1,762
1,985	1,697	2,048	2,270	1,501	1,520	1,331
17.81	13.65	5.05	6.05	4.49	5.15	2.91
23,505,260	5,265,831	6,966,913	6,179,030	6,170,039	3,662,970	3,178,648
12,450,514	4,114,949	4,014,765	4,423,959	5,519,758	3,323,494	3,059,677
48.47	17.87	36.49	31.01	41.17	28.13	33.10
32.65	15.16	27.58	23.67	29.16	21.96	24.87
30	13	23	20	24	17	20
2.18	1.61	1.34	0.93	0.85	0.73	0.64
11.51	8.23	5.91	3.51	1.43	1.28	0.42
2.00	2.00	1.50	2.50	2.50	2.50	10.00
634.80	547	116	3,800	4,270	2,300	14,500
12,666	52,611	11,167	108,727	122,175	65,808	341,021
23.01	16.45	8.87	8.77	3.58	3.19	4.19
27.58	33.22	13.08	433.46	1,193.15	721.45	3,456.96
121.13	102.07	68.92	65.54	50.58	43.16	31.75

Information to Shareholders & Investors

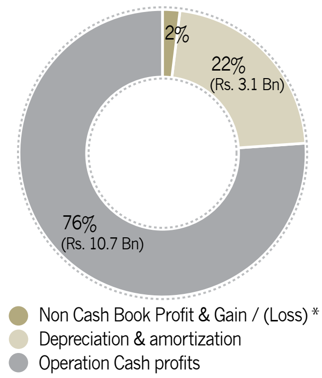
Group Quarterly Results - Statement of Income

Amounts expressed in Sri Lankan Rs. '000)

	1st Quarter	%	2nd Quarter	%	3rd Quarter	%	4th Quarter	%	FY 2014	%
Revenue	16,613,645	22	16,718,217	22	21,510,739	28	21,698,325	28	76,540,926	100
Segment results	1,685,079	13	1,393,110	11	4,196,590	33	5,630,677	44	12,905,456	100
Foreign exchange gain/(loss)	(535,712)	18	(3,026,514)	103	(975,129)	33	1,591,460	(54)	(2,945,895)	100
Change in fair value of Biological Assets	1,320,800	42	247,538	8	338,470	11	1,275,290	40	3,182,098	100
Change in fair value of investment properties	-	-	-	-	-	-	79,209	100	79,209	100
Profit from operations	2,470,167	19	(1,385,866)	(10)	3,559,931	27	8,576,636	65	13,220,868	100
Net Finance expenses	(487,800)	24	(492,698)	24	(477,094)	23	(615,924)	30	(2,073,516)	100
Share of net result of associates/ Joint ventures	(1,993)	18	293	(3)	(7,932)	71	(1,485)	13	(11,117)	100
Profit before Income tax expenses	1,980,374	18	(1,878,271)	(17)	3,074,905	28	7,959,227	71	11,136,235	100
Income tax expenses	(675,790)	21	340,000	(10)	(840,856)	26	(2,080,574)	64	(3,257,220)	100
Profit for the period	1,304,584	17	(1,538,271)	(20)	2,234,049	28	5,878,653	75	7,879,015	100
Profit attributable to										
Owners of the Company	585,121	16	(829,263)	(22)	1,030,781	28	2,950,696	79	3,737,335	100
Non controlling interest	719,463	17	(709,008)	(17)	1,203,268	29	2,927,957	71	4,141,680	100
	1,304,584	17	(1,538,271)	(20)	2,234,049	28	5,878,653	75	7,879,015	100
Ratio										
Earnings per share Rs.	2.98		(4.22)		5.25		15.02		19.03	
Net assets per share Rs.	179.38		153.65		153.52		174.14		174.14	
Market value per share Rs.	435.00		390.00		350.00		365.00		365.00	
Net profit on segmental basis										
Investment holdings	(62,561)	25	(71,181)	28	(65,127)	26	(52,693)	21	(251,562)	100
Portfolio & Asset management	315,891	20	289,220	19	410,007	26	537,954	35	1,553,072	100
Oil palm plantations	111,666	2	776,280	16	1,992,190	41	2,017,980	41	4,898,116	100
Oils & fats	(124,374)	377	(24,560)	74	138,643	(420)	(22,697)	69	(32,988)	100
Beverages	273,700	23	260,144	21	328,638	27	349,853	29	1,212,335	100
Real estate	8,629	7	10,533	9	25,665	22	74,286	62	119,113	100
Leisure *	(957)	(2)	4,361	7	27,765	45	31,022	50	62,191	100
Management services	(2,498)	(75)	(4,092)	(123)	12,927	389	(3,011)	(91)	3,326	100
Segment operating profit	519,496	7	1,240,705	16	2,870,708	38	2,932,694	39	7,563,603	100
Change in fair value of investment properties	-	-	-	-	-	-	79,209	100	79,209	100
Foreign exchange gain/(loss)	(535,712)	18	(3,026,514)	103	(975,129)	33	1,591,460	(54)	(2,945,895)	100
Change in fair value of Biological Assets	1,320,800	42	247,538	8	338,470	11	1,275,290	40	3,182,098	100
	1,304,584	-	(1,538,271)	-	2,234,049	-	5,878,653	-	7,879,015	-

** (Hotel Sector + Airline)*

Group Profit allocation 2014



*Non Cash Book Profit & Gain / (Loss) **
(Change in fair value of investment properties+ Foreign exchange loss + Change in fair value of Biological Assets)

Financial Calendar

Financial Year End		**31st March 2014**
Announcement of Results		
1st Quarter ended 30th June 2013	-	14th August 2013
2nd Quarter ended 30th September 2013	-	14th November 2013
3rd Quarter ended 31st December 2013	-	13th February 2014
4th Quarter ended 31st March 2014	-	30th May 2014
Notice of Annual General Meeting	-	25th June 2014
101st Annual General Meeting	-	31st July 2014

Financial Statements

Annual Report of the Board of Directors on the affairs of the Company

The Board of Directors of Carson Cumberbatch PLC have pleasure in presenting to the shareholders their Report together with the Audited Financial Statements for the year ended 31st March 2014.

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 25th June 2014.

GENERAL

Carson Cumberbatch PLC is a public limited liability Company incorporated in Sri Lanka in 1913.

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 and Leisure Sectors and Management Services.

The principal activities of the subsidiaries and associates 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 12 to 15 and Business Sector Reviews on pages 18 to 37 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 124 to 131.

FINANCIAL STATEMENTS

The financial statements of the Group are prepared in conformity with Sri Lanka Accounting Standards (SLAS), provide information required by the Companies Act, No. 7 of 2007 and the Colombo Stock Exchange Listing Requirements. The Company and its subsidiaries are also guided by other recommended best accounting practices.

The institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which have become applicable for the financial period beginning on or after 1st January 2014.

However, these standards have not been applied when preparing the current year financial statements.

- Sri Lanka Accounting Standards - SLFRS 10 "Consolidated financial statements"
- Sri Lanka Accounting Standards - SLFRS 11 "Joint Arrangements"
- Sri Lanka Accounting Standards - SLFRS 12 "Disclosure of Interest in Other Entities"
- Sri Lanka Accounting Standards - SLFRS 13 "Fair Value Measurement"

SLFRS 10 is expected to have an impact on the Group structure and therefor on the Company. The Company and Group are currently in the process of assessing the potential impact of these standard on adaption.

The Company and the Group is currently in the process of evaluating the potential effects of these standards on its financial statements, with the assistance of an independent consultant.

Revenue

Revenue generated by the company amounted to Rs.639Mn (2013 - Rs.677Mn), whilst group revenue amounted to Rs.76,540Mn (2013 - Rs.76,162Mn). Contribution to group revenue from the different business segments is provided in Note 7 to the financial statements.

Financial Results

The audited results of the Group and of the Company for the financial year ended 31st March 2014 are as follows:

	Group		Company	
For the year ended 31st March	2014	2013	2014	2013
	Rs.'000	Rs.'000	Rs.000	Rs.'000
Profit available for appropriation from which the following appropriations/ distributions have been made:	28,090,474	24,725,844	8,052,316	8,069,159
Dividend				
Ordinary dividend paid				
Final	(392,774)	(392,774)	(392,774)	(392,774)
Total dividend paid	(392,774)	(392,774)	(392,774)	(392,774)
Leaving a balance to be carried forward	27,697,700	24,333,070	7,659,542	7,676,385

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SIGNIFICANT ACCOUNTING POLICIES

For all periods up to and including the year ended 31 March 2014, the Company and the Group prepared their financial statements in accordance with Sri Lanka Accounting Standards which were in effect up to that date.

Capital Expenditure

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

For the year ended 31st March	2014	2013
Portfolio and Asset Management		
Property, plant & equipment	9,832	1,449
Oil Palm Plantations		
Property, plant & equipment	4,420,130	7,449,189
Biological assets	6,335,944	6,667,477
Intangible assets	559,670	968,512
Beverage		
Property, plant & equipment	4,627,143	3,677,236
Intangible assets	1,821	484
Real Estate		
Property, plant & equipment	16,530	112,253
Investments Properties	88,180	707
Leisure		
Property, plant & equipment	61,485	97,752
Oils & Fats		
Property, plant & equipment	1,613,067	1,887,479
Intangible assets	9,965	2,863
Management Services		
Property, plant & equipment	43,737	35,353
Intangible assets	-	386
	17,787,504	20,901,140

Value of the Investment Portfolio

The market value/valuation of the Group's investment portfolio as at 31st March, 2014 was Rs.9,444Mn (2013 - Rs.9,030Mn)

Reserves

A summary of the Group's reserves is given below:

Value of the Investments Properties

The fair value of the group's investment properties as at 31st March 2014 was Rs.2,094Mn (2013 - Rs.1,970Mn).

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 Statement of Income, Statement of Financial Position,Statement of Changes in Equity, Statement of Cash Flow, Significant Accounting Policies and Notes thereto appearing on pages 95 to 194 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 page 93 which forms an integral part of this Report.

INDEPENDENT AUDITOR'S REPORT

The independent Auditor's Report on the Financial Statements is given on page 94 of this Annual Report.

INTERESTS REGISTER

The Company maintains an Interests Register conforming to the provisions of the Companies Act, No. 7 of 2007.

All Directors have made declarations as provided for in Section 192 (2) of the Companies Act, aforesaid. The relevant details as required by the Companies Act, No. 7 of 2007 have been entered in the Interests Register during the year under review.

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

As at	Group		Company	
	2014	2013	2014	2013
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Capital Reserve	5,279,213	5,285,903	287,552	287,552
Revenue Reserve	27,805,835	28,075,987	7,714,424	7,723,298
Total	33,085,048	33,361,890	8,001,976	8,010,850

The movements are shown in the Statements of Changes in Equity given on pages 98 to 99 the Annual Report.

DIRECTORS' INTEREST IN CONTRACTS AND SHARES

The Related Party Transactions of the Company as required by the Sri Lanka Accounting Standard LKAS 24 are disclosed in Note 46 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 Ordinary shares of the Company.

	No of Ordinary Shares	
	31.03.2014	31.03.2013
Mr. T. de Zoysa *(Chairman)*	-	-
Mr. H. Selvanathan *(Deputy Chairman)*	42,318	42,318
Mr. M. Selvanathan	32,962	32,962
Mr. I. Paulraj	129	129
Mr. D.C.R. Gunawardena	-	-
Mr. S. K. Shah	-	-
Mr. P.C.P. Tissera	12	12
Mr. V.P. Malalasekera	-	-
Mr. M. Moonesinghe *- Resigned w.e.f 31st March 2014*	-	-
Mr. F. Mohideen	-	-
Mr. R. Theagarajah	-	-
Messrs. H. Selvanathan & M. Selvanathan	449,820	449,820
Alternate Directors		
Mr. K.Selvanathan *- Alternate to Mr.M. Selvanathan*	-	-
Mr. S.Selvanathan *- Alternate to Mr.H. Selvanathan*	-	-

(ii) Directors shareholdings in group quoted companies.

SUBSIDIARIES

	No. of Ordinary Shares	
	31.03.2014	31.03.2013
Ceylon Guardian Investment Trust PLC		
Mr. I. Paulraj	255	255
Mr. D.C.R. Gunawardena	255	255
Ceylon Investment PLC		
Mr. I. Paulraj	255	255
Mr. D.C.R. Gunawardena	255	255

	No. of Ordinary Shares	
	31.03.2014	31.03.2013
Ceylon Beverage Holdings PLC		
Mr. H. Selvanathan	690	690
Mr. M. Selvanathan	690	690
Mr. D.C.R. Gunawardena	15	15
Mr. S.K. Shah	2,632	2,632
Mr. I. Paulraj	33	33
Lion Brewery (Ceylon) PLC		
Mr. H. Selvanathan	1,579	1,579
Mr. M. Selvanathan	1,579	1,579
Mr. D.C.R. Gunawardena	34	34
Mr. S.K. Shah	6,016	6,016
Mr. I. Paulraj	1,675	1,675
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	41,000	41,000
Mr. S.K. Shah	9,300	9,300
Guardian Capital Partners PLC		
Mr. H. Selvanathan	25	25
Mr. I. Paulraj	200	200
Mr. D.C.R. Gunawardena	25	25
ASSOCIATE COMPANY		
Bukit Darah PLC		
Mr. H. Selvanathan	153,111	153,111
Mr. M. Selvanathan	44,179	44,179
Mr. I. Paulraj	1,127	1,127

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company have received or become entitled to receive any benefit (other than the benefit as disclosed in Note 14 (d) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a Company in which the Director has substantial financial interest except for any benefits which may

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be deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 46 to the financial statement.

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object of enabling Directors of the Company to acquire benefit by means of the acquisition of shares of the Company.

REMUNERATION OF DIRECTORS

Directors' remuneration in respect of the Company for the financial year ended 31st March 2014 is given in Note 14 (d) to the Financial Statements on page 135.

DIRECTORS

The names of the Directors, who served during the year are given under Corporate information on page 17.

Resignations

Mr. M. Moonesinghe, Non-Executive / Independent Director resigned from the Board with effect from 31st March 2014.

DIRECTORS TO RETIRE BY ROTATION

In terms of Articles 72, 73 and 74 of the Articles of Association of the Company, Messrs. Tilak de Zoysa and P.C.P.Tissera retire by rotation and being eligible offer themselves for re-election.

Appointment of Directors who are over 70 years of age

Upon the recommendation of the Nomination Committee of the Company and the Board, it is recommended that Mr. I. Paulraj who is over 70 years of age be re-appointed as a Director 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.

AUDITORS

Company

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

A sum of Rs.710,000/- was paid to them by the Company as audit fees for the year ended 31st March 2014 (2013- Rs.632,500/-) In addition, they were paid Rs.2,789,324/-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 14 (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.

Auditors' relationship or any Interest with the company

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Acquisition of PT Sariwana Adi Perkasa

On 30th September 2013, the Group acquired 95% equity interest in PT Sariwana Adi Perkasa (PTSAP) in Indonesia, at a purchase consideration of Rs.137Mn (US$ 1.03 Mn). The Group has acquired PTSAP as part of its plantation business expansion plan.

Redemption of Preference shares

Carson Cumberbatch PLC redeemed the final tranche of 5,500,000 (unlisted) Non- Voting Cumulative Redeemable Preference shares (Class B) issued to DFCC Bank on 30th June 2013 in accordance with the Articles of Association of the Company.

Debenture Issue
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.

Sale of Land
Equity One PLC disposed the land situated at Mount Lavinia for a total consideration of Rs.571.2Mn. The approval of the shareholders was obtained for the disposal of the said land at the Extraordinary General Meeting of Equity One PLC held on 18th February 2014.

Renovation of the building of Equity Two PLC
Equity Two PLC completed renovation and refurbishment of the building at No.55, Janadhipathi Mawatha, Colombo 1. The project was completed in September 2013 at a total cost of Rs.208.2Mn. The newly renovated building added nearly 44,000 square feet to the group's total rentable area.

Incorporation of Companies
On 23rd December 2013, a Company Limited by Guarantee in the name of *'Youth to Nation Foundation'* was incorporated in order to launch a Corporate Social Responsibility project to improve entrepreneurship skills of needy selected small scale business operators in Sri Lanka, which was initially funded by Ceylon Guardian Investment Trust PLC and Ceylon Investment PLC.

Pearl Springs (Private) Limited, a private Limited Liability Company was incorporated on 20th May 2014 as a fully owned subsidiary of Lion Brewery (Ceylon) PLC.

Issuance of Shares – Capitalization of part of Current Account
23,800,000 Ordinary Shares were allotted to Ceylon Beverage Holdings PLC by Pubs 'N Places (Pvt) Ltd at a consideration of Rs.10/- per share amounting to Rs.238,000,000/- by capitalizing part of the Current Account with Ceylon Beverage Holdings PLC.

Voluntary winding up of subsidiary Companies
Equity Seven Limited was voluntarily wound up on 28th December 2013 as per Sec. 319(1)(b) of the Companies Act No. 7 of 2007.

The Final General/Winding up Meetings of Weniwella Investments Ltd and Mylands Investments Ltd were held on 10th January 2014 in compliance with Section 331(1) of the Companies Act No.07 of 2007 and returns of the final winding up meetings (Form 29A) were filed with the Department of Registrar General of Companies on 13th January 2014 by the liquidators.

Strike off of subsidiary Company
In terms of Sec. 394 (3) of the Companies Act No. 7 of 2007, the name of Equity Lands (Private) Limited was struck off from the register and dissolved by the Registrar General of Companies on 26th October 2013.

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.

THE BOARD OF DIRECTORS

The following Directors held office as at the reporting date and their brief profiles are given on pages 58 to 60 of the Annual Report.

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Name of the Director	Executive	Non-Executive	Independent
Mr. T. de Zoysa *(Chairman)* *	-	✓	✓
Mr. H. Selvanathan *(Deputy Chairman)*	✓	-	-
Mr. M. Selvanathan	✓	-	-
Mr. I. Paulraj **	-	✓	✓
Mr. D.C.R. Gunawardena	-	✓	-
Mr. S.K. Shah	✓	-	-
Mr. P.C.P. Tissera	✓	-	-
Mr. V.P. Malalasekera***	-	✓	✓
Mr. M. Moonesinghe - *Resigned w.e.f 31st March 2014*	-	✓	✓
Mr. F. Mohideen	-	✓	✓
Mr. R. Theagarajah	-	✓	✓
Alternate Directors			
Mr. K.Selvanathan *(Alternate to Mr. M. Selvanathan)*			
Mr.S.Selvanathan *(Alternate to Mr. H. Selvanathan)*			

Each of the Non-Executive Directors of the Company has submitted a signed declaration on Independence/ Non-Independence as per Rule 7.10.2(b) of the Listing Rules of the Colombo Stock Exchange (CSE). The said declarations were tabled at a Board Meeting of the Board of Directors of the Company held on 25th June 2014, 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.

* *The Board has determined that Mr. T. de Zoysa is an Independent Non - Executive Director in spite of being on the Board for more than 9 years, since he is not directly involved in the management of the Company*

** *The Board has also determined that Mr. I. Paulraj is an Independent Non- Executive Director in spite of being a Director on the Board for more than 9 years and a Director of many other Companies within the Carson Cumberbatch Group in which majority of the other Directors of the Board are also Directors and also being on the Board of Bukit Darah PLC that has a significant shareholding in the Company, since he is not directly involved in the management of the Company.*

*** *The Board has also determined that Mr. V. P. Malalasekera is an Independent Non - Executive Director in spite of being on the Board for more than 9 years, since he is not directly involved in the management of the Company.*

REMUNERATION COMMITTEE

As per Rule 7.10.5 of the Listing Rules of the Colombo Stock Exchange, the Remuneration Committee of the Company functions as the Remuneration Committee for some of its' subsidiaries listed on the Colombo Stock Exchange.

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

Remuneration Committee Members	Executive	Non-Executive	Independent
Mr. I. Paulraj (Chairman)	-	✓	✓
Mr. M. Moonesinghe [1]	-	✓	✓
Mr. D.C.R. Gunawardena	-	✓	-
Mr. R. Theagarajah [2]	-	✓	✓

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

2 *Appointed with effect from 1st April 2014.*

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

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

The Committee is 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.

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 14 (d) on page 135 of this Report.

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

AUDIT COMMITTEE

As per Rule 7.10.6 of the Listing Rules of the Colombo Stock Exchange, the Audit Committee of the Company comprises of the following members.

Audit Committee Members	Executive	Non-Executive	Independent
Mr. V.P.Malalasekara (Chairman)	-	✓	✓
Mr. D.C.R. Gunawardena	-	✓	-
Mr. F.Mohideen	-	✓	✓

The Audit Committee Report is given on page 67 of this Annual Report.

DIRECTORS' MEETING ATTENDANCE

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

Director	Meetings attended (out of 8)
Mr. T. de Zoysa (Chairman)	6
Mr. H. Selvanathan (Deputy Chairman)	8
Mr. M. Selvanathan	8
Mr. I. Paulraj	7
Mr. D.C.R. Gunawardena	7
Mr. S.K. Shah	5
Mr. P.C.P. Tissera	8
Mr. V.P. Malalasekera	8
Mr. M. Moonesinghe - Resigned w.e.f 31st March 2014	2
Mr. F. Mohideen	7
Mr. R. Theagarajah	2

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NOMINATION COMMITTEE

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

Nomination Committee Members	Executive	Non-Executive	Independent
Mr. T. de Zoysa (Chairman)	-	✓	✓
Mr. D.C.R. Gunawardena	-	✓	-
Mr. M. Moonesinghe*	-	✓	✓
Mr. R.Theagarajah**	-	✓	✓

* *Resigned from the Board with effect from 31st March 2014 and accordingly from the Nomination Committee with effect from 31st March 2014*

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

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. Based on the recommendation of the Nomination Committee, the Board approves the new appointments of Executive and Non-Executive Directors to the Board.

Any Director of the Board and the Chief Executive Officer/ Director-in-Charge 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.

Dividend

Subject to the approval of the shareholders at the Annual General Meeting, the Board of Directors recommended a First & Final dividend of Rs.2/- per share for the year ended 31st March, 2014 (2013 - Rs.2/- per share). However, the proposed First & Final dividend has not been recognized as a liability as at 31st March 2014.

The details of the dividends paid during the year are set out in Note 17 to the financial statements.

Solvency Test

Taking into account the said distribution,the Directors are satisfied that the Company would meet the solvency test requirement under Section 56 (2) of the Companies Act, No. 7 of 2007 immediately after the distribution. The Statement of solvency completed and duly signed by the Directors has been audited by the Company's auditors, Messrs KPMG.

Stated Capital

The Stated Capital of the Company as at 31st March 2014 was Rs.1,114,651,929/- consisting of 196,386,914 Ordinary shares.

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 CFO's 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 fulfillment of governance requirements.

MAJOR SHAREHOLDERS

Twenty Major Shareholders - Ordinary Shares (Voting)

No. of Shares as at 31st March	2014	%	2013	%
Bukit Darah PLC A/C No 2	89,706,431	45.68	89,706,431	45.68
Tower Investments (Pvt) Ltd	20,927,425	10.66	20,927,425	10.66
Fulcrum (Private) Limited	19,231,059	9.79	19,231,059	9.79
Lake View Investments (Private) Limited	17,267,137	8.79	17,267,137	8.79
Portelet Limited	14,747,670	7.51	14,747,670	7.51
Newgreens Limited	14,747,670	7.51	14,747,670	7.51
Employees Provident Fund	5,256,282	2.68	3,501,980	1.78
Ceylon Finance and Securities (Private) Ltd	1,606,239	0.82	1,606,239	0.82
GF Capital Global Limited	1,432,355	0.73	1,432,355	0.73
Mrs. M.N.C. Pellizzari	939,801	0.48	939,801	0.48
Pershing LLC S/A Averbach Grauson & Co.	671,740	0.34	656,740	0.33
Mr. M. Selvanathan & Mr. H. Selvanathan	449,820	0.23	449,820	0.23
Mr. K.C. Vignarajah	425,038	0.22	422,388	0.22
Mr. A.W.D. Senanayake (deceased)	311,338	0.16	311,338	0.16
Sisira Investors Limited.	298,809	0.15	298,809	0.15
Mrs. M.I. De Silva	298,809	0.15	298,809	0.15
Miss R.E.W. Jayasuriya	298,504	0.15	275,139	0.14
Thurston Investments Limited	290,106	0.15	1,389,501	0.71
Mrs. K.J.M. De Silva	250,650	0.13	250,650	0.13
Est of late M. Radhakrishnan (deceased)	241,548	0.12	241,548	0.12
	189,398,431	96.44	188,702,509	96.09

SHARE INFORMATION

Information relating to earnings, dividends, net assets and market price per share is given on page 75 of the Annual Report. Information on share trading is given on page 74 of the Annual Report.

OUTSTANDING LITIGATION

In the opinion of the Directors and in consultation with the Company lawyers, litigations currently pending against the Company will not have material impact on the reported financial results of future operations of the Company. Details of litigations pending against the Company are given in Note 44 on page 191 of the Annual Report

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 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/respective Boards.

RELATED PARTY TRANSACTIONS EXCEEDING 10% OF THE EQUITY OR 5% OF THE TOTAL ASSETS OF THE COMPANY

There were no transactions entered into by the Company in its ordinary course of business, the value of which exceeded 10% of the shareholders' equity

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or 5% of the total assets of the respective companies during the year.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The commitments made on account of capital expenditure and contingent liabilities as at 31st March 2014 are given in Note 43 and Note 44 respectively to the financial statements.

GOING CONCERN

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

EVENTS OCCURRING AFTER THE REPORTING PERIOD

Lion Brewery (Ceylon) PLC together with its newly formed subsidiary Pearl Springs (Private) Limited has entered into a Sale & Purchase Agreement with Cargills (Ceylon) PLC & Millers Brewery Limited, a subsidiary of Cargills (Ceylon) PLC to purchase the shareholding including the trademarks of Millers Brewery Limited at a consideration of Rs. 5,150,000,000/- subject to due diligence & settlement of all its liabilities.

Subsequent to the reporting date, no circumstances have arisen which required adjustments to or disclosure in the financial statements, other than those disclosed above and Note 45 to the financial statements.

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 2014 was 15,580 (31st March 2013 –15,097.). The Company had no employees as at 31st March 2014 (2013 - Nil)

DONATIONS

The Group made donations amounting to Rs.79Mn. during the year under review (2013 - Rs.94Mn.). Company - Rs.0.8Mn. (2013- Rs.5Mn)

ANNUAL REPORT

The Board of Directors on 25th June 2014, approved the Company's Financial Statements and the consolidated financial statements together with the reviews which form part of the Annual Report.

The appropriate number of copies of the Report would be submitted to the Colombo Stock Exchange, Sri Lanka Accounting and Auditing Standards Monitoring Board and the Registrar General of Companies within the given time frames.

ANNUAL GENERAL MEETING

The 101st Annual General Meeting of the Company will be held on Thursday, 31st day of July 2014 at 8.30 a.m. at Hilton Colombo, "Grand Ballroom", No.2, Sir Chittampalam A. Gardiner Mawatha, Colombo 2, Sri Lanka.

The Notice of the Annual General Meeting is on page 201 of the Annual Report.

Signed on behalf of the Board.

(Sgd.)
H. Selvanathan
Director

(Sgd.)
M. Selvanathan
Director

(Sgd.)
K.D. De Silva (Mrs.)
Director
Carsons Management Services (Pvt) Ltd
Secretaries

Colombo
25th June 2014

Statement of Directors' Responsibility

The Directors are responsible for preparing the Annual Report and the consolidated financial statements in accordance with the companies Act No.7 of 2007 and Sri Lanka Accounting and Auditing standards Act No. 15 of 1995, and required to prepare financial statements for each financial year that present fairly the financial position of the group and the financial performance and cash flows of the group for that period.

In preparing those financial statements, the directors are required to:

- Select suitable Accounting Policies and applied consistently.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Provide additional disclosure when compliance with the specific requirements of Sri Lanka Accounting standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group's financial position and financial performance.
- State that the company has complied with Sri Lanka Accounting standards, subject to any material departures disclosed and explained in the consolidated financial statements.
- Make Reasonable and prudent judgments and estimates.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the consolidated financial statements comply with the Companies Act No. 7 of 2007 and Sri Lanka Accounting standards. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The group's business activities, performance, position and risks are set out in the report. The financial position of the group, its cash flows, liquidity position and borrowing facilities are detailed in the in the notes to the financial statements. The report also includes details of the group's risk mitigation and management. The group has considerable financial resources, and the directors believe that the group is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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

By order of the Board

(Sgd.)
K.D. De Silva (Mrs)
Director
Carsons Management Services (Pvt) Ltd
Secretaries

Colombo
25th June 2014

Independent Auditors' Report

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
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TO THE SHAREHOLDERS OF CARSON CUMBERBATCH PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Carson Cumberbatch 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, 2014, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 95 to 194 of the annual report.

Management's Responsibility for the Financial Statements

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

Scope of Audit and Basis of Opinion

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

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

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

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended March 31, 2014 and the financial statements give a true and fair view of the financial position of the Company as at March 31, 2014, and of its financial performance and its cash flow for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries dealt with thereby as at March 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Section 153(2) to 153(7) of the Companies Act No. 07 of 2007.

KPMG

CHARTERED ACCOUNTANTS

Colombo.
25th June 2014

Statement of Income

(Amounts expressed in Sri Lankan Rs. '000)

		Group			Company		
For the year ended 31st March	Note	2014	2013 Re-stated	Change %	2014	2013	Change %
Revenue	7	76,540,926	76,162,126	-	639,294	677,142	(6)
Direct operating expenses	8	(52,499,747)	(53,385,045)	(2)	-	-	-
		24,041,179	22,777,081	6	639,294	677,142	(6)
Other items of income							
Change in fair value of investment properties	21	79,209	62,409	27	-	-	-
Change in fair value of biological assets	19	3,182,098	4,881,099	(35)	-	-	-
Gain on fair value through profit or loss financial assets		7,060	92,292	(92)	1,139	842	35
Other income	9	486,522	416,110	17	-	-	-
Other items of expenses							
Distribution expenses		(5,087,996)	(5,231,152)	(3)	-	-	-
Administrative expenses		(6,403,711)	(6,728,518)	(5)	(61,244)	(88,524)	(31)
Other operating expenses	11	(137,598)	(224,232)	(39)	-	-	-
Foreign exchange losses	12	(2,945,895)	(839,929)	251	(11,757)	(22,875)	(49)
Impairment of business assets	10	-	(55,940)	(100)	(2,734)	(15,407)	(82)
Profit from operations		13,220,868	15,149,220	(13)	564,698	551,178	2
Net finance cost	13	(2,073,516)	(1,496,146)	39	(182,495)	(214,911)	(15)
Share of net result of associate/joint venture	24	(11,117)	(16,073)	(31)	-	-	-
Profit before income tax expenses	14	11,136,235	13,637,001	(18)	382,203	336,267	14
Income tax expenses							
Current taxation	15	(2,058,383)	(2,479,603)	(17)	(6,272)	-	100
Deferred taxation	15	(1,198,837)	(1,502,122)	(20)	-	-	-
		(3,257,220)	(3,981,725)	(18)	(6,272)	-	100
Profit for the year	7	7,879,015	9,655,276	(18)	375,931	336,267	12
Profit Attributable to:							
Owners of the company	7	3,737,335	4,593,942	(19)	375,931	336,267	12
Non controlling interest	7	4,141,680	5,061,334	(18)	-	-	-
		7,879,015	9,655,276	(18)	375,931	336,267	12
Earnings per ordinary share (Rs.)	16	19.03	23.39	(19)	1.91	1.71	12
Dividend per ordinary share* (Rs.)	17	2.00	2.00	-	2.00	2.00	-

The Notes from pages 101 to 194 form an integral part of these financial statements.
Figures in brackets indicate deductions.

* Based on proposed dividend.

Statement of Comprehensive Income

(Amounts expressed in Sri Lankan Rs. '000)

	Group		Company	
For the year ended 31st March	2014	2013 Re-stated	2014	2013
Profit for the year	7,879,015	9,655,276	375,931	336,267
Other Comprehensive Income				
Item that may be reclassified subsequently to profit or loss:				
Net change in fair value of available-for-sale financial assets	124,689	904,364	7,969	6,222
Transfer of realised gain on available-for-sale financial assets	(1,118,900)	(1,073,683)	-	-
Exchange differences on translation of foreign operations	(6,318,377)	(3,118,391)	-	-
Item that will not be reclassified subsequently to profit or loss:				
Acturial gain / (losses) on employee benefits	302,510	(458,788)	-	-
Deferred tax benefits / (expenses) on acturial gain / (losses)	(75,022)	114,696	-	-
Gain on revaluation of freehold land	-	828,165	-	-
Other comprehensive income / (expenses) for the year,net of tax	(7,085,100)	(2,803,637)	7,969	6,222
Total Comprehensive Income for the year	793,915	6,851,639	383,900	342,489
Attributable to:				
Owners of the company	212,611	3,209,074	383,900	342,489
Non controlling interest	581,304	3,642,565	-	-
	793,915	6,851,639	383,900	342,489

The Notes from pages 101 to 194 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	2014	2013 Re-stated	2014	2013
ASSETS					
Non - Current Assets					
Property, plant & equipments	18	54,759,104	51,042,277	-	-
Biological Assets	19	46,817,103	42,787,232	-	-
Prepaid lease payment for lands	20	4,095,006	4,125,442	-	-
Investment properties	21	2,093,650	1,969,954	-	-
Intangible assets	22	4,082,060	3,935,382	-	-
Investments in subsidiaries	23	-	-	9,943,532	10,169,488
Investments in associate / Joint venture	24	585,799	581,332	8,761	8,761
Available-for-sale financial assets	25	8,210,520	8,064,325	65,734	57,765
Deferred tax assets	15	1,737,789	1,381,424	-	-
Trade and other receivables	27	1,082,218	295,681	-	528,659
Total non - current assets		123,463,249	114,183,049	10,018,027	10,764,673
Current Assets					
Inventories	26	7,940,973	7,259,572	-	-
Trade and other receivables	27	9,848,427	10,374,254	237,364	102,334
Current tax recoverable		55,845	77,808	9,473	13,399
Fair value throught profit or loss financial assets	28	1,233,053	965,538	20,683	17,942
Derivative financial instrument	29	12,602	14,858	-	-
Cash and cash equivalents	30	16,834,276	7,864,409	2,945	7,926
Total current assets		35,925,176	26,556,439	270,465	141,601
Total assets		159,388,425	140,739,488	10,288,492	10,906,274
EQUITY AND LIABILITIES					
EQUITY					
Stated capital	31	1,114,652	1,114,652	1,114,652	1,114,652
Capital reserves	32	5,279,213	5,285,903	287,552	287,552
Revenue reserves	33	27,805,835	28,075,987	7,714,424	7,723,298
Equity attributable to owners of the company		34,199,700	34,476,542	9,116,628	9,125,502
Non -controlling interest		33,716,979	33,865,495	-	-
Total equity		67,916,679	68,342,037	9,116,628	9,125,502
LIABILITIES					
Non - Current Liabilities					
Loans and borrowings	34	35,933,910	27,444,958	-	-
Debenture	35	2,798,800	-	-	-
Trade and other payables	36	50,492	28,077	301	709
Employee benefits	37	1,038,037	1,240,631	-	-
Deferred tax liabilities	15	9,324,891	8,125,196	-	-
Total non - current liabilities		49,146,130	36,838,862	301	709
Current Liabilities					
Trade and other payables	36	16,342,416	10,769,171	147,438	147,853
Current tax liabilities		127,452	-	1,600	-
Derivative financial instrument	29	587	-	-	-
Loans and borrowings	34	25,560,187	24,789,418	1,022,525	1,632,210
Debenture	35	294,974	-	-	-
Total current liabilities		42,325,616	35,558,589	1,171,563	1,780,063
Total liabilities		91,471,746	72,397,451	1,171,864	1,780,772
Total equity and liabilities		159,388,425	140,739,488	10,288,492	10,906,274
Net assets per ordinary share	38	174.14	175.55	46.42	46.47

The Notes from pages 101 to 194 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
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were approved by the Board on 25th June 2014.

(Sgd.)
M. Selvanathan
Director

(Sgd.)
H. Selvanathan
Director

Colombo.

Statement of Changes in Equity

(Amounts expressed in Sri Lankan Rs. '000)

	Stated Capital	Capital Reserves: Capital Accretion Reserve	Capital Reserves: Revaluation Reserve	Capital Reserves: Other Capital Reserve
Group				
Balance as at 31st March' 2012	1,114,652	287,552	3,043,503	1,500,400
Prior period adjustments - Note 37 - (LKAS 19)	-	-	-	-
Balance as at 31st March' 2012 - Re-stated	1,114,652	287,552	3,043,503	1,500,400
Profits for the year	-	-	-	-
Other Comprehensive Income for the year	-	-	426,697	
Total Comprehensive Income for the year	-	-	426,697	-
Transactions with Owners of the company, recognized directly in equity				
Share issue by Subsidiaries	-	-	-	-
Acquisition of Subsidiaries	-	-	-	-
Adjustments on returnable containers	-	-	-	-
Goodwill on Change in Shareholdings	-	-	-	-
Transfer to Capital Reserve	-	-	-	2,232
Ordinary dividend paid	-	-	-	-
Subsidiary Dividend to - Non - Controlling interest	-	-	-	-
Movement due to changes in equity	-	-	-	25,519
Total Transactions with owners of the Company	-	-	-	27,751
Balance as at 31st March' 2013	1,114,652	287,552	3,470,200	1,528,151
Profit for the year				
Other Comprehensive Income for the year			-	
Total Comprehensive Income for the year	-	-	-	-
Transactions with Owners of the company, recognized directly in equity				
Acquisition of Subsidiaries - Note 23	-	-	-	-
Goodwill on Change in Shareholdings	-	-	-	-
Ordinary dividend paid	-	-	-	-
Subsidiary Dividend to - Non - Controlling interest	-	-	-	-
Movement due to changes in equity	-	-	-	(6,690)
Total Transactions with owners of the Company	-	-	-	(6,690)
Balance as at 31st March' 2014	1,114,652	287,552	3,470,200	1,521,461
Company				
Balance as at 31st March 2012	1,114,652	287,552	-	-
Profit for the year	-	-	-	-
Other comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
Net income recognized directly in equity				
Ordinary dividend paid	-	-	-	-
Balance as at 31st March 2013	1,114,652	287,552	-	-
Profit for the year	-	-	-	-
Other comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
Net income recognized directly in equity				
Ordinary dividend paid	-	-	-	-
Balance as at 31st March 2014	1,114,652	287,552	-	-

The Notes from pages 101 to 194 form an integral part of these financial statements.
Figures in brackets indicate deductions.

Revenue Reserves					
Currency Translation Reserves	Available for sale financial assets Reserve	Retained Earnings	Attributable to Owners of the company	Non - Controlling Interest	Total Equity
2,413,758	2,885,351	20,496,966	31,742,182	30,851,607	62,593,789
-	-	(30,442)	(30,442)	(31,816)	(62,258)
2,413,758	2,885,351	20,466,524	31,711,740	30,819,791	62,531,531
-	-	4,593,942	4,593,942	5,061,334	9,655,276
(1,511,331)	(44,861)	(255,373)	(1,384,868)	(1,418,769)	(2,803,637)
(1,511,331)	(44,861)	4,338,569	3,209,074	3,642,565	6,851,639
-	-	-	-	7,915	7,915
-	-	-	-	13,258	13,258
-	-	(11,431)	(11,431)	(13,683)	(25,114)
-	-	(81,693)	(81,693)	64,502	(17,191)
-	-	(2,232)	-	-	-
-	-	(392,774)	(392,774)	-	(392,774)
-	-	-	-	(627,498)	(627,498)
-	-	16,107	41,626	(41,355)	271
-	-	(472,023)	(444,272)	(596,861)	(1,041,133)
902,427	2,840,490	24,333,070	34,476,542	33,865,495	68,342,037
		3,737,335	3,737,335	4,141,680	7,879,015
(3,089,242)	(548,191)	112,709	(3,524,724)	(3,560,376)	(7,085,100)
(3,089,242)	(548,191)	3,850,044	212,611	581,304	793,915
-	-	-	-	7,627	7,627
-	-	(227,560)	(227,560)	(14,784)	(242,344)
-	-	(392,774)	(392,774)	-	(392,774)
-	-	-	-	(723,520)	(723,520)
308	2,343	134,920	130,881	857	131,738
308	2,343	(485,414)	(489,453)	(729,820)	(1,219,273)
(2,186,507)	2,294,642	27,697,700	34,199,700	33,716,979	67,916,679
-	40,691	7,732,892	9,175,787		9,175,787
-	-	336,267	336,267		336,267
-	6,222	-	6,222		6,222
-	6,222	336,267	342,489	-	342,489
-	-	(392,774)	(392,774)		(392,774)
-	46,913	7,676,385	9,125,502	-	9,125,502
-	-	375,931	375,931		375,931
-	7,969	-	7,969		7,969
-	7,969	375,931	383,900	-	383,900
-	-	(392,774)	(392,774)		(392,774)
-	54,882	7,659,542	9,116,628	-	9,116,628

Statement of Cash Flow

(Amounts expressed in Sri Lankan Rs. '000)

	Group		Company	
For the year ended 31st March	2014	2013 Re-stated	2014	2013
Cash Flows from Operating Activities				
Profit before income tax expenses	11,136,235	13,637,001	382,203	336,267
Adjustments for:				
Foreign exchange loss	2,945,895	839,929	11,757	22,875
Change in fair value of Biological Assets	(3,182,098)	(4,881,099)	-	
Gain from changes in fair value of investment properties	(79,209)	(62,409)	-	-
Corporate Guarantee Income			(939)	(1,110)
Mark to market value adjustments - Unrealized	(7,060)	(92,292)	(1,139)	(842)
Impairment of Business Assets		55,940	2,734	15,407
Share of net result of associates/joint venture	11,117	16,073	-	-
Depreciation on property, plant & equipment	2,662,914	2,389,974	-	-
Amortization of intangible assets/prepaid lease payment	185,199	164,560	-	-
Provision for employee benefits	286,937	203,715	-	-
Finance expenses	2,073,516	1,496,146	182,495	214,911
Profit on disposal of property, plant & equipment	(18,782)	(14,058)	-	-
Profit on disposal of investment property	(79,809)			
Profit on disposal of Subsidiaries	-	-	(1,366)	-
Associate dividend	77,040	80,895		
	4,875,660	197,374	193,542	251,241
Operating profit before working capital changes	16,011,895	13,834,375	575,745	587,508
Increase in inventories	(681,401)	(624,455)	-	-
(Increase)/decrease in trade and other receivables	(61,925)	(1,018,113)	1,554	1,681
(Increase)/decrease in amounts due from related companies	-	-	619,812	(26,394)
Increase/(decrease) in trade and other payables	5,441,322	(969,262)	28,056	8,820
	20,709,891	11,222,545	1,225,167	571,615
Net cash movement in investment	(1,412,261)	181,285	(1,600)	5,853
Cash generated from operations	19,297,630	11,403,830	1,223,567	577,468
Interest paid	(3,767,302)	(2,716,148)	(182,495)	(214,911)
Income tax paid	(1,908,968)	(4,005,170)	(746)	(4,047)
Employee benefits	(24,919)	(15,135)	-	-
Net cash generated from operating activities	13,596,441	4,667,377	1,040,326	358,510
Cash Flows from Investing Activities				
Purchase and construction of property, plant & equipment	(9,877,728)	(12,561,939)	-	-
Purchase of biological assets	(5,090,792)	(5,530,623)	-	-
Purchase of Intangible assets/prepaid lease payment	(571,456)	(972,245)	-	-
Acquisition of Non -controlling interest	(89,844)	(86,712)	-	-
Investment in Subsidiary Companies	(136,788)	(312,128)	(55,660)	(121,643)
Trade debtors movements	(163,877)		-	(24,298)
Movement in Plasma investment	76,374	(117,251)	-	
Investment in joint venture company	-	(15,000)	-	-
Proceeds from disposal of long - term investments in Subsidiaries	-	-	11,942	-
Proceeds from disposal of property, plant & equipment	75,307	335,678	-	-
Proceeds from disposal of Investment property	549,845	-	-	-
Deposits received	32,132	3,772	-	-
Deposits refunded	(1,896)	(253)	-	-
Net cash used in investing activities	(15,198,722)	(19,256,701)	(43,718)	(145,941)
Cash Flows from Financing Activities				
Proceeds from long - term loans	13,776,515	10,055,201	-	-
Repayment of borrowings	(2,824,396)	(6,570,768)	(12,712)	(266,906)
Proceeds from debenture issue	3,000,000	-	-	-
Repayment of finance lease creditors	(47,100)	(84,616)	-	-
Redemption of preference shares	(55,000)	(55,000)	(55,000)	(55,000)
Net decrease in non controlling interest	(652,426)	(623,063)	-	-
Dividend paid	(391,904)	(389,878)	(391,904)	(389,878)
Net cash generated from/(used in) financing activities	12,805,689	2,331,876	(459,616)	(711,784)
Net increase/(decrease) in cash & cash equivalents	11,203,407	(12,257,448)	536,992	(499,215)
Cash & cash equivalents at the beginning of the year	(12,497,786)	(240,337)	(1,556,572)	(1,057,357)
Cash & cash equivalents at the end of the year (Note 30b)	(1,294,379)	(12,497,786)	(1,019,580)	(1,556,572)

Notes from pages 101 to 194 form an integral part of these financial statements.
Figures in brackets indicate deductions

Notes to the Financial Statements

1. REPORTING ENTITY

Carson Cumberbatch 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 1.

The consolidated financial statements of the Company as at and for the year ended 31 March 2014 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in associate and 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 101 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 breweries, 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 48 subsidiaries, 1 associate company and 1 jointly controlled entity set out in Note 23 and 24 on pages 153 and 159 to 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 15,580 (2013 – 15,097) employees at the end of the financial year. The Company had no employees as at the reporting date (2013 - Nil).

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company and the Group comprise the statement of financial position, statement of comprehensive income, statement of changes in equity and 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 / 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 25th June 2014.

(b) 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;
- Investment properties are measured at fair value;
- Land and buildings are measured at revalued amounts
- Defined benefit obligations are measured at its present value, based on an actuarial valuation as explained in Note 37.

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.

(c) 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.

Notes to the Financial Statements

(d) 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 recognised 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 recognised in the consolidated financial statements is included in the following notes;

Judgments

i. 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:

i. 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.

ii. Deferred taxation - utilization of tax losses

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the level of future taxable profits together with future tax planning strategies

iii. 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.

iv. 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.

Measurement of Fair values

v. Biological assets valuation

The group engages an independent valuer to assist in estimating the value of biological assets. The valuation considers the extent of planting, age of plantations, applicable discount rate and selling prices of the Fresh Fruit Bunches. If the planting period is not more than 3 months as at the reporting date, the Group is of the opinion that most appropriate method to value biological assets is at cost due to the fact that the fair value cannot be reliably measured, at such an early stage.

For biological assets with planting period that is more than 3 months, the Group present biological assets at its fair value using the Discounted Cash Flow method (DCF), The DCF requires extensive use of accounting estimates and assumptions including average lives of plantations, period of being immature and mature, yield per hectare and discount rates utilized in the computation of future cash flow. The amount of changes in fair values would differ if the Group utilised different assumptions. Any change in the fair values of these plantations would be recognised in the profit or loss.

vi. Fair value of property, plant and equipment and financial instruments

Where the fair values of financial instruments recorded on the Statement of Financial Position 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 judgment is required in establishing fair values. The judgments 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 financial instruments.

The Management has also engaged an independent valuer to ascertain the fair value of significant property, plant and equipment. As the fair values exceeded the carrying values of these property, plant and equipment, 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. SIGNIFICANT ACCOUNTING POLICIES

The Accounting Policies set out below have been applied consistently to all periods presented in the Financial Statements of the Group and the Company unless otherwise indicated.

(a) Basis of consolidation

i. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – (i.e.) when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquire; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

ii. Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

Notes to the Financial Statements

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non controlling interests are based on a proportionate amount of the net assets of the subsidiary.

No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

iii. 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.

Adjustments required to the accounting policies of subsidiaries have been changed where ever necessary to align them with the policies adopted by the group.

In the Company's financial statements, investments in subsidiaries are carried at cost less impairment if any, in net recoverable value.

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

iv. Loss of control

On the loss of control, the Group derecognises 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 recognised 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.

Subsequently that retained interest is accounted for as an equity-accounted investee (Note 24) or as an available-for-sale financial asset (Note 25) depending on the level of influence retained.

v. Investments in associates and jointly controlled entities (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 percent and 50 percent of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for under the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

vi. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group 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 unrealised gains, but only to the extent that there is no evidence of impairment.

vii. 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

(b) Foreign currency

(i) 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 investments (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 flow hedges to the extent the hedge is effective.

(ii) 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 re-attributed 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.

(c) Financial instruments

i. Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are

Notes to the Financial Statements

originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised 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 asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories; financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss (FVTPL) 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 fair value through profit or loss 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 FVTPL 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.

Held-to-maturity financial assets comprise debt securities.

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.

ii. Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised 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 recognised 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.

iii.Stated capital

Ordinary shares

Ordinary shares are classified as equity. Costs attributable to the issue of ordinary shares are recognised as an expense

iv. 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 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.

(d) Property, plant and equipment

i. 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 costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the

Notes to the Financial Statements

items and restoring the site on which they are located; and

- capitalised borrowing costs.

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.

ii. Revaluation of Freehold Properties

The freehold properties of the Group are carried at revalued amounts. Revaluation of these assets are carried out at least once in 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 credited directly to a 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 against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the evaluation surplus in respect of that same asset. 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.

iii. 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.

iv. 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.

v. 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 - 40
Buildings - Freehold	20 - 40
Plant & machinery	5 - 27
Motor vehicles	4 - 5
Furniture, fittings & office	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.

vi. 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.

vii. 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 36 (c). 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.

viii. 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.

(e) Biological assets

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

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

(f) Plasma investments

Cost incurred during the development phase up to the conversion of the Plasma plantation are capitalised as Plasma investments The development of the Plasma oil palm plantations is financed by plasma loans, which was received by the plasma farmers (represented by "Cooperatives"), plus additional funding by the Group, should bank financing not be adequate to finance the development costs. Accumulated development costs are presented net of the plasma loans and are presented as "Plasma investments".

When the carrying amount of the Plasma investments is higher than its estimated recoverable amount, it is written down immediately to its recoverable amount. The difference between the accumulated development costs of Plasma plantations and their conversion value is charged to the income statement

(g) 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.

(h) Intangible assets and goodwill

i. 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 22).

Notes to the Financial Statements

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.

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 capitalised 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.

Excise Licenses

Licenses and others are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the Statement of Income using the straight line method over 10 years.

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.

ii. 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.

iii. Amortisation

Except for goodwill, 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 licenses	3-10
Excise License	10

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iv. 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.

(i) Investment property

Investment property is property held either to earn rental income or capital appreciation or for both, but not for sale on 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-to-day 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 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 profit or loss. 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.

(j) Inventories

Inventories are recognized at cost and 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 is determined on a weighted average basis for food items which are ascertained on a first-in-first out basis. The costs are derived on the following bases;

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.
Land held for Development and Sales	Cost and development costs including borrowings costs up to Point of completion for revenue recognition. However limited to the realizable value on valuation.
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.

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(k) Impairment

i. Non derivative 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 recognised 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 in accordance with Note 25.

An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

ii. 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 reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of 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 (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) 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 recognised.

(l) Employee benefits

i. 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.

ii. 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 profit or loss in the periods during which related services are rendered by employees.

iii. 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 is 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 acturial 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

Notes to the Financial Statements

operates in and the salient features of each of such plans are tabulated below;

a. 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 is 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.

b. 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 Acturial gain or losses are recognised immediately in other comprehensive income.

c. 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 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.

d. 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.

iv. 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.

(m) 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.

i. 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.

ii. 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.

iii. 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.

iv. Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost 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 recognises any impairment loss on the assets associated with that contract.

(n) Leases

i. 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 recognitions assets acquired by way of 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.

Notes to the Financial Statements

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.

ii. Operating Lease

Lease of assets under which all the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Income on a straight-line basis over the period of the lease.

iii. 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.

iv. Lease payments

Payments made under operating leases are recognised 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.

v. 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 of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or on reassessment of the arrangement, the Group separates 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.

(o) 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, and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes, and after eliminating sales within the Group.

The following specific criteria are used for the purpose of recognition of revenue;

i. 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.

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.

ii. 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.

iii.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.

iv. Rental income

Rental income from investment property is recognised 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.

v. Government grants

An unconditional government grant related to a biological asset is recognised in profit or loss as other income when the grant becomes receivable. Other government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant, and are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised.

vi. 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.

vii.Dividend Income

Dividend income is recognised in profit or loss 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.

viii. Sale of Fresh Fruit Bunches

Upon delivery and acceptance by customers.

ix. 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.

x. Other Income - on accrual basis.

Net gains and losses of a revenue nature resulting from the disposal of property, plant & equipment have been accounted for in the Statement of Income.

(p) Expenditure Recognition

i. Operating Expenses

All expenses incurred in day-to-day operations of the business and in maintaining the property, plant & equipment in a state of

Notes to the Financial Statements

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.

ii. 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 profit or loss 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 profit or loss 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.

(q) Income tax expense

Income Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i. 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.

ii. 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 or loss;
- temporary differences related to investments 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.

iii. 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.

iv. Economic Service Charge (ESC)

As per the provisions of Economic Service Charge Act No. 13 of 2006 and amendments thereto, 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 in the four subsequent years.

v. 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 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.

(r) Assets held for sale and discontinued operations

i. Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for- sale or held-for- distribution if it is highly probable that they will be recovered primarily through sale or distribution rather than through continuing use.

Immediately before classification as held-for-sale or held for- distribution, the assets, or components of a disposal group, are re-measured in accordance with the Group's other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held-for-sale or held-for-distribution, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

ii. 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;

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

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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.

(s) 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.

(t) 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.

(u) Events after the Reporting Period

All material and important events which occur after the Balance Sheet date have been considered and disclosed in Note 45.

(v) 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.

(w) 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.

i. Offsetting Income and Expenses

Income and expenses are not offset unless required or permitted by accounting standards.

ii. 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 asset and the liability; and
- an intention to settle the liability simultaneously

iii. Directors' 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.

4. DETERMINATION OF FAIR VALUES

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;

- Level 1- Quoted prices (unadjusted) in active markets for identifiable assets and liabilities
- Level 2- Inputs other than quoted prices 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 asset 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.

a. Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which property could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

b. Intangible assets

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

c. Biological assets

The fair value of biological assets is based on the present value of the net cash flows expected to be generated by the plantation at maturity, in its most relevant market, and includes the potential additional biological transformation and the related risks associated with the asset. A current market determined pre-tax rate is used in discounting the cash flows.

d. Investment property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every 3 years. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

Investment property under construction is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction, financing costs and a reasonable profit margin.

e. Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

f. Equity and debt securities

The fair values of investments in equity and debt securities are determined with reference to their quoted closing bid price at the measurement date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market

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multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate.

Subsequent to initial recognition, the fair values of held-to-maturity investments are determined for disclosure purposes only.

g. Trade and other receivables

The fair values of trade and other receivables, excluding construction work in progress, are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

h. Forward exchange contracts and interest rate swaps

The fair values of the derivative financial instruments are ascertained with reference to the following facts;

- fair value of forward contracts is determined by reference to current forward prices for contracts with similar maturity profiles. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.
- fair value futures contract is determined by reference to available market information.
- Where the quoted market prices are not available, the fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

i. Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

For finance leases the market rate of interest is determined with reference to similar lease agreements.

j. Deferred revenue

The amounts arising from the fair valuation of interest free rent deposits are estimated at the point of their receipt and amortized over the term of the lease.

k. Contingent consideration

The fair value of contingent consideration arising in a business combination is calculated using the income approach based on the expected payment amounts and their associated probabilities. When appropriate, it is discounted to present value.

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 in 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 have become applicable for financial periods beginning on or after 1st January 2014.

Accordingly, these Standards have not been applied in preparing these financial statements.

- Sri Lanka Accounting Standards –SLFRS 10 "Consolidated financial statements"

The objective of this SLFRS is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

An investor is expected to control an investee if and only if the investor has all the following;

a. power over the investee;

b. exposure, or rights, to variable returns from its involvement with the investee; and

c. the ability to use its power over the investee to affect the amount of the investor's returns

This Standard requires the Company to review the group structure in the context of the requirement of the new Standard.

Certain entities within the Group which are currently being classified as associate and accounted for under equity method, will have to be re-classified as Available for sale financial assets and accounted for at fair value. This change is expected to have an impact on the consolidated and seperate financial statements of the Company/Group.

SLFRS 10 has become effective from 1 April 2014 for the Group. This SLFRS superseded the requirements relating to consolidated financial statements in LKAS 27 - Consolidated and Seperate Financial Statements.

The required accounting adjustments are being reviewed by the management and will be made in the interim financial statements for the quarter ended 30th June 2014, which will be the first set of financial statements that will be published after the adoption of the said standard.

- Sri Lanka Accounting Standards - SLFRS 11 "Joint Arrangements"

The objective of this SLFRS is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

SLFRS 11 has become effective from 1 April 2014 for the Group. This SLFRS has superseded the requirements relating to consolidated financial statements in LKAS 31"Interests in Joint Ventures"

- Sri Lanka Accounting Standard-SLFRS 12 "Disclosure of Interests in Other Entities"

SLFRS 12 has become effective from 1 April 2014 for the Group. And it requires additional disclosures in the financial statements.

- Sri Lanka Accounting Standard - SLFRS 13, "Fair Value Measurement"

This SLFRS defines fair value, sets out in a single SLFRS a framework for measuring fair value; and requires disclosures about fair value measurements.

This SLFRS has become effective for the Group from 1 April 2014.

This SLFRS will be applied prospectively as of the beginning of the annual period in which it is initially applied. The disclosure requirements of this SLFRS need not be applied in comparative information provided for periods before initial application of this SLFRS.

Based on in financial assement the group does not expect any significant financial impact on adoption of this Standards.

- Sri Lanka Accounting Standard - SLFRS 9 "Financial Instruments"

The objective of this SLFRS is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

An entity shall apply this SLFRS to all items within the scope of LKAS 39 Financial Instruments: Recognition and Measurement.

The effective date of this standard has been deferred.

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	2014	2013	2014	2013
Gross Revenue	79,606,366	78,957,083	639,294	677,142
Taxes to the Government of Sri Lanka	(3,065,440)	(2,794,957)	-	-
Net Revenue	76,540,926	76,162,126	639,294	677,142
Goods and Services analysis				
Sale of Goods	75,328,561	76,443,147	-	-
Services				
Investment income	5,019,765	4,564,911	639,294	677,142
Property rental income	174,144	126,040	-	-
Commission, support services fees & royalty fees	3,463,260	3,784,790	-	-
Hospitality services	459,464	498,987	-	-
	9,116,633	8,974,728	639,294	677,142
Net revenue before intra - group transactions	84,445,194	85,417,875	639,294	677,142
Less: Intra - group transactions	(7,904,268)	(9,255,749)	-	-
Net Revenue	76,540,926	76,162,126	639,294	677,142

A detailed analysis of Group Revenue highlighting the contribution from different segments is given under 'Segmental Information' in Note 7 (iii) & (iv) (page 126 to 131) to the financial statements.

ii. Segmental Information

For management purposes the Group's primary format segment reporting is Industry 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 Investment
Portfolio 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 local and international market
Beverage	-	Production and sale of Beer
Real Estate	-	Letting office and warehouse premises on rent for commercial purpose.
Leisure	-	Hoteliering and Airline Ticketing
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.
Management Services	-	Providing support services to the Group Companies.

Sales between segments are made at prices that approximate the market prices. Segment revenue, segment expenses and segment result 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	-	Portfolio and assets management, production & sale of Beer, letting of Office and warehouse premises for commercial purposes, Hoteliering, Airline Ticketing 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. Production and sale of FFB.
Indonesia	-	Management Service, production and sale of palm oil and palm kernel to the local and international markets.
Singapore	-	Investments holdings
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.

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:

Portfolio and Asset Management	-	corporate customers, retail customers
Oil Palm Plantations	-	corporate customers
Beverage	-	wholesale & retail customers
Real Estate	-	corporate customers
Leisure	-	corporate customers, retail customers
Oils & Fats	-	corporate customers, retail customers
Management Services	-	corporate customers

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

iii. Segmental Information - The Primary Segments (Business Segments)

a. Segment results are as follows:

	Investment Holding		Portfolio & Asset Management		Oil Palm Plantations	
For the year ended 31st March	2014	2013	2014	2013	2014	2013
Total revenue	639,294	677,142	2,581,148	1,924,703	27,814,852	32,012,855
Intra segment revenue	(18,330)	(18,330)	(706,638)	(201,427)	(5,467,514)	(6,215,530)
Segment revenue	620,964	658,812	1,874,510	1,723,276	22,347,338	25,797,325
Inter segment revenue	(616,864)	(644,119)	(59,122)	(62,079)	-	-
Revenue	4,100	14,693	1,815,389	1,661,197	22,347,338	25,797,325
Segment results	(56,031)	(75,488)	1,672,822	1,579,192	8,282,697	8,615,031
Foreign exchange losses	(11,757)	(22,875)	(109)	42	(2,795,880)	(739,631)
Change in fair value of Biological Assets	-	-	-	-	3,182,098	4,881,099
Change in fair value of investment properties	-	-	-	-	-	-
Profit from operations	(67,788)	(98,363)	1,672,713	1,579,234	8,668,915	12,756,499
Net Finance cost	(182,496)	(214,912)	(2,303)	(19,142)	(1,138,887)	(615,834)
Share of net result of Associate/ Joint venture	(3,690)	(3,883)	(7,427)	(12,190)	-	-
Profit before Income tax expenses	(253,974)	(317,158)	1,662,983	1,547,902	7,530,028	12,140,665
Income tax expenses						
Current taxation	(9,345)	2,804	(101,463)	(34,775)	(1,451,987)	(2,040,100)
Deferred taxation	-	-	(8,557)	11,196	(793,707)	(1,387,009)
	(9,345)	2,804	(110,020)	(23,579)	(2,245,694)	(3,427,109)
Profit/ (loss) for the year	(263,319)	(314,354)	1,552,963	1,524,323	5,284,334	8,713,556
Attributable to:						
Owners of the Company	(263,319)	(314,354)	860,900	861,595	2,494,855	4,192,688
Non controlling interest	-	-	692,063	662,728	2,789,479	4,520,868
	(263,319)	(314,354)	1,552,963	1,524,323	5,284,334	8,713,556
Earnings/(loss) per ordinary share (Rs.)	(1.34)	(1.60)	4.38	4.39	12.70	21.35

b. OTHER INFORMATION

Total cost incurred during the period to acquire Property, Plant & Equipment/Biological assest	-	-	9,832	1,449	10,756,074	14,116,666
Intangible assets (including land rights)	-	-	-	-	559,670	968,512
Depreciation	-	-	2,948	2,886	1,763,352	1,669,256
Amortization of Intangible assets (including land rights)		-	2,817	2,709	270,474	256,315
Salaries, fees, wages and related expenses	13,386	11,932	52,745	46,664	5,294,176	4,856,199
Defined benefit plan expenses / Gratuity	-	-	4,769	4,000	252,135	172,306

Oils & Fats		Beverage		Real Estate		Leisure		Management Services		Group	
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
26,342,303	26,604,792	26,140,636	23,294,277	174,143	126,040	459,464	498,987	293,354	279,078	84,445,194	85,417,875
(150,914)	(1,168,561)	(294,649)	(292,064)	-	-	-	-	-	-	(6,638,045)	(7,895,912)
26,191,389	25,436,231	25,845,987	23,002,213	174,143	126,040	459,464	498,987	293,354	279,078	77,087,149	77,521,963
(298,628)	(376,938)	-	-	(12,620)	(12,770)	-	-	(278,989)	(263,931)	(1,266,223)	(1,359,837)
25,892,761	25,059,293	25,845,987	23,002,213	161,523	113,270	459,464	498,988	14,365	15,147	76,540,926	76,162,126
367,128	(895,290)	2,400,613	1,603,987	172,363	55,638	58,314	150,396	7,550	12,175	12,905,456	11,045,641
(95,241)	(90,410)	(43,281)	12,406	-	-	373	539	-	-	(2,945,895)	(839,929)
-	-	-	-	-	-	-	-	-	-	3,182,098	4,881,099
-	-	-	-	79,209	62,409	-	-	-	-	79,209	62,409
271,887	(985,700)	2,357,332	1,616,393	251,572	118,047	58,687	150,935	7,550	12,175	13,220,868	15,149,220
(464,767)	(634,374)	(296,192)	(26,360)	(1,620)	(1,178)	12,652	15,664	97	(10)	(2,073,516)	(1,496,146)
-	-	-	-	-	-	-	-	-	-	(11,117)	(16,073)
(192,880)	(1,620,074)	2,061,140	1,590,033	249,952	116,869	71,339	166,599	7,647	12,165	11,136,235	13,637,001
9,008	(13,519)	(477,568)	(358,556)	(18,354)	(15,153)	(4,353)	(9,599)	(4,321)	(10,705)	(2,058,383)	(2,479,603)
55,643	95,502	(414,518)	(214,101)	(33,276)	(877)	(4,422)	(6,833)	-	-	(1,198,837)	(1,502,122)
64,651	81,983	(892,086)	(572,657)	(51,630)	(16,030)	(8,775)	(16,432)	(4,321)	(10,705)	(3,257,220)	(3,981,725)
(128,229)	(1,538,091)	1,169,054	1,017,376	198,322	100,839	62,564	150,167	3,326	1,460	7,879,015	9,655,276
(86,895)	(839,977)	483,849	454,718	183,185	97,481	61,434	140,331	3,326	1,460	3,737,335	4,593,942
(41,334)	(698,114)	685,205	562,658	15,137	3,358	1,130	9,836	-	-	4,141,680	5,061,334
(128,229)	(1,538,091)	1,169,054	1,017,376	198,322	100,839	62,564	150,167	3,326	1,460	7,879,015	9,655,276
(0.44)	(4.28)	2.46	2.32	0.93	0.50	0.31	0.71	0.02	0.01	19.03	23.39
1,613,067	1,887,479	4,627,143	3,677,236	104,710	112,960	61,485	97,752	43,737	35,353	17,216,048	19,928,895
9,965	2,863	1,821	484	-	-	-	-	-	386	571,456	972,245
414,123	364,491	613,093	533,388	8,125	6,358	39,973	26,625	19,848	9,354	2,861,462	2,612,358
-	-	9,073	10,700	-	-	-	-	157	128	282,521	269,852
1,002,237	764,214	418,507	445,682	31,119	29,783	113,909	92,692	168,004	132,033	7,094,083	6,379,199
2,342	305	18,539	15,209	819	821	2,578	6,262	5,755	4,813	286,937	203,715

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

iii. Segmental Information - The Primary Segments (Business Segments)

c. Segments Assets/ liabilities are as follows:	Investment Holding		Portfolio & Asset Management		Oil Palm Plantations	
As at 31st March	2014	2013	2014	2013	2014	2013
SEGMENT ASSETS						
Non - Current Assets						
Property, plant & equipment/Investment properties/ prepaid lease assets	-	-	10,087	3,202	34,967,657	35,587,951
Biological Assets	-	-	-	-	46,817,103	42,787,232
Intangible assets	182,740	182,740	1,752	4,571	1,626,543	1,679,736
Available-for-sale financial assets	269,945	260,503	8,526,374	8,385,154	-	-
Deferred tax assets	-	-	1,847	10,404	1,735,942	1,371,020
Trade and other receivables	-		-	-	966,857	197,240
Total non - current assets	452,685	443,243	8,540,060	8,403,331	86,114,102	81,623,179
Current Assets						
Inventories	-	-	-	-	2,088,345	1,981,573
Trade and other receivables	9,612	15,092	94,384	187,415	3,672,714	5,075,453
Fair value through profit or loss financial assets	20,683	17,942	1,212,370	947,596	-	-
Derivative financial instruments	-	-	-	-	-	-
Cash and cash equivalents	2,945	7,926	2,802,632	2,750,445	6,256,346	1,022,476
Total current assets	33,240	40,960	4,109,386	3,885,456	12,017,405	8,079,502
Total segmental assets	485,925	484,203	12,649,446	12,288,787	98,131,507	89,702,681
SEGMENT LIABILITIES						
Non - Current Liabilities						
Loans and borrowings	-	-	-	-	29,974,994	20,033,630
Trade and other payables	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	7,306,927	6,616,344
Employee benefits	-	-	7,609	5,425	877,745	1,105,834
Total non - current liabilities	-	-	7,609	5,425	38,159,666	27,755,808
Current Liabilities						
Trade and other payables	149,039	106,754	247,818	85,399	9,413,493	6,174,699
Loans and borrowings	1,022,525	1,632,210	4,288	27,161	7,253,485	10,143,489
Total current liabilities	1,171,564	1,738,964	252,106	112,560	16,666,978	16,318,188
Total segmental liabilities	1,171,564	1,738,964	259,715	117,985	54,826,644	44,073,996

Oils & Fats		Beverage		Real Estate		Leisure		Management Services		Group	
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
10,249,716	9,358,345	12,065,405	8,322,403	2,386,711	2,680,073	1,206,292	1,147,687	61,892	38,012	60,947,760	57,137,673
-	-	-	-	-	-	-	-	-	-	46,817,103	42,787,232
1,699,739	1,745,454	543,359	294,797	27,584	27,584	-	-	343	500	4,082,060	3,935,382
-	-	-	-	-	-	-	-	-	-	8,796,319	8,645,657
-	-	-	-	-	-	-	-	-	-	1,737,789	1,381,424
5,455	-	-	-	-	-	109,906	98,441	-	-	1,082,218	295,681
11,954,910	11,103,799	12,608,764	8,617,200	2,414,295	2,707,657	1,316,198	1,246,128	62,235	38,512	123,463,249	114,183,049
3,118,252	2,850,499	2,721,414	2,406,715	-	5,714	12,836	14,981	126	90	7,940,973	7,259,572
3,297,237	1,947,657	2,653,123	3,101,078	58,375	40,579	48,796	64,997	70,031	19,791	9,904,272	10,452,062
-	-	-	-	-	-	-	-	-	-	1,233,053	965,538
12,602	14,858	-	-	-	-	-	-	-	-	12,602	14,858
784,545	177,982	6,868,714	3,781,820	22,049	8,500	74,427	76,820	22,618	38,440	16,834,276	7,864,409
7,212,636	4,990,996	12,243,251	9,289,613	80,424	54,793	136,059	156,798	92,775	58,321	35,925,176	26,556,439
19,167,546	16,094,795	24,852,015	17,906,813	2,494,719	2,762,450	1,452,257	1,402,926	155,010	96,833	159,388,425	140,739,488
3,251,648	4,655,975	5,498,190	2,738,906	-	-	7,878	16,447	-	-	38,732,710	27,444,958
	-			50,492	28,077	-	-	-	-	50,492	28,077
640,605	583,710	1,204,097	789,579	144,521	111,245	28,741	24,318	-	-	9,324,891	8,125,196
7,376	5,995	93,899	79,697	5,052	5,560	14,063	11,922	32,293	26,198	1,038,037	1,240,631
3,899,629	5,245,680	6,796,186	3,608,182	200,065	144,882	50,682	52,687	32,293	26,198	49,146,130	36,838,862
3,475,423	1,405,598	2,879,455	2,847,935	162,616	44,614	89,200	57,763	53,411	46,410	16,470,455	10,769,171
9,396,489	7,664,127	8,169,806	5,313,863	-	-	8,568	8,568	-	-	25,855,161	24,789,418
12,871,912	9,069,725	11,049,261	8,161,798	162,616	44,614	97,768	66,331	53,411	46,410	42,325,616	35,558,589
16,771,541	14,315,405	17,845,447	11,769,980	362,681	189,496	148,450	119,018	85,704	72,608	91,471,746	72,397,451

Notes to the Financial Statements

iv. Segmental Information - The Secondary Segments (Geographical Segments)
(Amounts expressed in Sri Lankan Rs. '000)

a. Segment results are as follows:

	Sri Lanka		Malaysia	
For the year ended 31st March	2014	2013	2014	2013
Revenue	28,304,556	25,330,934	20,179,195	21,984,534
Segment results	4,240,404	3,337,818	849,166	147,174
Foreign exchange losses	(58,990)	(46,302)	18,239	5,516
Change in fair value of Biological Assets	-	-	63,768	93,838
Change in fair value of investment properties	79,209	62,409	-	-
Profit from operations	4,260,623	3,353,925	931,173	246,528
Net Finance cost	(463,496)	(229,998)	(402,475)	(399,385)
Share of net result of associates/Joint ventures	(11,117)	(16,073)	-	-
Profit before Income tax expenses	3,786,010	3,107,854	528,698	(152,857)
Income tax expenses				
Current taxation	(617,912)	(429,385)	(101,825)	(212,503)
Deferred taxation	(461,000)	(210,617)	35,538	72,424
Profit/(loss) for the year	2,707,098	2,467,852	462,411	(292,936)

b. Segments Assets/liabilities are as follows:

Segment Assets				
Non - Current Assets				
Property, plant & equipment/Investment properties	15,880,915	12,393,627	14,758,791	13,778,403
Biological Assets	-	-	1,019,675	967,608
Intangible assets	894,890	632,351	1,487,367	1,530,256
Available-for-sale financial assets	8,796,319	8,645,657	-	-
Deferred tax assets	1,847	10,405	2,329	2,329
Trade and other receivables	109,906	98,441	-	-
Total non - current asset	25,683,877	21,780,481	17,268,162	16,278,596
Current Assets				
Inventories	2,734,378	2,430,370	2,580,446	1,983,258
Trade and other receivables	3,072,018	3,578,511	2,947,377	1,693,826
Fair value through profit or loss financial assets	1,233,053	965,538	-	-
Derivative financial instruments	-	-	12,602	14,858
Cash and cash equivalents	10,011,967	6,966,860	507,522	35,818
Total current assets	17,051,416	13,941,279	6,047,947	3,727,760
Total segmental assets	42,735,293	35,721,760	23,316,109	20,006,356
Segment Liabilities				
Non - Current Liabilities				
Loans and borrowings	5,506,068	2,755,353	3,251,648	4,655,319
Trade and other payables	50,492	28,077	-	-
Deferred tax liabilities	1,377,359	925,142	902,140	830,776
Employee benefits	164,646	140,242	8,329	9,681
Total non - current liabilities	7,098,565	3,848,814	4,162,117	5,495,776
Current Liabilities				
Trade and other payables	3,813,303	3,375,489	2,515,333	977,620
Loans and borrowings	9,201,792	6,981,802	8,163,934	5,827,006
Total current liabilities	13,015,095	10,357,291	10,679,267	6,804,626
Total segmental liabilities	20,113,660	14,206,105	14,841,384	12,300,402

c. Other Information

Total cost incurred during the period to acquire:				
Property, Plant & Equipment/Biological assets	4,872,171	4,029,255	1,625,535	1,880,115
Intangible assets	33,891	58,583	9,964	49,706
Depreciation	761,279	647,306	306,261	303,059
Amortization of Intangible assets (including land rights)	27,163	25,515	35,390	19,598
Salaries, fees, wages and related expenses	1,119,692	1,034,379	987,405	674,398
Defined benefit plan expenses / Gratuity	37,014	31,105	1,171	1,867

Indonesia		Singapore		India		Group	
2014	2013	2014	2013	2014	2013	2014	2013
21,541,940	24,502,722	463	310,950	6,514,772	4,032,986	76,540,926	76,162,126
8,052,066	8,431,012	(188,501)	(442,250)	(47,679)	(428,113)	12,905,456	11,045,641
(2,757,613)	(680,767)	(54,387)	(20,252)	(93,144)	(98,124)	(2,945,895)	(839,929)
3,118,330	4,787,261	-	-	-	-	3,182,098	4,881,099
-	-	-	-	-	-	79,209	62,409
8,412,783	12,537,506	(242,888)	(462,502)	(140,823)	(526,237)	13,220,868	15,149,220
(767,618)	(280,990)	(376,375)	(351,367)	(63,552)	(234,406)	(2,073,516)	(1,496,146)
-	-	-	-	-		(11,117)	(16,073)
7,645,165	12,256,516	(619,263)	(813,869)	(204,375)	(760,643)	11,136,235	13,637,001
(1,253,057)	(1,719,258)	(85,589)	(115,541)	-	(2,916)	(2,058,383)	(2,479,603)
(779,431)	(1,406,037)	-	35,913	6,056	6,195	(1,198,837)	(1,502,122)
5,612,677	9,131,221	(704,852)	(893,497)	(198,319)	(757,364)	7,879,015	9,655,276

28,683,690	29,103,539	35,535	43,804	1,588,829	1,818,300	60,947,760	57,137,673
45,797,428	41,819,624	-	-	-	-	46,817,103	42,787,232
1,456,235	1,510,399	-	-	243,568	262,376	4,082,060	3,935,382
-	-	-	-	-	-	8,796,319	8,645,657
1,696,621	1,332,768	36,992	35,922	-	-	1,737,789	1,381,424
966,857	197,240	-	-	5,455	-	1,082,218	295,681
78,600,831	73,963,570	72,527	79,726	1,837,852	2,080,676	123,463,249	114,183,049
2,085,021	1,976,971	-	-	541,128	868,973	7,940,973	7,259,572
3,388,075	4,365,878	69,177	511,377	427,625	302,470	9,904,272	10,452,062
-	-	-	-	-	-	1,233,053	965,538
-	-	-	-	-	-	12,602	14,858
4,360,243	560,220	1,501,697	19,543	452,847	281,968	16,834,276	7,864,409
9,833,339	6,903,069	1,570,874	530,920	1,421,600	1,453,411	35,925,176	26,556,439
88,434,170	80,866,639	1,643,401	610,646	3,259,452	3,534,087	159,388,425	140,739,488
13,877,237	11,481,900	16,097,756	8,552,386	-	-	38,732,710	27,444,958
-	-	-	-	-	-	50,492	28,077
7,045,392	6,369,278	-	-	-	-	9,324,891	8,125,196
857,685	1,084,710		5,998	7,377	-	1,038,037	1,240,631
21,780,314	18,935,888	16,097,756	8,558,384	7,377	-	49,146,130	36,838,862
8,927,504	5,779,009	176,134	170,287	1,038,181	466,767	16,470,455	10,769,171
4,309,333	4,426,460	2,947,548	5,710,050	1,232,554	1,844,100	25,855,161	24,789,418
13,236,837	10,205,469	3,123,682	5,880,337	2,270,735	2,310,867	42,325,616	35,558,589
35,017,151	29,141,357	19,221,438	14,438,721	2,278,112	2,310,867	91,471,746	72,397,451
10,704,495	13,937,303	260	48,886	13,587	33,336	17,216,048	19,928,895
527,601	863,956	-	-	-	-	571,456	972,245
1,776,054	1,656,624	9,758	4,149	8,110	1,220	2,861,462	2,612,358
219,968	224,739	-	-	-	-	282,521	269,852
4,847,638	4,555,164	-	-	139,348	115,259	7,094,083	6,379,199
246,410	170,438	-	-	2,342	305	286,937	203,715

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

8. DIRECT OPERATING EXPENSES

	Group	
For the year ended 31st March	2014	2013
Cost of inventories recognised as expense – physical deliveries	19,059,454	17,955,985
Depreciation and overheads	3,506,723	3,243,022
Harvesting and plantation maintenance	4,970,722	6,211,712
Processing (milling) costs	748,913	771,407
Purchase of FFB	602,800	1,876,066
Production costs	2,369,693	2,175,474
Feedstock costs	20,984,791	20,921,087
Others	256,651	230,292
	52,499,747	53,385,045

9. OTHER INCOME

	Group	
For the year ended 31st March	2014	2013
Profit/(loss) on disposal of fixed assets:		
Beverage	3,566	3,765
Oil Palm Plantation	702	11,422
Oil & Fats	(2,960)	(6,275)
Real Estate	-	1,183
Leisure	-	(8)
Portfolio & Asset Management	2,566	(25)
Management Services	14,908	3,996
	18,782	14,058
Profit on disposal of investment properties	79,809	-
Derivative gain/(loss)	(727)	40,352
Sales of sludge Oil	80,660	15,360
Sundry income	307,998	346,340
	486,522	416,110

10. IMPAIRMENT OF BUSINESS ASSETS

	Group		Company	
For the year ended 31st March	2014	2013	2014	2013
Investment in Subsidiary Companies (Note a)				
Carsons Management Services (Private) Limited	-	-	-	1,889
Carsons Airline Services (Private) Limited	-	-	2,734	9,706
Equity Seven Limited	-	-	-	1,312
	-	-	2,734	12,907
Impairment of available for sale financial assets (Note b)	-	55,940	-	2,500
	-	55,940	2,734	15,407

a. Company made provisions against the investment in the above subsidiary companies to bring the investment value in line with the net assets value of the respective subsidiary companies based on an assement of impairment. Accordingly the total amount provided for the year amounted to Rs.2.73Mn (2013 - 12.9Mn)

b. The impairment loss of (Group) Rs.55.94Mn recognised in the profit or loss in the comparative year is due to 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". Company 2013 - Rs.2.5Mn.

(Amounts expressed in Sri Lankan Rs. '000)

11. OTHER OPERATING EXPENSES

Other operating expenses mainly consists of power and energy costs, and maintenance expenditure of the Beverage sector.

12. FOREIGN EXCHANGE LOSSES

	Group		Company	
For the year ended 31st March	2014	2013	2014	2013
Net foreign exchange loss on operating activities	2,945,895	839,929	11,757	22,875
	2,945,895	839,929	11,757	22,875

i. Foreign exchange losses

a. Company

As at 31st March 2014, the Company recorded a foreign exchange loss amounting to Rs.11.75Mn [2013 - Rs.22.8Mn], arising mainly from translation of Sterling Pound denominated contingent liability and revaluation of US Dollar denominated long - term borrowings.

b. Oil Palm plantations and Oils and Fats segments

The foreign exchange loss relates to the assets, liabilities, income and expenses of the Goodhope Asia Holding Ltd and its subsidiaries whose transactions and balances are recorded in different currencies other than the reporting currency.

For the year ended 31st March 2014, the Oil Palm plantations and Oils and Fats segments recorded a foreign exchange loss of US$ 21.94 Mn. This includes realized exchange loss of US$ 2.8 Mn and unrealized exchange loss of US$ 19.14 Mn. The unrealized exchange loss mainly arose from the translation of foreign currency denominated long term borrowings as at the reporting date consequent to a significant depreciation of the Indonesian rupiah (IDR) against the US dollar (USD) during the year ended 31st March 2014.

The closing exchange rate of IDR against USD as at 31st March 2014 was IDR 11,404 which is a 17% depreciation compared to the closing exchange rate that prevailed as at 31st March 2013.

c. Beverage Sector

As at 31st March 2014, the Company's subsidiary, Lion Brewery (Ceylon) PLC recorded a foreign exchange loss of Rs.43.28Mn [2013 gain of Rs.12.04Mn], arising mainly from revaluation of US Dollar denominated long - term borrowings.

13. NET FINANCE COST

	Group		Company	
For the year ended 31st March	2014	2013	2014	2013
Interest expenses				
Bank borrowings	4,271,313	3,289,790	180,576	206,185
Dividend on redeemable preference shares	1,919	8,726	1,919	8,726
Debenture interest	176,598	-	-	-
Finance Lease liabilities	12,381	3,649	-	-
	4,462,211	3,302,165	182,495	214,911
Less: Amount capitalized under				
Property, Plant and Equipment	(744,504)	(410,824)	-	-
Biological assets	(949,282)	(809,178)	-	-
Total finance costs	2,768,425	2,082,163	182,495	214,911
Finance income				
Interest income on short term bank deposits	(694,909)	(586,017)	-	-
Total Finance income	(694,909)	(586,017)	-	-
Net Finance costs	2,073,516	1,496,146	182,495	214,911

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

14. PROFIT BEFORE INCOME TAX

	Group		Company	
For the year ended 31st March	2014	2013	2014	2013
Profit before tax has been arrived at after charging				
Depreciation on property, plant and equipment	2,861,462	2,612,358	-	-
Less - Amount capitalised as part of cost of biological assets	(198,548)	(222,384)	-	-
Depreciation on property, plant and equipment-net (Note a)	2,662,914	2,389,974	-	-
Amortization of intangible assets and prepaid lease payment for lands	282,521	269,852	-	-
Less - Amount capitalised as part of cost of biological assets	(97,322)	(105,292)	-	-
Net amortization of intangible assets and prepaid lease payment for lands (Note a)	185,199	164,560	-	-
Auditors' remuneration and other professional services (Note b)	110,825	125,550	3,972	1,101
Professional services (Note c)	244,029	305,123	8,733	29,189
Personnel costs (Note d)	7,381,020	6,582,919	13,386	11,932
Audit Committee fees	1,500	900	1,500	900
Remuneration Committee Fees	150	150	150	150
Nomination Committee Fees	200	300	150	150
Donations	78,912	93,995	784	5,000
Royalty paid to Carlsberg A/S	101,210	76,750	-	-
Research and development costs	61,033	60,125	-	-
a. Depreciation and amortization are included in the income statement under the following heading:				
Direct operating expenses	1,612,025	1,277,417	-	-
Administrative expenses	1,164,526	1,225,636	-	-
Distribution expenses	71,562	51,481	-	-
	2,848,113	2,554,534	-	-
b. Auditors' Remuneration				
Fees payable to KPMG for the audit of annual accounts of Carson Cumberbatch PLC	710	633	710	633
Fees payable to KPMG for the audit of subsidiaries of Carson Cumberbatch PLC	4,206	4,018	-	-
Fees payable to other Auditors for the audit of subsidiaries of Carson Cumberbatch PLC	44,368	49,145	-	-
Total statutory audit fees	49,284	53,796	710	633
Non audit services				
Advisory/compliance services - (Other Auditors)	6,375	2,464	-	-
Advisory services - (KPMG Sri Lanka)	-	-	-	
	6,375	2,464	-	-
Audit related services				
KPMG Sri Lanka	3,643	3,029	3,262	468
Other Auditors	51,524	66,261		
	55,167	69,290	3,262	468
	110,825	125,550	3,972	1,101

(Amounts expressed in Sri Lankan Rs. '000)

		Group		Company	
	For the year ended 31st March	2014	2013	2014	2013
c.	**Professional Services**				
	Legal services	48,690	58,071	8,733	29,189
	Valuation services	37,394	21,752	-	-
	Consultation fees	200	757	-	-
	Plantation consultant services	134,534	136,756	-	-
	Other services	23,211	87,787	-	-
		244,029	305,123	8,733	29,189
d.	**Personnel Costs**				
	Salaries, fees, wages and other related expenses	6,790,865	6,191,874	13,386	11,932
	Defined contribution plan expenses - EPF & ETF	303,218	187,325	-	-
	Defined benefit plan expenses - Gratuity	286,937	203,715	-	-
		7,381,020	6,582,914	13,386	11,932
	The above include:				
	Directors fees	19,812	17,552	13,386	11,932
	Directors' emoluments	924,205	1,051,559	-	-
		944,017	1,069,111	13,386	11,932

		Group			
e.	**The number of employees during the year were:**	2014		2013	
		Year end	Average	Year end	Average
	Employee by Industry				
	Portfolio and Assets Management	18	17	16	15
	Oil Palm plantations	15,041	14,778	14,514	14,218
	Beverage	224	229	234	225
	Real Estate	17	18	18	17
	Leisure	240	258	276	265
	Management services	40	40	39	36
		15,580	15,339	15,097	14,776
	Employees by geographical location				
	Sri Lanka	777	796	814	775
	Malaysia	438	435	432	434
	Indonesia	14,235	13,974	13,713	13,426
	Singapore	-	-	-	-
	India	130	134	138	141
		15,580	15,339	15,097	14,776

There were no employees at Carson Cumberbatch PLC during the year (2013 - Nil).

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

15. INCOME TAX EXPENSES

		Group		Company	
	For the year ended 31st March	2014	2013 Re-stated	2014	2013
a.	**Statement of Income**				
i.	**Current tax**				
	Charge for the year	1,912,216	2,344,027	1,622	-
	Under / (over) provision for previous years	12,797	(47,327)	4,650	-
	Dividend tax	133,370	182,903		-
		2,058,383	2,479,603	6,272	-
ii.	**Deferred Tax**				
	Origination/(Reversal) of temporary differences in the current year (Note 15 c and d)	1,198,837	1,502,122	-	-
		1,198,837	1,502,122	-	-
	Total Income tax expense recognised in profits for the year	3,257,220	3,981,725	6,272	-
	Income tax expenses may be analyzed as follows:				
	Current Tax				
	Sri Lanka	823,929	747,413	6,272	-
	Overseas	1,234,454	1,732,190	-	-
		2,058,383	2,479,603	6,272	-
	Deferred Tax				
	Sri Lanka	461,000	210,617	-	-
	Overseas	737,837	1,291,505	-	-
		1,198,837	1,502,122	-	-
	Total				
	Sri Lanka	1,284,929	958,030	6,272	-
	Overseas	1,972,291	3,023,695	-	-
		3,257,220	3,981,725	6,272	-
b	**Deferred income tax related to other comprehensive income**				
	Re-measurement of gain/(loss) on defined benefit obligation	75,022	(114,696)	-	-

Income tax expenses exclude the Group share of tax expenses of the "equity - accounted investees" amounting to Rs.0.5Mn which has been included in the share of profit of equity accounted investees, net of tax.

(Amounts expressed in Sri Lankan Rs. '000)

15. INCOME TAX EXPENSES (CONTD.)

	Group			
	Statement of Income		Statement of Financial Position	
For the year ended / as at 31st March	2014	2013 Re-stated	2014	2013
c. Deferred Tax Assets				
Capital allowances in excess of depreciation	-	981	-	-
Biological assets	(123,791)	(5,934)	153,966	39,684
Provision for ex-gratia	(137)	(4)	227	90
Provision for retirement benefit obligation	(60,343)	(37,061)	192,715	270,988
Unabsorbed tax losses carried forward	(463,467)	(484,287)	1,405,397	1,087,202
	(647,738)	(526,305)	1,752,305	1,397,964
Valuation allowance	-	-	(14,516)	(16,540)
	(647,738)	(526,305)	1,737,789	1,381,424
d. Deferred Tax Liabilities				
Property plant & equipment	475,704	239,984	2,432,393	2,041,740
Investment in property	4,382	3,131	49,783	45,401
Biological asstes	1,343,605	1,718,838	6,602,564	5,959,437
Intangible assets	17,063	62,612	231,297	74,912
Finance leases	5,821	3,862	8,854	3,706
	1,846,575	2,028,427	9,324,891	8,125,196
Net deferred tax liability	1,198,837	1,502,122	7,587,102	6,743,772

e. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to off-set current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The off-set amounts are as follows:

	Sri Lanka		Malaysia		Indonesia		Singapore		Total	
As at 31st March	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Deferred tax assets:	1,847	10,405	2,329	2,329	1,696,621	1,332,768	36,992	35,922	1,737,789	1,381,424
Deferred tax liabilities	(1,377,359)	(925,142)	(902,140)	(830,776)	(7,045,392)	(6,369,278)	-	-	(9,324,891)	(8,125,196)
Net deferred tax liabilities	(1,375,512)	(914,737)	(899,811)	(828,447)	(5,348,771)	(5,036,510)	36,992	35,922	(7,587,102)	(6,743,772)

f. **The Net Movement of the Deferred Tax Liability is as follows - Group**

	2014	2013 Re-stated
Balance at the beginning of the year	6,743,772	5,663,474
Adjustments	150,091	-
Provision for the year	1,198,837	1,502,122
Deferred tax Assets recognised in OCI for actuarial gain/(loss) on employee benefits	75,022	(114,696)
Impact of exchange rate changes on conversion	(580,620)	(307,128)
Balance at the end of the year	7,587,102	6,743,772

Deferred taxation has been computed on tax rates that have been enacted or substantively enacted at the end of each reporting period.

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

15. INCOME TAX EXPENSES (CONTD.)

g. Recognized deferred tax assets

The recognition of deferred tax assets by the Group are dependent upon future taxable income in excess of income arising from the reversal of existing taxable temporary differences. Deferred tax assets relating to tax losses carry forward have been re-assessed and the management believes that sufficient taxable profit will be available to allow the benefit to be utilized. Accordingly, the Group has recognized the deferred tax assets amounting to Rs.1,737Mn (2013: Rs.1,381Mn) relating to the accumulated tax losses.

Unrecognized deferred tax assets

Group

Deferred tax assets have not been recognised for unused tax losses of Rs.2,883Mn (2013: Rs.2,693Mn) due to the uncertainty of sufficient taxable earnings being available.

Company

The Company has accumulated tax loss of Rs.1,349Mn (2013: Rs.1,538Mn) as at the reporting date. The deferred tax asset of Rs.404Mn arising from the said tax loss has not been recognized due to uncertainty of future taxable profits against which the deferred tax assets would be utilized, given that the Company's only source of income being dividend income which is tax exempt.

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2013: 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.

Subsidiaries falling within the Sri Lankan tax exemption do not required to account for deferred tax as temporary differences do not exist during the tax exemption period. Accordingly deferred tax has not been provided for Agro Harapan Lestari (Private) Limited and AHL Business Solutions (Private) Limited.

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;

Hotels Sector	12% (Previously 12%)
Beverage Sector	40% (Previously 40%)
Real Estate Sector	28% (Previously 10%)
Other Sectors	28% (Previously 28%)

(Amounts expressed in Sri Lankan Rs. '000)

15. INCOME TAX EXPENSES (CONTD.)

		Group		Company	
	For the year ended 31st March	2014	2013	2014	2013
h.	**Reconciliation of the Accounting Profit with the Taxable Profit/(Loss)**				
	Profit before taxation	11,136,235	13,637,001	382,203	336,267
	Aggregate tax disallowed expenses	3,578,039	4,248,842	255,496	120,125
	Aggregate of deductions claims	(4,588,322)	(6,806,724)	(939)	(1,174)
	Dividend Income	(3,396,718)	(3,045,482)	(627,981)	(558,345)
	Exempt profits	(1,372,414)	(1,283,887)	(1,460)	(777)
	Adjustments on Change in Fair Value	(3,257,919)	(5,675,506)	(1,139)	(842)
	Impairment of Business assets	-	55,940	2,734	15,407
	Operating losses incurred during the year	1,626,253	4,868,642	-	-
	Tax adjusted profits/(loss)	3,725,154	5,998,826	8,914	(89,339)
	Adjustments				
	Adjustments due to the consolidation/joint ventures	3,272,457	3,022,200	-	-
	Share of net results of associate companies	11,117	16,073	-	-
	Tax losses utilized during the year	(210,656)	(87,712)	(3,120)	-
	Taxable income of the Group/Company	6,798,072	8,949,387	5,794	-
	Taxation on Profits				
	Taxation at 12% (Note 15 k (iii) & (iv))	64,150	86,345	-	-
	Taxation at 28% (Note 15 j (i))	302,308	226,609	1,622	-
	Taxation at 40% (Note 15 k (v)	257,953	218,106	-	-
	10% WHT on Intercompany Dividend	133,370	182,903	-	-
	Off - Shore profits at varying rates (Note 15 j (ii))	1,234,454	1,732,190	-	-
	Effect of different tax rates in other countries (Note 15 k (iii))	53,351	80,777	-	-
	Economic Service Charge - write off / credit (Note 15 i)	-	-	-	-
	Under / (over) provision for previous years	12,797	(47,327)	4,650	-
		2,058,383	2,479,603	6,272	-

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.

		Group		Company	
	For the year ended 31st March	2014	2013	2014	2013
i.	**Analysis of Tax Losses**				
	Tax losses brought forward	9,741,224	5,062,982	1,538,960	1,449,714
	Adjustment on losses brought forward	(358,955)	1,146,287	(186,816)	(93)
	Tax losses incurred during the year	1,626,253	3,619,667	-	89,339
	Utilization of tax losses during the year	(210,656)	(87,712)	(3,120)	-
	Tax losses carried forward	10,797,866	9,741,224	1,349,024	1,538,960

Utilization of tax losses in the current year has resulted in tax saving of Rs.52Mn (2013 - Rs.16Mn) 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. Adjustment for taxation on the losses from overseas operations made in accordance with the provisions of the relevant statues in those countries.

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

15. INCOME TAX EXPENSES (CONTD.)

j. Taxation of Profits

i Current Tax in Sri Lanka

In accordance with provisions of the Inland Revenue Act No. 10 of 2006 and amendment thereto, the Company and all other companies of the Group other than those entities disclosed in Note (k) operating in Sri Lanka, are chargeable to income tax at the standard rate of 28% (2013 - 28%).

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;

	2014	2013
Singapore	17%	17%
Indonesia	25%	25%
India	30.9%	30.9%
Malaysia	25%	25%

k. 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.

ii. In terms of Section 13 (t) of the Inland Revenue Act, profits derived on the sale of shares on which share transaction levy has been paid is exempt from income tax.

iii. 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 at 25% during the year ended 31 March 2014.

Further as provided for under Section 46 of the Inland Revenue Act, 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 Companies are entitle to claim credit in Sri Lanka for tax paid in Malaysia, when calculating the Company's tax liability on profits from Malaysian plantation activities in Sri Lanka.

iv. In terms of Section 46 of the Inland Revenue Act, operational profits of hotels are subject to income tax at 12%.

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 operational profits are chargeable to income tax at 40%.

vi. Exemption on 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.

l. Economic Service Charge

Economic Service Charge paid by companies are available as income tax credit. In instances where recoverability is not possible due to the tax status, sums paid are written-off to the Statement of Comprehensive Income.

m. Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends proposed by the Company as dividends are declared using dividend income received by the company. Dividend proposed has not been recognized as a liability as at the reporting date as disclosed in Note 17 to the Financial Statements.

(Amounts expressed in Sri Lankan Rs. '000)

16. EARNINGS PER ORDINARY SHARE

The Group's earnings per ordinary share of Rs.19.03 (2013 - Rs.23.39) and Company's earnings per ordinary share of Rs.1.91 (2013 - Rs.1.71), are calculated by dividing the profit attributable to the ordinary shareholders of Carson Cumberbatch PLC by the 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	2014	2013	2014	2013
Amount used as the Numerator				
Profit for the year	7,879,015	9,655,276	375,931	336,267
Non controlling interest	(4,141,680)	(5,061,334)	-	-
Net Profit attributable to Ordinary Shareholders	3,737,335	4,593,942	375,931	336,267
Number of Ordinary Shares used as the Denominator				
Ordinary shares in issue (No's)	196,386,914	196,386,914	196,386,914	196,386,914
Earnings per Ordinary Share Rs.	19.03	23.39	1.91	1.71

17. DIVIDEND PER SHARE

	Total dividend		Dividend per ordinary share	
For the year ended 31st March	2014	2013	2014	2013
On ordinary shares				
Dividend paid	392,774	392,774	2.00	2.00
	392,774	392,774	2.00	2.00
a. Proposed Ordinary Dividend				
Proposed	2.00	2.00	2.00	2.00
	2.00	2.00	2.00	2.00

Board of Directors have recommended a payment of a first & final dividend of Rs.2/- per share for the year ended 31st March 2014 (2013 - Rs.2.00 per share) which is to be approved by the shareholders at the Annual General Meeting to be held on 31st July 2014. In accordance with LKAS 10 "Events After the Reporting Date", this proposed final dividend has not been recognized as a liability as at 31st March 2014.

b. Compliance with Sections 56 and 57 of the Companies Act No. 7 of 2007

As required by Section 56 of the Companies Act No. 7 of 2007, the Board of Directors of the Company has determined that the Company satisfies the solvency test in accordance with the Section 57, prior to recommending the first and final dividend. A statement of solvency completed and duly signed by the Directors on 25th June 2014 has been audited by Messrs KPMG.

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

18. PROPERTY, PLANT & EQUIPMENT - GROUP

a. Year ended 31st March 2014

	Freehold Land & Buildings	Leasehold Land & Buildings	Plant & Machinery	Motor Vehicles	Office Equipment, Furniture & Fittings	Computers	Returnable Containers	Capital Work - In Progress	Total as at 31st March 2014
	At valuation	At cost							
As at 1st April 2013	11,054,162	19,212,192	18,572,681	1,854,273	1,372,505	783,355	2,121,930	6,134,135	61,105,233
On Consolidation	-	116,100	522	-	4,341	-	-	-	120,963
Additions	32,266	1,702,697	200,017	200,859	88,468	69,166	247,588	8,250,863	10,791,924
Transfers to investment property and intangibale assets	(315,293)	-	-	-	-	-	-	(360,881)	(676,174)
Transfers /Adjustments	747,761	905,410	2,131,761	31,513	174,006	52,394	59,763	(4,102,608)	-
Disposals/written - off	-	(101,140)	(10,446)	(219,064)	(42,208)	(12,887)	(11,610)	26,105	(371,250)
Exchange translation difference	(201,921)	(2,398,764)	(1,208,361)	(182,779)	(104,921)	(45,502)	-	(316,728)	(4,458,976)
As at 31st March 2014	11,316,975	19,436,495	19,686,174	1,684,802	1,492,191	846,526	2,417,671	9,630,886	66,511,720
Depreciation/Amortization									
As at 1st April 2013	188,356	1,811,019	4,683,038	1,096,074	670,142	537,978	1,076,349	-	10,062,956
On Consolidation	-	4,942	104	-	1,736	-	-	-	6,782
Charge for the year	98,821	642,547	1,222,941	241,046	190,013	143,869	322,225	-	2,861,462
Transfers /Adjustments	-	(360)	56,942	(55,804)	(778)	-	-	-	-
On disposals/written - off	-	(69,114)	(75,083)	(117,597)	(29,877)	(12,069)	(10,985)	-	(314,725)
Exchange translation difference	(8,394)	(240,737)	(410,867)	(113,546)	(55,705)	(34,610)	-	-	(863,859)
As at 31st March 2014	278,783	2,148,297	5,477,075	1,050,173	775,531	635,168	1,387,589	-	11,752,616
Net Book Value									
As at 31st March 2014	11,038,192	17,288,198	14,209,099	634,629	716,660	211,358	1,030,082	9,630,886	54,759,104

b. Year ended 31st March 2013

	Freehold Land & Buildings	Leasehold Land & Buildings	Plant & Machinery	Motor Vehicles	Office Equipment, Furniture & Fittings	Computers	Returnable Containers	Capital Work - In Progress	Total as at 31st March 2013
	At valuation	At cost							
As at 1st April 2012	10,137,162	14,154,292	16,536,749	2,123,377	1,168,069	667,151	1,656,992	4,136,006	50,579,798
Reclassification	-	-	(50)	-	-	-	(97,296)	-	(97,346)
As at 1st April 2012	10,137,162	14,154,292	16,536,699	2,123,377	1,168,069	667,151	1,559,696	4,136,006	50,482,452
On Consolidation	-	38,177	4,868	-	555	13	-	-	43,613
Revaluation	828,165	-	-	-	-	-	-	-	828,165
Additions	137,882	3,478,021	638,391	371,624	259,043	158,401	604,691	7,612,658	13,260,711
Adjustment	180,892	2,661,742	2,553,663	(35,815)	72,439	7,436	-	(5,518,082)	(77,725)
Disposals/written - off	(2,288)	(10,854)	(421,892)	(496,474)	(70,262)	(24,907)	(42,457)	-	(1,069,134)
Exchange translation difference	(227,651)	(1,109,186)	(739,048)	(108,439)	(57,339)	(24,739)	-	(96,447)	(2,362,849)
As at 31st March 2013	11,054,162	19,212,192	18,572,681	1,854,273	1,372,505	783,355	2,121,930	6,134,135	61,105,233
Depreciation/Amortization									
As at 1st April 2012	113,460	1,377,936	4,063,553	1,276,229	535,902	444,518	855,224	-	8,666,822
Reclassification	-	-	-	-	-	-	(72,184)	-	(72,184)
As at 1st April 2012	113,460	1,377,936	4,063,553	1,276,229	535,902	444,518	783,040	-	8,594,638
On Consolidation	-	14	89	-	25	-	-	-	128
Charge for the year	77,718	545,949	1,067,385	312,360	181,127	134,037	293,782	-	2,612,358
Revaluation	4,859	-	-	-	-	-	-	-	4,859
Transfers /Adjustments	-	-	(17,471)	17,449	51	-	-	-	29
On disposals/written - off	-	(2,714)	(207,567)	(444,968)	(19,159)	(22,426)	(473)	-	(697,307)
Exchange translation difference	(7,681)	(110,166)	(222,951)	(64,996)	(27,804)	(18,151)	-	-	(451,749)
As at 31st March 2013	188,356	1,811,019	4,683,038	1,096,074	670,142	537,978	1,076,349	-	10,062,956
Net Book Value									
As at 31st March 2013	10,865,806	17,401,173	13,889,643	758,199	702,363	245,377	1,045,581	6,134,135	51,042,277

(Amounts expressed in Sri Lankan Rs. '000)

18. PROPERTY, PLANT & EQUIPMENT - GROUP (CONTD.)

c. Details of Group Freehold Lands Stated at Valuation are Indicated below:

Property	Method of Valuation	Effective Date of Valuation	Valuer	Land Extent (in Acres)	Carrying Value of Revalued Assets as at 31st March 2014 If carried at Historical Cost	Carrying Value of Revalued Assets as at 31st March 2014
Pegasus Hotels of Ceylon PLC Wattala, Sri Lanka	Market Approach	31.03.2012	Mr. K. Arthur Perera, A.M.I.V.(Sri Lanka) Valuer & Consultant	5.46	5,250	504,332
Ceylon Beverage Holdings PLC Nuwara Eliya, Sri Lanka	Market/income Approach	31.03.2011	Mr. K. Arthur Perera, A.M.I.V.(Sri Lanka) Valuer & Consultant	3.75	141	112,464
Lion Brewery (Ceylon) PLC Biyagama, Sri Lanka	Market/income Approach	31.03.2011	Mr. K. Arthur Perera, A.M.I.V.(Sri Lanka) Valuer & Consultant	23.60	338,259	945,504
Equity Two PLC Colombo 1, Sri Lanka	Market Approach	31.03.2013	Mr. S. Sivaskantha, F.I.V. (Sri Lanka) professional valuers	0.54	422,000	430,300
Selinsing PLC District of krian Malaysia	Existing use basis	31.03.2013	Encik W.M. Malik, Member of the Institution of Surveyors, Malaysia, a partner with W.M. Malik & Kamaruzuman.	1,217.84	52,070	1,702,019
Indo-Malay PLC District of Kuala Selangor Malaysia	Existing use basis	31.03.2013	Encik W.M. Malik, Member of the Institution of Surveyors, Malaysia, a partner with W.M. Malik & Kamaruzuman.	725.30	600	1,441,710
Good Hope PLC District of Kuala Langat Malaysia	Existing use basis	31.03.2013	Encik W.M. Malik, Member of the Institution of Surveyors, Malaysia, a partner with W.M. Malik & Kamaruzuman.	780.68	58,000	1,389,648
Shalimar (Malay) PLC District of Kuala Selangor Malaysia	Existing use basis	31.03.2013	Encik W.M. Malik, Member of the Institution of Surveyors, Malaysia, a partner with W.M. Malik & Kamaruzuman.	757.28	22,000	1,481,757
				3,514.45	898,320	8,007,734

d. Carrying Value of Property, Plant & Equipment

As at 31st March	2014	2013
At cost	43,572,863	40,103,764
At valuation	11,038,192	10,865,806
On finance lease	148,049	72,707
	54,759,104	51,042,277

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

18. PROPERTY, PLANT & EQUIPMENT - GROUP (CONTD.)

e. Capital work - in - progress consists of

As at 31st March	2014	2013
Land Improvements	668,676	268,785
Buildings	170,394	592,500
Plant & Machinery	8,586,404	5,034,977
Others	205,412	237,873
	9,630,886	6,134,135

f. Fully depreciated assets in use

Property,plant & equipment includes fully depreciated assets having a gross carrying amount of Rs.2,962Mn (2013 - Rs.2,822Mn)

g. Capitalization of borrowing costs

The Group's property, plant and equipment includes borrowing costs arising from bank term loans borrowed specifically for their development. During the financial year, the borrowing costs capitalized as cost of property, plant & equipment amounted to approximately Rs.744.5Mn (2013: Rs.410.82Mn).

h, Revaluation of Freehold Land in Malaysia

Revaluation of the freehold land in Malaysian plantations is carried out annually in order to ensure that the book value reflects the market value and any significant variance from the carrying value will be recorded. The carrying value of the lands in Malaysian plantations as at March 2013 is based on valuation performed by Encik W. M. Malik, member of the Institution of Surveyors, Malaysia, a partner with W. M. Malik and Kamaruzuman. The method is based on existing use using the Costs approach.

If the freehold land of the Malaysian companies had been measured using the cost model, the carrying amount would be Rs.110.80Mn or equivalent to US$848,000 (2013 - Rs.110.9Mn or equivalent to US$ 874,000).

i. Property, plant and equipment of Indonesian plantations

Based on the reports issued by KJPP Rengganis, Hamid & Partners, the combined appraised value of property, plant and equipment of the Indonesian plantations as of 31st March 2014 was Rs.31.47Bn or equivalent to US$ 240,842,000 (2013 Rs.30.69Bn or equivalent to US$241,915,000). The above appraisal values have not been incorporated into the financial statements. Therefore, the property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

j. Assets held under finance leases

The net book value of property, plant and equipment held under finance leases at the reporting date is Rs.148.04Mn or equivalent to US$ 1,133,000. (2013 Rs.72.71Mn (US$ 573,000).

Leased assets are pledged as security for the related finance lease liabilities.

k. Assets pledged as security

Carrying value of certain property, plant and equipment of the Group amounting to approximately Rs.30,815.6Mn or equivalent to US$ 235,828,000 (2013 - Rs.16,079.9Mn or equivalent to US$ 124,007,000) are pledged as security for bank borrowings.

(Amounts expressed in Sri Lankan Rs. '000)

18. PROPERTY, PLANT & EQUIPMENT - GROUP (CONTD.)

l. Land acquisition - Company's subsidiary Pegasus Hotels of Ceylon (PRH)

During the financial year 2008/09, the government acquired approximately 1,605 perches of the land owned by the PRH for the purpose of constructing a fisheries harbour, out of which 353.89 perches of land was subject to Supreme Court order as explained below. The market value of the said net land extent (1,251 perches) as at the date of acquisition amounting to Rs.187,800,000/- has been removed from the value of the freehold land classified under the property, plant, and equipment in the consolidated statement of financial position.The removal of the said land has been accounted for as a disposal of an asset in the financial statements.

The PRH filed a fundamental rights application in the Supreme Court regarding the acquisition of approximately 353.89 perches of land (described as mangrove) owned by the Company. As per the Supreme Court ruling dated 20th November 2008, the said land is to be returned to the Company on the completion of the construction work of the fisheries harbour project.

On 15th March 2011, the Sri Lanka Navy has approached the Fisheries Harbour Corporation through which they have requested for a portion of 80 perches from and out of the said 353.89 perches in order to establish a coast guard unit. The PRH is expected to regain title to the balance 273.89 perches and make an additional claim for compensation for the said 80 perches, after referring the said request to the Supreme Court. Until determination of the aforesaid legal steps, the entire land extent in question will continue to be accounted in the Consolidated Statement of Financial Position under property, plant & equipment at the market value.

Accordingly the market value of the said land amounting to Rs.Rs.52,950,000/- (2013 - Rs.52,950,000/-) as at the reporting date has not been removed from the Property, Plant and Equipment.

m. Land compensation received

During the financial year 2002/03, a portion of freehold land of a subsidiary, Good Hope PLC was compulsorily acquired by the Government of Malaysia pursunt to the Land Acquisition Act of 1960.

In 2010, the amount accrued as compensation receivable from the Government of US$ 959,000 in respect of compulsory acquisition of a portion of the Malaysian operation freehold land was received by the company and included in sundry income.

The company, however, has objected to this offer and submitted a claim US$ 1,975,000. This claim has been decided in favor of the company and the company has been awarded a sum of US$ 77,000 with interest at 8% per annum from the date of possession. In respect of this, the Company received a sum of US$ 139,000 during the year 2012/13.

The company filed a further claim in Shash Alam High Court to recover outstanding late payment Charges. On 31st May 2013 the High Court awarded late payment charges of US$ 402,000 with interest 4% per annum on the amount awarded and expenses reimbursement of US$ 2,000.

The State filed an appeal against the decision of the High Court in the Court of Appeal. On hearing of the appeal to the Court of Appeal on 15th April 2014, dismissed the appeal filed by the State with costs of US$ 3,000 and affirmed the Order of the High Court.

The Defendants have a right of appeal against the decision of the Court of Appeal to the Federal Court of Malaysia within one month. However, to date, the Company has not been served with a notice of appeal.

The land compensation is accounted for only upon receipt of the confirmation from the Government of Malaysia.

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

19. BIOLOGICAL ASSETS

	Group	
As at 31st March	2014	2013
Carrying value at beginning of the year	42,787,232	33,698,717
On Consolidation	63,352	95,748
Increase due to plantation development costs	6,335,944	6,667,477
Transfers	-	174,701
Gain arising from changes in fair value	3,182,098	4,881,099
Exchange translation difference	(5,551,523)	(2,730,510)
Carrying value at the end of the year	46,817,103	42,787,232

a. Analysis of oil palm production

"During the financial year, the group harvested 958,815 MT (2013 - 1,031,788 MT) of FFB, which had a fair value less estimated point-of-sale costs of approximately Rs.20,119Mn or equivalent to US$ 154,634,000 (2013 Rs.21,251Mn or equivalent to US$ 167,472,000).

The fair value of FFB was determined with reference to their average market prices during the year.

b. Analysis of biological assets

At the end of the financial year, the Group's total planted area and related value of mature and immature planation are as follows:

	Indonesian Plantation		Malaysia Plantation		Total as at 31st March	Total as at 31st March
Area	2014 Hectares	2013 Hectares	2014 Hectares	2013 Hectares	2014 Hectares	2013 Hectares
Planted Area:						
- Mature	49,232	46,772	1,378	1,374	50,610	48,146
- Immature	16,021	15,818	2	6	16,023	15,824
	65,253	62,590	1,380	1,380	66,633	63,970

	Indonesian Plantation		Malaysia Plantation		Total as at	Total as at
Value	31st March 2014	31st March 2013	31st March 2014	31st March 2013	31st March 2014	31st March 2013
Planted Area:						
- Mature	36,447,393	33,712,523	1,019,226	963,012	37,466,619	34,675,535
- Immature	9,350,484	8,107,100	-	4,597	9,350,484	8,111,697
	45,797,877	41,819,623	1,019,226	967,609	46,817,103	42,787,232

c. The carrying value of biological assets of the Group pledged / undertaken as security for the bank borrowings amounted to approximately Rs.39,106Mn or equivalent to US$ 299,278,000 (2013 - Rs.30,042Mn or equivalent to US$ 236,753,000).

d. Borrowing cost capitalised to biological assets for the year ended 31st March 2014 amounted to Rs.949.28Mn or equivalent to US $ 7,296,000. (2013 - Rs.809.17Mn or equivalent US$ 6,377,000/-)

e. The fair value of biological assets was determined by KJPP Rengganis, Hamid & Partners an Indonesian independent valuer. The valuations of the biological assets were performed in accordance with International Valuation Standards and Indonesian valuation standards (' Standard Penilaian Indonesia /SPI) using discounted cash flows of the underlying biological assets. The expected cash flows from the whole life cycle of the oil palm plantations are determined using the market price and the estimated yield of FFB, net of maintenance and harvesting costs and any costs required to bring the oil palm plantations to maturity. The estimated yield of the oil palm plantations 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.

(Amounts expressed in Sri Lankan Rs. '000)

19. BIOLOGICAL ASSETS (CONTD.)

The following table shows the key unobservable inputs used in valuation models.

Key unobservable inputs	Inter relationship between key unobservable inputs and fair value measurement
Oil palm trees have an average life of 22 (2013: 22) years, with the first three years as immature and remaining years as mature	The estimated fair value increases as the estimated average life increases.
No new planting or replanting activities are assumed	The estimated fair value decreases with replanting activities.
Discount rate per annum of Indonesian plantation 13.07% (2013 - 11.92%) and Malaysian Plantation 8.27% (2013 - 8.25%)	The estimated fair value increases as the estimated discount rate per annum decreases.
FFB selling price Indonesian Plantation of US$ 127 to US$133 (2013: US$122) per metric tonne FFB selling price Malaysian Plantation of US$ 165 (2013: US$138) per metric tonne	The estimated fair value increases as the estimated selling price of FFB increases.

f. The Group is exposed to the following risks relating to its Plam Oil planation.

i. **Regulatory and environmental risks**

The Group is subject to laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environment and other laws.

ii. **Supply and demand risk**

The Group is exposed to risks arising from fluctuations in the price and sales volume to market supply and demand. Management performs regular industry trend analyses for projected harvested volumes and pricing.

iii. **Climate and Other risks**

The Group Palm Oil plantations are exposed to the risk of damage from climatic changes, disease, and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular plants inspections and industry pest and disease surveys. The Group is also insured against natural disasters such as floods and hurricanes.

20. PREPAID LEASE PAYMENT FOR LANDS

	Group	
	2014	2013
Cost/Valuation		
Balance as at the beginning of the year	4,497,277	3,669,908
On Consolidation	210,903	261,808
Additions	478,852	804,281
Transfer	(56,631)	40,536
Exchange translation difference	(564,400)	(279,256)
Balance as at end of the year	4,566,001	4,497,277
Accumulated amortization		
Balance as at the beginning of the year	371,835	247,509
On Consolidation	3,440	3,387
Amortization	148,830	141,658
Exchange translation difference	(53,110)	(20,719)
Balance as at end of the year	470,995	371,835
Net Balance as at the end of the year	4,095,006	4,125,442

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

20. PREPAID LEASE PAYMENT FOR LANDS (CONTD.)

a. Details of leasehold property

The Company' subsidiary PT Agro Indomas's land rights in the form of "Hak Guna Usaha" (HGU) will expire in the following years.

Company	Land Extent (in Ha)	Year of Expiration	Location
PT Agro Indomas	12,104	2,028	Kotawaringin Timur
	3,760	2,033	Kotawaringin Timur
	15,864		

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 licences. The land rights have an average remaining amortisation period of 27 - 29 years. (2013: 27 - 29 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).

b. Assets pledged as security

The carrying value of land rights of the Group pledged as security for the bank borrowings (Note 20) amounted to approximately Rs.633.48Mn or equivalent to US$ 4,848,000. (31 March 2013: Nil).

c. Analysis of prepaid lease rights

	2014	2013
Prepaid lease rights to be amortised;		
Not later than one year	150,009	153,410
Later than one year but not later than 5 years	600,298	602,728
Later than five years	3,344,699	3,369,304
	4,095,006	4,125,442

21. INVESTMENT PROPERTY

	Group				
	Freehold Land	Freehold Building	Other Equipment	As at 31st March 2014	As at 31st March 2013
a. Investment Properties of the Group comprise of:					
Equity One PLC.	1,006,250	188,000	32,097	1,226,347	1,692,766
Equity Two PLC.	315,293	193,259	81,017	589,569	-
Equity Three (Private) Limited	205,000	66,521	6,213	277,734	277,188
	1,526,543	447,780	119,327	2,093,650	1,969,954

(Amounts expressed in Sri Lankan Rs. '000)

21. INVESTMENT PROPERTY (CONTD.)

	Freehold Land		Freehold Building		Other equipment		Capital work in progress		Total	Total
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
b. Movements of Investment Properties										
Balance as at the beginning of the year	1,681,250	1,606,805	252,250	255,674	36,454	44,383	-	-	1,969,954	1,906,862
Additions during the year	-	-	329	613	87,851	94	-	-	88,180	707
Transfer from Property, plant equipment	315,293	-	111,013	-	-	-	-	-	426,306	-
Disposal during the year	(470,000)	-	-	-	-	(24)	-	-	(470,000)	(24)
Gain on fair value adjustment (Note c)	-	74,445	84,188	(4,037)	(4,978)	(7,999)	-	-	79,209	62,409
Balance at end of the year	1,526,543	1,681,250	447,780	252,250	119,327	36,454	-	-	2,093,650	1,969,954
c. Change in fair value of investment properties										
Equity One PLC.	-	54,445	-	(4,537)	-	(6,335)	-	-	-	43,573
Equity Two PLC.	-	-	84,188	-	(4,978)	-	-	-	79,209	
Equity Three (Private) Limited	-	20,000	-	500	-	(1,664)	-	-	-	18,836
	-	74,445	84,188	(4,037)	(4,978)	(7,999)	-	-	79,209	62,409

d. Valuation of investment property

During the year, Director's valuation was carried out for the investment properties of the Group except for the investment properties of Equity Two PLC. The last professional valuation on Investment properties of the group was performed as at 31st March 2013 except for the properties owned by the subsidiary Company Equity Two PLC, whereas the Professional valuation for investment properties of Equity Two PLC was performed as at 31st March 2014 to establish the value after the renovation and refurbishment of the new building. The valuations are performed by Mr. S. Sivaskantha, F.I.V. (Sri Lanka) of Perera Sivaskantha & Company, Incorporated valuers, an independent professional valuer on the basis of Market Approach.

e. Properties pledged as security

There were no restrictions on title of investment properties as at the reporting date.

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

21. INVESTMENT PROPERTY (CONTD.)

f. Details of Investment Properties - Group

Company	Location	Description	Method of valuation	Net rentable area (In Sq.ft.)	Extent (Hectares)	Historical Cost	Fair Value 31 st March 2014	Fair Value 31 st March 2013
Equity One PLC	Dharmapala Mw., Colombo 07.	Office Space	Market approach	44,647	0.238	108,993	733,347	729,766
Equity One PLC	Vauxhall Lane, Colombo 02	Warehouse Space	Market approach	30,723	0.524	226,917	493,000	493,000
Equity One PLC	No 07, De Soysa Mawtha, Mt. Lavinia	Land	Market approach	-	2.30	624,000	-	470,000
Equity Two PLC	No 55 Janadhpathi Mawatha, Colombo 1	Office Space	Market approach	44,000	-	-	589,569	-
Equity Three (Private) Limited	George R. De Silva Mw., Colombo 13	Office Space	Market approach	31,237	0.208	69,256	277,734	277,188
							2,093,650	1,969,954

g. No items of investment properties of the Group were pledged as security for liabilities as at the reporting date.

h. The Group recognized land and building 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 for administrative purposes.

i. The direct operating expenses incurred on investment properties are as follows;

For the year ended 31st March	2014	2013
Repair maintenance and utility insurance cost	21,733	13,931
Staff costs and other expenses	42,987	42,205
	64,720	56,136

(Amounts expressed in Sri Lankan Rs. '000)

22. INTANGIBLE ASSETS - GROUP

31st March	Goodwill 2014	Goodwill 2013	Computer Software 2014	Computer Software 2013	Excise License 2014	Excise License 2013	Patents /Trademark 2014	Patents /Trademark 2013	Customer relationship 2014	Customer relationship 2013	Total as at 31st March 2014	Total as at 31st March 2013
Cost/Valuation												
Balance as at the beginning of the year	2,680,966	2,677,006	926,697	722,642	55,954	46,080	43,766	43,954	565,882	565,882	4,273,265	4,055,564
On Consolidation	1,017	3,960	-	-	-	-	-		-	-	1,017	3,960
Additions	-	-	92,604	167,231	-	-	-	733	-	-	92,604	167,964
Written-off-Software Development Cost	-	-	(14,200)	(3,950)	-	-	-	-	-	-	(14,200)	(3,950)
Transfer / Adjustment	-	-	260,860	79,710	4,841	9,874	-	-	-	-	265,701	89,584
Exchange translation difference	-	-	(76,564)	(38,936)	-	-	(971)	(921)	-	-	(77,535)	(39,857)
Balance as at end of the year	2,681,983	2,680,966	1,189,397	926,697	60,795	55,954	42,795	43,766	565,882	565,882	4,540,852	4,273,265
Accumulated Amortization												
Balance as at the beginning of the year	-	-	221,306	161,601	15,263	9,833	-	-	101,314	43,420	337,883	214,854
Amortization	-	-	74,309	64,870	5,078	5,430	-	-	54,304	57,894	133,691	128,194
Exchange translation difference	-	-	(12,782)	(5,165)	-	-	-	-	-	-	(12,782)	(5,165)
	-	-	282,833	221,306	20,341	15,263	-	-	155,618	101,314	458,792	337,883
Net Balance as at the end of the year	2,681,983	2,680,966	906,564	705,391	40,454	40,691	42,795	43,766	410,264	464,568	4,082,060	3,935,382

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

22. INTANGIBLE ASSETS - GROUP (CONTD.)

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:

As at 31st March	2014	2013
Portfolio and Asset Management sector	182,740	182,740
Beverage sector	244,827	244,827
Real estate sector	27,584	27,584
Oil Palm plantation sector	1,002,347	1,001,330
Oil & Fats sector	1,224,485	1,224,485
	2,681,983	2,680,966

Oil palm plantation sector

The recoverable amounts of the CGUs have been determined based on Value In Use ("VIU") using cash flow projections from financial budgets approved by management. For the oil palm plantation segment, management has used cash flow projections based on the age of the plantations. These assumptions were used for the analysis of each CGU's within business segment.

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	2014	2013
Pre-tax discount rates	11.5% - 13.5%	11.5% - 13.5%
Terminal Growth Rate	3%	3%

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 reputable independent forecasting service firms for the short-term period and the World Bank forecast for the remaining projection period.

Oils and fats 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 covering a five-year period. These assumptions were used for the analysis of each CGU within the business segment.

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 as follows:

	Oil & Fats sector	
For the year ended 31st March	2014	2013
Pre-tax discount rates	8% - 10%	8% - 10%
Terminal Growth Rate	3%	3%

(Amounts expressed in Sri Lankan Rs. '000)

22. 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

b. Computer Software

Software with a finite life is amortized over a 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 7 years (2013: 7 years).

All research costs and development costs not eligible for capitalization amounting to Rs.48.40Mn (2013: Rs.46.42Mn) have been expensed and are recognized in the profit or loss.

During the financial year, Rs.16.0Mn (2013 - Rs.2.7Mn) of software and development costs was written off in the Oil Palm plantation segment and recognised in profit or loss.

c. 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 2014 is 7 years (2013:8 years).

23. INVESTMENTS IN SUBSIDIARIES

	Group			Company		
	No. of Shares 31st March 2014	Cost as at 31st March 2014	Cost as at 31st March 2013	No. of Shares 31st March 2014	Cost as at 31st March 2014	Cost as at 31st March 2013
i. Quoted Investments						
Investments in Ordinary Shares						
Equity One PLC	38,818,252	1,019,862	1,019,862	38,818,252	1,026,274	1,026,274
Equity Two PLC	27,533,370	389,166	389,166	435	6	6
Pegasus Hotels of Ceylon PLC	28,290,959	422,983	422,983	28,290,959	428,783	428,783
Selinsing PLC	6,664,915	705,360	705,301	75	-	-
Good Hope PLC	6,491,894	492,096	473,866	600	-	-
Indo - Malay PLC	6,329,561	1,330,098	1,326,140	-	-	-
Shalimar (Malay) PLC	6,711,882	346,668	334,729	450	-	-
Ceylon Guardian Investment Trust PLC	55,131,341	594,989	594,989	55,131,341	591,113	591,113
Ceylon Investment PLC	63,407,519	402,892	402,892	-	-	-
Guardian Capital Partners PLC	22,275,025	446,267	446,267	582,225	10,121	10,121
Ceylon Beverage Holding PLC	15,753,292	662,771	649,439	15,753,292	1,110,677	1,097,344
Lion Brewery (Ceylon) PLC	47,007,599	1,873,271	1,830,945	5,208,871	837,521	795,194
Total investment in Subsidiaries - quoted		8,686,423	8,596,579		4,004,495	3,948,835

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

23. INVESTMENTS IN SUBSIDIARIES (CONTD.)

	Group			Company		
	No. of Shares 31st March 2014	Cost as at 31st March 2014	Cost as at 31st March 2013	No. of Shares 31st March 2014	Cost as at 31st March 2014	Cost as at 31st March 2013
ii. Unquoted Investment						
Leechman and Company (Private) Limited	5,160,000	849	849	5,159,999	849	849
Rubber Investment Trust Limited	9,299,708	612	612	820	-	-
Mylands Investments Limited	-	-	5,340	-	-	5,340
Weniwella Investments Limited	-	-	4,501	-	-	4,501
Guardian Fund Management Limited	2,848,678	55,682	55,682	-	-	-
Riverside Resorts (Pvt) Ltd	1,300,000	13,000	-	-	-	-
Goodhope Asia Holdings Ltd	840,913,766	5,587,014	5,587,014	840,913,766	5,587,014	5,587,014
Shalimar Developments Sdn. Bhd.	3,942,169	2,665,105	2,665,105	-	-	-
PT Agro Indomas	41,087	1,713,107	1,713,107	-	-	-
PT Agro Bukit	23,591,472	4,785,841	4,785,841	-	-	-
PT Karya Makmur Sejahtera	114,000	1,127,371	1,127,371	-	-	-
PT Agro Wana Lestari	2,375,000	226,523	226,523	-	-	-
PT Rim Capital	8,792,470	1,293,076	1,293,076	-	-	-
PT Nabire baru	11,875	148,983	148,983	-	-	-
PT Agrajaya Baktitama	23,750	292,136	292,136	-	-	-
PT Batus Mas Sejahtera	47,500	284,638	284,638	-	-	-
PT Sawit Makmur Sejahtera	47,500	293,587	293,587	-	-	-
PT Sumber Hasil Prima	23,750	331,125	331,125	-	-	-
PT Sinar Sawit Andalan	23,750	325,596	325,596	-	-	-
PT Siriwana Adi Pereksa	11,875	136,839	-			
PT Agro Asia Pacific	1,500	15,478	15,478	-	-	-
Agro Asia Pacific -Singapore	249,999	20,296	20,296	-	-	-
PT Agro Harapan Lestari	250,000	119,152	119,152	-	-	-
Agro Harapan Lestari Sdn. Bhd.	280,000	75,860	75,860	-	-	-
Agro Harapan Lestari (Private) Limited	2,689,901	26,865	26,865	-	-	-
AHL Business Solution (Private) Limited	20,750,000	207,500	207,500	-	-	-
Premium Nutrients Pvt Ltd	76,337,300	7,917,699	7,917,699	-	-	-
Premium Oils & Fats Sdn Bhd	1,000,000	36,504	36,504	-	-	-
Premium Vegitable Oils Sdn Bhd	54,862,500	3,568,789	3,568,789	-	-	-
Premium Fats Sdn Bhd	25,000,002	91,648	91,648	-	-	-
Arani Agro Oil Industries Ltd	134,557,227	3,191,600	3,191,600	-	-	-
Carsons Management Services (Private) Limited	32,334,138	323,341	323,341	32,334,138	323,341	323,341
Impairment					(323,341)	(323,341)
Carsons Airline Services (Private) Limited	1,899,999	18,999	18,999	1,899,999	18,999	18,999
Impairment					(18,999)	(18,999)
Equity Hotels Limited	685,469	7,296	7,296	-	-	-
Equity Three (Private) Limited	5,400,000	54,000	54,000	2	-	-
Equity Seven Limited	-	-	43,147		-	43,147
Impairment	-	-	-	-	-	(1,312)
Pubs 'N Places (Private) Ltd	25,000,002	250,000	12,000	-	-	-
Retail Spaces (Private) Limited	1	-	-	-		
Luxury Brands (Private) Limited	1	-	-			
		35,206,111	34,871,260		5,587,863	5,639,539

(Amounts expressed in Sri Lankan Rs. '000)

23. INVESTMENTS IN SUBSIDIARIES (CONTD.)

	Group			Company		
	No. of Shares 31st March 2014	Cost as at 31st March 2014	Cost as at 31st March 2013	No. of Shares 31st March 2014	Cost as at 31st March 2014	Cost as at 31st March 2013
iii. Investments in Unquoted Deferred Shares						
Ceylon Guardian Investment Trust PLC	5,739,770	115,384	115,384	5,739,770	115,384	115,384
Total Investment in Subsidiaries - Unquoted		35,321,496	34,986,645	5,739,770	5,703,247	5,754,923
iv. Deemed Investments						
Equity One PLC	-	-	-	-	194,303	422,040
Pegasus Hotels of Ceylon PLC	-	-	-	-	5,352	5,352
Carsons Management Services (Private) Limited					32,711	32,611
Carsons Airline Services (Private) Limited					3,424	5,727
					235,790	465,730
Total Investment in Subsidiaries		44,007,919	43,583,224		9,943,532	10,169,488

v. As required by LKAS 39 "Financial Instruments; recognition and measurement" Interest free lending to Equity One PLC and Pegasus Hotels of Ceylon PLC were recognised at amortised cost and difference between funds lended and its amortised cost is recorded as a component of the overall investment.

a. **Acquisition and formation of subsidiaries - For the year ended 31st March 2014**

Acquisition of PT Sariwana Adi Perkasa

On 11th September 2013, the Group acquired 95% equity interest in PT Sariwana Adi Perkasa ("PTSAP") in Indonesia, for a cash consideration of US$1,037,000. The Group has acquired PTSAP as part of its plantation business expansion plan.

Goodwill of US$15,000 comprises the value of expanding the Group's operation in Kalimantan-based plantations located in West Kalimantan and to increase the Group total planted areas and land banks. The goodwill recognised is not expected to be deductible for income tax purposes.

From the date of acquisition to 31st March 2014, PTSAP's contribution to the Group's revenue and profit was not significant as it is an immature palm oil plantation under development.

The following represents the fair values of the identifiable assets and liabilities of subsidiary acquired as at the date of acquisition:

	2014
ASSETS	
Property, Plant & Equipment	76,562
Biological Assets	63,352
Prepaid Lease Assets	207,463
Trade and other receivables	20,284
Cash and cash equivalents	51
Total assets	367,712
LIABILITIES	
Trade and other payables	225,696
Total Liabilities	225,696
Net identifiable assets	142,016
Less: Non-controlling interest	(70,070)
Identifiable net assets acquired	71,946
Add: Positive goodwill arising from the acquisition	1,017
Consideration for acquisition of non -controlling interest	63,876
Total consideration on acquisition	136,839

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

23. INVESTMENTS IN SUBSIDIARIES (CONTD.)

	2014
b. The effects of acquisition on cash flow is as follows:	
Consideration settled in cash	136,839
Less: Cash and cash equivalents of subsidiary acquired	(51)
Acquisition of subsidiary net of cash	136,788

c. Acquisition of non-controlling interests

During the year, the Group acquired additional interest in the following subsidiaries from the non controlling shareholders:

Acquirer	Acquiree	Additional interest %	Proportion of ownership interest after additional acquisition % (Group gross interest)	Consideration paid
Goodhope Asia Holdings Ltd	Selinsing PLC	0.01	96.04	59
Goodhope Asia Holdings Ltd	Good Hope PLC	0.25	94.48	18,230
Goodhope Asia Holdings Ltd	Indo - Malay PLC	0.03	90.44	3,958
Goodhope Asia Holdings Ltd	Shalimar (Malay) PLC	0.15	96.71	11,939
Carson Cumberbatch PLC	Ceylon Brewery PLC	0.13	75.06	13,332
Carson Cumberbatch PLC	Lion Brewery (Ceylon) PLC	0.15	58.76	42,326

a. Acquisition and formation of subsidiaries - For the year ended 31st March 2013

Formation of Luxury Brands (Private) Limited (LBL)

During the year company subsidiary Ceylon Beverage Holding PLC (CBHPLC) formed Luxury Brands (Private) Limited company incorporated in Sri Lanka as importer & distributor of Diageo and Moet Hennesy portfolios of brands. The CBHPLC holds 100% equity interest in LBL.

Formation of Retail Spaces (Private) Limited (RSL)

In FY 2013 Ceylon Beverage Holding PLC formed Retail Spaces (Private) Limited a company incorporated in Sri Lanka for managing retail outlets. The Group holds 100% equity interest in RSL.

Acquisition of PT Sinar Sawit Andalan

On 29th May 2012, the Group acquired 95% equity interest in PT Sinar Sawit Andalan ("PTSSA") in Indonesia, for a cash consideration of Rs.325.7Mn (US$ 2,520,000). The Group has acquired PTSSA as part of its plantation business expansion plan.

Goodwill of Rs.3.9Mn comprises the value of expanding the Group's operation in Kalimantan-based plantations located in West Kalimantan and to increase the Group total planted areas and land banks.

From the date of acquisition to 31st March 2013, PTSSA's contribution to the Group's revenue and profit was not significant as it is an immature palm oil plantation under development.

(Amounts expressed in Sri Lankan Rs. '000)

23. INVESTMENTS IN SUBSIDIARIES (CONTD.)

The following represents the fair values of the identifiable assets and liabilities of subsidiaries acquired as at the date of acquisition:

	2013
ASSETS	
Property, Plant & Equipment	43,485
Biological Assets	95,748
Prepaid Lease Assets	258,421
Inventories	26,462
Trade and other receivables	69,039
Cash and cash equivalents	13,576
Total assets	506,731
LIABILITIES	
Trade and other payables	171,837
Total Liabilities	171,837
Net identifiable assets	334,894
Less: Non-controlling interest	(165,203)
Identifiable net assets acquired	169,691
Add: Positive goodwill arising from acquisition	3,960
Consideration for acquisition of non -controlling interest	152,053
Total consideration for acquisition	325,704

b. The effects of acquisition on cash flow is as follows:

Consideration settled in cash	325,704
Less: Cash and cash equivalents of subsidiaries acquired	(13,576)
Acquisition of subsidiaries net of cash	312,128

c. Acquisition of non-controlling interests

During the year, the Group acquired additional interest in the following subsidiaries from the non controlling shareholders:

Acquirer	Acquiree	Additional interest %	Proportion of ownership interest after additional acquisition %	Consideration paid
Goodhope Asia Holdings Ltd	Selinsing PLC	0.36	96.03	28,044
Goodhope Asia Holdings Ltd	Good Hope PLC	0.02	94.23	1,671
Goodhope Asia Holdings Ltd	Indo - Malay PLC	0.54	90.41	53,180
Goodhope Asia Holdings Ltd	Shalimar (Malay) PLC	0.06	96.56	3,817

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

24. INVESTMENTS IN ASSOCIATE / JOINT VENTURE

a. The following is the list of associate / Joint Venture of the Group

Name of associate /Joint venture	Principal activities	Proportion of ownership interest %
Bukit Darah PLC	Investing in diversified businesses	17.56
Guardian Acuity Asset Management Limited	Unit Trust Management	34.65

b Movements of Investments in Associate / Joint venture Companies

	Group		Company	
	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013
Shares at cost	34,089	23,705	8,761	8,761
Investments in Joint venture	-	10,384	-	-
Share of post -acquisition reserve	551,710	547,243	-	-
Balance as at the end of the year	585,799	581,332	8,761	8,761

c. Measurement of Associate / Joint venture Companies - Group

	Group				
	No. of shares As at 31st March 2014	Carrying Value As at 31st March 2014	Market Value/ Valuation As at 31st March 2014	Carrying Value As at 31st March 2013	Market Value/ Valuation As at 31st March 2013
i. Associate Company					
On Quoted Shares					
Bukit Darah PLC	17,910,364	9,859	10,585,025	9,859	12,644,717
		9,859	10,585,025	9,859	12,644,717
Group Share of Associate Company's Net Assets					
Bukit Darah PLC		558,065	-	553,860	-
		558,065	-	553,860	-
Investments in Associate Company (Equity Basis)		567,924	10,585,025	563,719	12,644,717
ii. Joint venture Company					
On Unquoted Shares					
Guardian Acquity Asset Management Limited	2,000,000	24,230	24,230	24,230	-
		24,230	24,230	24,230	-
Group Share of Joint venture Company's Net Assets					
Guardian Acquity Asset Management Limited	-	(6,355)	-	(6,617)	-
Investments in Joint Venture Company (Equity Basis)	-	17,875	24,230	17,613	-
Total		585,799	10,609,255	581,332	12,644,717

(Amounts expressed in Sri Lankan Rs. '000)

24. INVESTMENTS IN ASSOCIATE / 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:

i. Share of net results of associate/joint venture

	Revenue		Profit/(Loss) After Tax		Group's Share of Profit/(Loss) After Tax	
For the year ended	31st March 2014	31st March 2013	31st March 2014	31st March 2013	31st March 2014	31st March 2013
Associate Company						
* Bukit Darah PLC	404,217	389,724	374,022	359,970	(10,536)	(11,086)
Joint Venture Company						
Guardian Acuity Assets Management Limited	13,007	2,818	(1,678)	(15,664)	(581)	(4,987)
	417,224	392,542	372,344	344,306	(11,117)	(16,073)

* Represents Company financial results as Bukit Darah PLC and Carson Cumberbatch PLC have subsidiaries which are common to both companies.

ii. Share of net assets of associate/joint venture

	As at 31st March 2014	As at 31st March 2013
Non - Current assets	1,262,080	1,260,957
Current assets	21,641	16,848
Total assets	1,283,721	1,277,805
Non-Current Liabilities	112	53
Current liabilities	10,936	9,546
Total liabilities	11,048	9,599
Net assets	1,272,673	1,268,206
Unrealized profit on transction with associates	(686,874)	(686,874)
	585,799	581,332

e Investments in Associate Company - Company

	No. of Shares 31st March 2014	Cost As at 31st March 2014	Market Value As at 31st March 2014	No. of Shares 31st March 2013	Cost As at 31st March 2013	Market Value As at 31st March 2013
On Ordinary Shares						
Bukit Darah PLC	6,271,801	8,761	3,706,634	6,271,801	8,761	4,427,892
Total Investments in Associate Company		8,761	3,706,634		8,761	4,427,892

The Market value of Bukit Darah PLC is based on the closing traded price published by the Colombo stock exchange as at the reporting date.

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

25 AVAILABLE-FOR-SALE FINANCIAL ASSETS

a. Summary of Available-for-Sale Financial Assets - Group

	Group	
	As at 31st March 2014	As at 31st March 2013
Investment in equity securities		
Quoted	7,701,852	7,167,421
Unquoted	55,452	54,737
Private Equity (unlisted)	40,005	441,148
	7,797,309	7,663,306
Debentures	5	5
Unit Trusts	413,206	401,014
	8,210,520	8,064,325

b. Measurement of Available for sale financial Assets - Group

	No of Shares as at 31st March 2014	Cost as at 31st March 2014	Market Value as at 31st March 2014	No. of Shares as at 31st March 2013	Cost as at 31st March 2013	Market Value as at 31st March 2013
i. Quoted Investments						
Bank & Finance						
HNB Assurance PLC	2,000,000	106,360	130,600	2,000,000	106,360	95,600
Commercial Bank of Ceylon PLC	10,000,000	703,934	1,230,000	13,025,350	912,988	1,471,863
Central Finance PLC	1,700,548	301,041	307,799	1,327,575	231,809	238,964
People's Leasing Company PLC	13,745,240	235,691	196,557	10,595,691	190,722	138,804
Sampath Bank PLC	2,993,345	692,193	545,088	1,449,593	427,752	326,013
Nations Trust Bank PLC	5,005,718	306,527	324,871	-	-	-
		2,345,746	2,734,915		1,869,631	2,271,244
Beverage, Food & Tobacco						
Cargills (Ceylon) PLC	4,617,300	137,035	630,261	4,650,300	138,015	705,916
		137,035	630,261		138,015	705,916
Construction & Engineering						
Access Engineering PLC	8,000,000	200,280	180,000	8,000,000	200,280	157,600
Diversified						
Aitken Spence PLC	3,348,000	336,851	327,769	-	-	-
Expolanka Holdings PLC	37,942,150	252,806	330,097	44,845,150	345,618	304,947
John Keells Holdings PLC	10,489,710	536,232	2,381,164	12,851,170	406,063	3,174,239
JKH Warrants 2015	586,306	-	40,221	-	-	-
JKH Warrants 2016	586,306	-	42,155	-	-	-
Hemas Holdings PLC	1,834,420	60,686	69,158	-	-	-
		1,186,575	3,190,564		751,681	3,479,186
Health care						
Asiri Hospital PLC	-	-	-	14,890,872	151,391	169,756
Ceylon Hospitals PLC (Durdans)	1,331,749	93,285	153,151	1,307,509	90,711	130,751
		93,285	153,151		242,102	300,507

(Amounts expressed in Sri Lankan Rs. '000)

25 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTD.)

Measurement of Available for sale financial Assets - Group (Contd.)

	No of Shares as at 31st March 2014	Cost as at 31st March 2014	Market Value as at 31st March 2014	No. of Shares as at 31st March 2013	Cost as at 31st March 2013	Market Value as at 31st March 2013
Hotels & Travels						
Aitken Spence Hotels Holdings PLC	3,296,388	216,926	230,747	3,199,908	210,468	236,793
		216,926	230,747		210,468	236,793
Manufacturing						
Textured Jersey Lanka PLC	-	-	-	1,633,844	24,630	16,175
		-	-		24,630	16,175
Motors						
Diesel and Motor Engineering PLC	140,429	70,187	70,917			
		70,187	70,917			
Telecommunication						
Dialog Axiata PLC	56,810,817	525,551	511,297			
		525,551	511,297			
Total Investment in equity securities -Quoted		4,775,585	7,701,852		3,436,807	7,167,421

	No of Shares as at 31st March 2014	Cost as at 31st March 2014	Market Value as at 31st March 2014	No. of Shares as at 31st March 2013	Cost as at 31st March 2013	Market Value as at 31st March 2013
ii. Unquoted Investments						
Lanka Communication Services Limited	1,428,496	15,714	15,714	1,428,496	15,714	15,714
Asia Pacific Golf Course Limited	10	-	-	10	-	
Produce Transport Limited	1	-	-	1	-	-
Serendib Agro Products Limited	2,500	2	3	2,500	2	3
ACW Insurance (Private) Limited	449,999	24,400	24,400	449,999	1,869	24,400
Riverside Resorts (Private) Limited	1,300,000	-	-	1,300,000	13,000	13,000
Amethyst Leisure Limited	7,100,000	12,425	12,425			
DFCC Vardhana Bank	165,759	2,890	2,890	128,925	1,600	1,600
Equity Investment Lanka (Private) Limited	11,250	2	2	11,250	2	2
Kandy Private Hospitals Limited	1,200	18	18	1,200	18	18
Total Investment in equity securities -Unquoted		55,451	55,452		32,205	54,737
Private Equity						
Durdans Medical & Surgical Hospital (Private) Ltd.	-	-	-	22,285,715	280,797	401,143
Hsenid Business Solutions (Pvt) Ltd.	163,419	40,005	40,005	163,419	40,005	40,005
Total investment in Private Equity		40,005	40,005		320,802	441,148

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

25 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTD.)

b. Measurement of Available for sale financial Assets - Group (Contd.)

	No of Shares as at 31st March 2014	Cost as at 31st March 2014	Market Value as at 31st March 2014	No. of Shares as at 31st March 2013	Cost as at 31st March 2013	Market Value as at 31st March 2013
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
Unit Trusts						
The Sri Lanka Fund	2,531,646	224,560	251,373	2,531,646	224,560	253,752
Guardian Acuity Equity Fund	2,500,000	25,000	30,875	2,500,000	25,000	28,700
Ceybank Asset Management Ltd	360,001	3,600	41,333	360,001	3,600	33,362
Guardian Acuity Fixed Income Fund	7,500,000	75,000	89,625	7,500,000	75,000	85,200
Total investment in unit trust		328,160	413,206		328,160	401,014
Total Unquoted Investments		423,621	508,668	-	681,172	896,904
Total available for sale financial assets		5,199,206	8,210,520		4,117,979	8,064,325

c. Movement in Available for Sale Financial Assets - Company

	Company	
	As at 31st March 2014	As at 31st March 2013
Balance as at the beginning of the year	57,765	54,042
Provision for Impairment	-	(2,499)
Fair value gains recorded in the Other Comprehensive Income	7,969	6,222
Balance as at the end of the year	65,734	57,765

d. Measurement of Available for sale financial Assets - Company

	No. of Shares as at 31st March 2014	Cost as at 31st March 2014	Market Value/ Valuation as at 31st March 2014	No. of Shares as at 31st March 2013	Cost as at 31st March 2013	Market Value/ Valuation as at 31st March 2013
Unquoted Investments						
Asia Pacific Golf Course Limited	10	-	-	10	-	-
Produce Transport Limited	1	-	-	1	-	-
Serendib Agro Products Limited	2,500	2	3	2,500	2	3
ACW Insurance (Private) Limited	449,999	1,869	24,400	449,999	1,869	24,400
Ceybank Asset Management Ltd	360,001	3,600	41,331	360,001	3,600	33,362
Total available for sale financial assets		5,471	65,734		5,471	57,765

(Amounts expressed in Sri Lankan Rs. '000)

26. INVENTORIES

	Group	
	As at 31st March 2014	As at 31st March 2013
Raw materials	4,828,762	5,014,901
Work-in-progress	145,249	97,672
Goods in Transit	564,939	-
Finished goods	2,444,975	2,258,815
	7,983,925	7,371,388
Provision for inventory (Note a)	(42,952)	(111,816)
	7,940,973	7,259,572

a. **Provision for inventory**

Balance as at the beginning of the year	111,816	90,891
Provisions during the year	74,719	71,836
Reversals during the year	(143,583)	(50,911)
Balance as at the end of the year	42,952	111,816

b. **Assets pledged as security**

The Group has pledged inventories amounting to approximately Rs.4,098Mn (2013: Rs.3,821Mn) as security for bank borrowings

27. TRADE AND OTHER RECEIVABLES

	Group		Company	
	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013
Financial				
Non Current				
Land compensation receivable (Note c)	109,906	98,441	-	-
Other receivables	152,412	-	-	-
Amount due from related companies (Note d)	-	-	-	528,659
	262,318	98,441	-	528,659
Current				
Trade receivables (net of provisions)	4,197,522	4,320,702	-	-
Tax receivable	2,522,986	1,958,191		
Other receivables	620,421	729,651	-	
Loans given to employees	21,153	63,684	-	-
Amount due from related companies	-	-	237,222	100,638
Current trade and other financial receivables	7,362,082	7,072,228	237,222	100,638
Trade and other financial receivables	7,624,400	7,170,669	237,222	629,297

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

27. TRADE AND OTHER RECEIVABLES (CONTD.)

	Group		Company	
	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013
Non Financial				
Non Current				
Plasma receivables (Note e)	819,900	197,240	-	-
Non current trade and other non financial receivables	819,900	197,240	-	-
Current				
Plasma receivables (Note e)	91,762	699,798		
Prepayments	2,394,583	2,602,228	142	1,696
Current trade and other non financial receivables	2,486,345	3,302,026	142	1,696
Current trade and other non financial receivables	3,306,245	3,499,266	142	1,696
Total trade and other receivables - Non Current	1,082,218	295,681	-	528,659
Total trade and other receivables - Current	9,848,427	10,374,254	237,364	102,334

Loans and receivables

	Group		Company	
	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013
Trade and other receivables - Current	7,362,082	7,072,228	237,222	100,638
Other financial receivables - Non current	262,318	98,441	-	528,659
Cash and Bank balances	16,834,276	7,864,409	2,945	7,926
	24,458,676	15,035,078	240,167	637,223

a. **Assets pledged as security**

The Group has pledged receivables amounting to approximately Rs.3,632Mn or equivalent to US$ 27,696,000. (2013: Rs.1,400Mn or equivalent to US$11,026,000) as security for bank borrowings.

b. **Trade Receivable that are past due but not impaired**

The Group has trade receivables amounting to approximately Rs.58.54Mn or equivalent to US$ 448,000 (2013: Rs.47.46Mn or equivalent to US$ 363,000) 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:

	As at 31st March 2014	As at 31st March 2013
Oil palm plantation business segment		
Trade receivables past due but not impaired		
30 – 60 days	30,969	23,348
61 – 90 days	522	634
More than 90 days	7,579	9,644
	39,070	33,626

(Amounts expressed in Sri Lankan Rs. '000)

27. TRADE AND OTHER RECEIVABLES (CONTD.)

	As at 31st March 2014	As at 31st March 2013
Oil and fats business segment		
Trade receivables past due but not impaired		
180 – 365 days	1,699	9,770
Above 365 days	17,771	2,665
	19,470	12,435
Beverage business segment		
Trade receivables past due but not impaired		
0 – 365 days	-	1,384
Above 365 days	-	15
	-	1,404

At the reporting date, management believes that all receivables are collectible and an allowance for doubtful accounts is considered not necessary.

Trade receivable denominated in foreign currency as follows:

	Group	
	2014	2013
Malaysian Ringgit	311,125	618,335
Indian Rupee	212,078	224,595
Indonesian Rupiah	327,237	779,612
US Dollar	2,219,300	1,159,648
	3,067,740	2,782,190

c. **Land compensation receivable**

Pegasus Hotels of Ceylon PLC (PRH)

The government of Sri Lanka acquired approximately 1,251 perches of land owned by PRH under Section 38 proviso (a) of the Land Acquisition Act, No.28 of 1964 by gazette notification dated 14th May 2008 for the public purpose of a fisheries harbor project. The Divisional Secretary called for claim of compensation in response to which PRH submitted a claim of compensation for the compulsory acquisition of the said land on 16th July 2008. The final claim stands at Rs.563Mn taking into account the market value of the property, potential economic value lost for hotel expansion and the nuisance value that will be created for hotel operation by the said project. However, as a matter of prudence the Group has accounted for the compensation receivable of Rs.189.5Mn in the financial statements based only on the market value and related costs supported by a professional valuation dated 4th April 2009 conducted by Mr. K Arthur Perera, A.M.I.V.(Sri Lanka), Valuer & Consultant.

A valuation was carried out by Mr. K. Arthur Perera as at 31st March 2012 and according to the said valuation, the said acquired property is valued at Rs.250.4Mn

No adjustment has been made to the compensation receivable on a prudent basis, however, this will further justify the PRH compensation claim on the property. As at the reporting date, PRH has not received any confirmation from the Divisional secretary on the value determination of the said claim.

Accordingly, the Group 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 rates used	The weighted average deposit rate

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

27. TRADE AND OTHER RECEIVABLES (CONTD.)

d. Amounts due from Related companies

	Company	
	As at 31st March 2014	As at 31st March 2013
Amounts due from Related companies		
Non - Current		
Equity One PLC	-	528,659
	-	528,659
Current		
Pegasus Hotels of Ceylon PLC	19,949	51,515
Equity One PLC	174,673	-
Equity Two PLC	-	49,123
Carsons Management Services (Private) Limited	42,600	-
	237,222	100,638

e. 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 company. 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 receivables represent costs incurred for plasma plantation development and advances to Plasma farmers for working capital purposes during the early maturity stage. These include biological assets 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 kept as security for obtaining bank loans from commercial banks in Indonesia. These land rights will be handed over to the Group upon the completion of the loan period. As per management agreement signed with the Plasma Corporative, 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.

(Amounts expressed in Sri Lankan Rs. '000)

28. FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS

Fair value through profit or loss financial assets in equity securities - Group

	No of Shares as at 31st March 2014	Market Value as at 31st March 2014	No of Shares as at 31st March 2013	Market Value as at 31st March 2013
Quoted Investments				
Banks, Finance & Insurance				
National Development Bank PLC	811,603	144,952	-	-
Housing Development Finance Corporation Bank of Sri Lanka	213,324	30,697	-	-
Commercial Bank of Ceylon PLC	680,537	83,706	1,668,660	188,558
Hatton National Bank PLC	712,189	106,828	1,085,000	181,521
Hatton National Bank PLC - Non Voting	100,000	12,000	-	-
Nations Trust Bank PLC	100,000	6,490	-	-
People's Leasing & Finance PLC	-	-	180,688	2,367
Trade Finance and Investment PLC	136,600	2,554	-	-
		387,227		372,446
Beverage, Food & Tobacco				
Distilleries Company of Sri Lanka PLC	399,174	81,032	1,419,646	236,371
Ceylon Cold Stores PLC	880	124	880	119
Ceylon Tobacco Company PLC	54,167	57,200	64,167	50,095
		138,356		286,585
Construction and Engineering				
Access Engineering PLC	350,000	7,875	-	-
	350,000	7,875	-	-
Chemicals & Pharmaceuticals				
Union Chemicals Lanka PLC	200	96	200	88
		96		88
Diversified Holdings				
Hemas Holdings PLC	1,650,059	62,207	98,125	2,649
John Keells Holdings PLC	733,723	166,558	948,851	234,366
Expolanka Holdings PLC	1,972,669	17,162	-	-
Aitken Spence PLC	880,218	86,173	-	-
JKH Warrents 2015	336,347	23,073	-	-
JKH Warrents 2016	858,047	61,694	-	-
		416,867		237,015
Health Care				
The Lanka Hospitals Corperation PLC	783,000	32,573	-	-
	783,000	32,573		-
Land & Property				
Colombo Land & Development Company PLC	-	-	518,093	15,802
Overseas Reality (Ceylon) PLC	989,643	20,288	-	-
	-	20,288		15,802
Hotels				
Asian Hotels and Properties PLC	97,000	5,704	-	-
Aitken Spence Hotel Holdings PLC	200,577	14,040	200,577	14,844
Serendib Hotels PLC	167,336	3,129	-	-
		22,873		14,844

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

28. FAIR VALUE THROUGH PROFIT OR LOSS FINANCIAL ASSETS (CONTD.)

Fair value through profit or loss financial assets in equity securities - Group

	No of Shares	Market Value as at 31st March 2014	No of Shares	Market Value as at 31st March 2013
Manufacturing				
Royal Ceramic Lanka PLC	450,000	35,685	-	-
Piramal Lanka Glass Company PLC	-	-	4,000,000	24,400
Kelani Tyres PLC	479,849	25,048	-	-
		60,733		24,400
Power & Energy				
Lanka IOC Limited	2,053,905	79,075	20,000	408
Laughfs GAS PLC	310,975	10,107	-	-
		89,182		408
Telecommunications				
Dialog Axiata PLC	6,331,448	56,983	1,550,000	13,950
	-	56,983		13,950
Total fair value through profit or loss financial assets		1,233,053	-	965,538

a. Fair value through profit or loss financial assets in equity securities - Company

	No of Shares 31st March 2014	Market Value as at 31st March 2014	No of Shares 31st March 2013	Market Value as at 31st March 2013
Quoted Investments				
Beverage, Food & Tobacco				
Ceylon Cold Stores PLC	880	124	880	119
Power & Energy				
Lanka IOC PLC	20,000	770	20,000	408
Chemicals & Pharmaceuticals				
Union Chemicals Lanka PLC	200	97	200	88
Diversified Holdings				
Hemas Holdings PLC	98,125	3,699	98,125	2,649
John Keells Holdings PLC	68,571	15,565	59,429	14,678
JKH Warrents 2015	3,047	209	-	-
JKH Warrents 2016	3,047	219	-	-
Total fair value through profit or loss financial assets in equity securities		20,683		17,942

(Amounts expressed in Sri Lankan Rs. '000)

29. DERIVATIVE FINANCIAL INSTRUMENT - GROUP

	2014			2013		
	Contract/ Notional amount	Asset	Liability	Contract/ Notional amount	Asset	Liability
CPO futures contracts	52,660	-	(293)	575,192	14,858	-
Foreign exchange forward contracts	1,409,015	12,602	(294)	-	-	-
	1,461,675	12,602	(587)	575,192	14,858	-

The Group enters into commodities future contracts in order to hedge the financial risks related to the purchase and sales of commodity products. Unrealised fair value loss of approximately Rs.294,000/- or equivalent to US$2,000 (2013: Gain of Rs.14. 85Mn or equivalent US$117,000) in respect of these contracts were recognised in the profit or loss since the Group has not adopted hedge accounting as of 31st March 2014.

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. Unrealised fair value gain of approximately Rs.12.30Mn or equivalent US$ 94,000 (2013: 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 2014.

30. CASH AND CASH EQUIVALENTS

	Group		Company	
As at 31st March	2014	2013	2014	2013
Deposits				
F.C.B.U. deposits	1,540,960	57,527	-	-
Call deposits	8,804,904	2,447,115	-	-
Treasury bills	-	38,500	-	-
Fixed deposits	2,473,101	2,198,472	50	300
Short - term deposits	12,818,965	4,741,614	50	300
Cash in hand and at bank	4,015,311	3,122,795	2,895	7,626
	16,834,276	7,864,409	2,945	7,926

a. Cash and cash equivalents are denominated in foreign currencies as at 31st March as follows:

	Group		Company	
As at 31st March	2014	2013	2014	2013
US Dollars	3,320,063	191,982		5,707
Sterling Pound	1,307	1,142	-	-
Indonesian Rupiah	2,617,451	486,750	-	-
Malaysian Ringgit	535,747	199,090	-	-
Singapore Dollars	2,091	508	-	-
Indian Rupee (INR)	449,766	274,082	-	-
	6,926,425	1,153,554	-	5,707

Certain bank accounts of the Group have been pledged as security for bank borrowings. As at 31st March 2014, these accounts have a total amount of Rs.428.98Mn (2013: Rs.360.74Mn). There are no legal and contractual restrictions on the use of the pledged bank accounts.

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

30. CASH AND CASH EQUIVALENTS (CONTD.)

Plantation sector cash management
Cash at bank is placed in a managed rate account earning interest income at 0.25% – 9.00% per annum (2013 : 1.75% – 4.00% per annum) for IDR accounts and 0.00% – 0.50% per annum (2013: 0.00% – 1.00% per annum) for US Dollar accounts.

Short-term deposits earn interest at floating rates based on daily bank deposit rates and are made for varying periods between one day to a week, depending on the immediate cash requirements of the sector. In 2014, interest earned ranges from 3.50% - 5.50% per annum (2013: 3.25% - 3.50% per annum) for indonesian Rupiah short-term deposits, 0.05%-1.25% per annum (2013: 0.10%-0.15% per annum) for US Dollar short-term deposits and 6.75%-9.50% per annum (2013 : 8.47%-10.00%) for REPO's placed in Sri Lanka.

Oil and Fats cash management
Deposits that are kept with banks are used to cash back the trade instruments, such as Letter of Credits, bank guarantees. These deposits range from a period of a week to three months. For Indian Rupee, the interest earned ranges from 6.75% – 9.40% per annum (2013: 5.50% – 9.40% per annum).

For Malaysian Ringgit, interest earned ranges from 3.00% – 3.70% per annum (2013: 3.00% – 3.70% per annum). Any excess cash is further utilised to reduce the overdraft interest incurred.

Investment 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 a three months, depending on the immediate cash requirements of the sector. In 2014, interest earned ranges from 7% – 10% per annum (2013: 9% – 13% per annum)

b. For the purpose of the consolidated statement of cash flow, cash and cash equivalent comprise the following:

	Group		Company	
As at 31st March	2014	2013	2014	2013
Short - term deposits	12,818,965	4,741,614	50	300
Cash-in-hand and at bank	4,015,311	3,122,795	2,895	7,626
	16,834,276	7,864,409	2,945	7,926
Short - term borrowings	(17,202,878)	(15,850,748)	(1,022,525)	(1,000,000)
Bank overdrafts	(925,777)	(4,511,447)	-	(564,498)
	(1,294,379)	(12,497,786)	(1,019,580)	(1,556,572)

31. STATED CAPITAL

	Group/ Company			
	Movement in No of shares		Movement in Stated capital	
As at 31st March	2014	2013	2014	2013
At the beginning / end of the year	196,386,914	196,386,914	1,114,652	1,114,652
	196,386,914	196,386,914	1,114,652	1,114,652

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.

(Amounts expressed in Sri Lankan Rs. '000)

32. CAPITAL RESERVES

	Group		Company	
As at 31st March	2014	2013	2014	2013
Represented by				
Capital accretion reserve	287,552	287,552	287,552	287,552
Revaluation reserve	3,470,200	3,470,200	-	-
Other capital reserves	1,521,461	1,528,151	-	-
	5,279,213	5,285,903	287,552	287,552

a. **Capital Accretion reserve, Revaluation reserve** - Created to set aside revaluation surplus on immovable assets. Not utilised for distribution on prudency.

b. **Other capital reserves** - represents the amounts set aside by the Directors for future expansion and to meet any contingencies.

33. REVENUE RESERVES

	Group		Company	
As at 31st March	2014	2013	2014	2013
Represented by				
Currency translation reserve	(2,186,507)	902,427	-	-
Available-for-sale financial assets reserves	2,294,642	2,840,490	54,882	46,913
Retained earning	27,697,700	24,333,070	7,659,542	7,676,385
	27,805,835	28,075,987	7,714,424	7,723,298

a. **Currency translation reserve** comprises the net exchange movement arising on the translation of net equity investments of Overseas Subsidiaries into Sri Lankan rupees.

b. **Available-for-sale financial assets reserve**
This consists of unrealised gains on revaluation of available for sale financial assets.

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

34. LOANS AND BORROWINGS

As at 31st March					Group 2014	Group 2013	Company 2014	Company 2013
i. Current Bank loan and borrowings	**Currency**	**Maturity**	**Note**	**Weighted average interest rate**				
Long term Bank borrowings - amounts due within one year (Note 34 (a))								
Secured	USD	2015	A	COF + 3.00%- 3.25% p.a.	4,868,895	2,055,618	-	-
Unsecured	USD	2015	B	3 Months LIBOR + 3.17%	292,191	283,933	-	-
Unsecured	USD	2015		LIBOR + 3.87%	-	12,712	-	12,712
Secured	MYR	2015	C	COF + 1.50% p.a.	1,298,298	1,327,752	-	-
Unsecured	LKR	2015	D	1 Months SLIBOR +2.75	595,659	430,144	-	-
Unsecured	LKR	2015	E	3 Months AWDR + 3%	200,000	200,000	-	-
Unsecured	LKR	2015		9%	8,568	8,568	-	-
Unsecured	LKR	2015	I	AWPLR + 1%	115,000	30,000	-	-
					7,378,611	4,348,727	-	12,712
Finance lease payables (Note 34 (c))					52,921	23,496	-	-
Redeemable preference shares (Note 34(d))				-	-	55,000	-	55,000
					7,431,532	4,427,223	-	67,712
Short term Bank borrowings								
Working capital facilities								
Secured	USD	2015	F	LIBOR + 4.40% p.a.	450,158	952,309	-	-
Secured	IDR	2015	F	BLR – 2.5% p.a.	1,231,276	769,715	-	-
Revolving credit facility								
Secured	USD	2015	A	COF + 3.00% p.a.	657,885	1,268,900	-	-
Secured	MYR	2015	G	COF + 1.20% p.a	809,710	819,583	-	-
Secured			H	BR+ 2.25%	-	699,925	-	-
Bankers' acceptance								
Secured	MYR	2015	G	COF + 1.50% p.a	5,419,277	3,341,267	-	-
Bill discounting								
Secured	MYR	2015	G	COF + 1.50% p.a	634,011	284,996	-	-
Import loan								
Secured	MYR		G	COF + 1.50% p.a	-	42,381	-	-
Buyers' credit								
Secured	USD	2015	H	LIBOR + margin p.a	1,228,036	1,146,072	-	-
Short term loan								
Secured	USD			COF + 2.75% p.a.	-	5,075,600	-	-
Unsecured	LKR	2015		7.65% to 8%	6,772,525	1,450,000	1,022,525	1,000,000
Bank overdrafts					925,777	4,511,447	-	564,498
Total Short term Bank borrowings					18,128,655	20,362,195	1,022,525	1,564,498
Total loan payable within the year					25,560,187	24,789,418	1,022,525	1,632,210

(Amounts expressed in Sri Lankan Rs. '000)

34. LOANS AND BORROWINGS (CONTD.)

						Group		Company	
	As at 31st March					2014	2013	2014	2013
ii.	**Non - Current**								
	Long term Bank borrowings - amount due after one year (Note 34 (a)								
	Secured	USD	2018	A	LIBOR +3- 3.25% /3.5%-3.75% p.a.	29,936,889	19,997,864	-	-
	Unsecured	USD	2017	B	3 Months LIBOR + 3.17	651,977	872,185	-	-
	Secured	MYR	2015	C	COF + 1.50% p.a.	3,245,693	4,647,130	-	-
	Unsecured	LKR	2017	E	3 Months AWDR + 3%	600,000	800,000	-	-
	Unsecured	LKR	2017	D	1 Months SLIBOR +2.75	1,055,713	1,051,721	-	-
	Unsecured	LKR			9%	7,878	16,446	-	-
	Unsecured	LKR		I	AWPLR + 1%	391,700	15,000	-	-
						35,889,850	27,400,346	-	-
	Finance lease payables (Note 34(c))					44,060	44,612	-	-
	Total long term bank borrowings - amount due after one year					35,933,910	27,444,958	-	-
	Total Loans and Borrowings					61,494,097	52,234,375	1,022,525	1,632,210
a.	**Bank Borrowings**								
	Movement in Long - Term Borrowings								
	Balance as at the beginning of the year					31,749,073	28,460,083	12,712	277,550
	Transfer					6,505,500	-	-	-
	Obtained during the year					8,485,592	10,055,201	-	-
						46,740,165	38,515,284	12,712	277,550
	Impact on exchange rate changes on conversion					567,269	(195,443)	-	2,068
	Unamortized transaction cost					(1,214,577)	-		
	Re - payments during the year					(2,824,396)	(6,570,768)	(12,712)	(266,906)
						43,268,461	31,749,073	-	12,712
	Amounts falling due within one year					(7,378,611)	(4,348,727)	-	(12,712)
	Amounts falling due after one year					35,889,850	27,400,346	-	-

b. Details of borrowings

A. These loans and borrowings are repayable fully on 14th November 2018 and secured by certain property, plant and equipment and certain bank accounts of certain subsidiaries of the group. All the borrowers under the facility together with one of the GAHL's subsidiaries have also provided corporate guarantees.

B. This is a term loan repayable in 20 equal quarterly instalments commencing from March 2012.

C. This is a term loan repayable fully on 27th October 2015 and secured by fixed and floating charge over the borrowers' existing and future assets excluding intangible assets. The company has also provided a corporate guarantee for this loan facility.

D. This is a term loan repayable in 42 equal monthly instalments commencing from April 2013.

E. This is a term loan repayable in 60 equal monthly installments commencing from April 2013.

F. This represents two working capital facilities and secured over the borrowers' stocks and trade receivables.

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

34. LOANS AND BORROWINGS (CONTD.)

b. Details of borrowings

G. These trade finance facilities are secured by fixed and floating charge over the borrowers' existing and future assets excluding intangible assets. The GAHL has also provided a corporate guarantee for these facilities.

H. These are loan facilities secured over present and future movable fixed assets of the borrower together with stocks and trade receivables of the Borrower. The GAHL has provided a corporate guarantee for these facilities.

I. To be repaid in 59 equal monthly installments of Rs.8.3Mn each and a final installment of Rs.10.3Mn.

* COF - Cost of Funds, BLR - Bank Lending Rate, SLIBOR - Sri Lanka Inter Bank Offer Rate, LIBOR - London Inter Bank Offer Rate

c. Obligations under finance leases and hire purchases

The outstanding minimum lease payments and scheduled maturity dates are as follows:

	Group	
	As at 31st March 2014	As at 31st March 2013
Analysis of finance lease obligation by year of re - payment		
Minimum lease payments:		
Due within one year	63,398	36,925
Due within two years	48,087	42,381
Future lease payments	111,485	79,306
Less: Future finance charges	(14,504)	(11,198)
Present value of minimum lease payable	96,981	68,108
Less: Current portion of obligations due under finance lease	(52,921)	(23,496)
	44,060	44,612

Certain Oil Palm Plantation and Oil & Fats sector companies had entered into finance lease agreements for motor vehicles and heavy vehicles with finance lease terms of 3 to 5 years (31st March 2013: 3 to 5 years). These finance lease purchase obligations are subject to effective interest rate of 13.73% (31st March 2013: 11.49%) per annum.

d. Redeemable Preference shares

	Company & Group	
	As at 31st March 2014	As at 31st March 2013
Movements in redeemable preference shares		
Balance as at the beginning of the year	55,000	110,000
Redemptions during the year	(55,000)	(55,000)
Balance as at the end of the year	-	55,000
Amounts falling due within one year	-	(55,000)
Amounts falling due after one year	-	-

(Amounts expressed in Sri Lankan Rs. '000)

35. DEBENTURES

The Company Subsidiary, 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 categories of Debentures and Proportion of each type of debentures in each category are as follows.

	Group	
As at 31st March	2014	2013
Category 01 Debentures - Floating Rate (Note 35.1)	1,006,000	-
Category 02 Debentures - Fixed Rate (Note 35.2)	1,994,000	-
	3,000,000	

35.1 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
Type A	201,200	20%	AWPLR + 0.20%	12 Months (1 Year)
Type B	201,200	20%	AWPLR + 0.40%	24 Months (2 Years)
Type C	201,200	20%	AWPLR + 0.60%	36 Months (3 Years)
Type D	201,200	20%	AWPLR + 0.80%	48 Months (4 Years)
Type E	201,200	20%	AWPLR + 1.10%	60 Months (5 Years)
Total	1,006,000			

35.2 Category 02 Debentures - Fixed Rate

Types in Category 02 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
Type F	598,200	30%	13.50%	14.20%	36 Months (3 Years)
Type G	598,200	30%	13.75%	14.48%	48 Month (4 Years)
Type H	797,600	40%	14.00%	14.75%	60 Months (5 Years)
Total	1,994,000				

35.3 Composition of Debentures repayment

	Group	
As at 31st March	2014	2013
Classified under Non Current Liabilities		
Debentures falling due after one year	2,798,800	-
Total	2,798,800	-
Classified under Current Liabilities		
Debentures falling due within one year	201,200	-
Debenture interest payable	93,774	-
Total	294,974	-

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

36. TRADE AND OTHER PAYABLES

	Group		Company	
As at 31st March	2014	2013	2014	2013
Financial				
Non Current				
Rental and telephone deposits [Note a]	50,492	28,077	-	-
	50,492	28,077	-	-
Current				
Trade payables	4,818,257	3,573,040	-	-
Amount due to related companies (Note b)	-	-	-	41,099
Customer deposits (Note c)	1,044,453	980,663	-	-
Taxes payable	1,157,695	1,248,718		
Other creditors	6,501,666	2,795,530	33,200	12,189
Current trade and other financial payables	13,522,071	8,597,952	33,200	53,288
Trade and other financial payables	13,572,563	8,626,029	33,200	53,288
Non Financial				
Non Current				
Deferred corporate guarantee	-	-	301	709
	-	-	301	709
Current				
Accrued expenses	2,820,345	2,171,220	114,238	94,565
	2,820,345	2,171,220	114,238	94,565
Trade and other non financial payables	2,820,345	2,171,220	114,539	95,274
Total trade and other Payables - Non Current	50,492	28,077	301	709
Total trade and other Payables - Current	16,342,416	10,769,171	147,438	147,853

Total financial liabilities

	Group		Company	
As at 31st March	2014	2013	2014	2013
Trade and other financial – current payables	13,522,071	8,597,952	33,200	53,288
Other financial payables – non-current	50,492	28,077	-	-
Loans and borrowings	61,494,097	52,234,375	1,022,525	1,632,210
Debenture	3,093,774	-	-	-
Total financial liabilities carried at amortised cost	78,160,434	60,860,404	1,055,725	1,685,498

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.

(Amounts expressed in Sri Lankan Rs. '000)

36. TRADE AND OTHER PAYABLES (CONTD.)

a. Rental Deposits

	Group	
As at 31st March	2014	2013
Balance as at the beginning of the year	28,077	25,492
Receipts during the year	32,132	3,772
Transferred to deferred revenue	(10,877)	-
Refunds during the year	(1,896)	(253)
Amount recovered from prepaid rental deposits	-	(3,079)
Unwinding of interest on refundable deposits	3,056	2,145
Balance as at the end of the year	50,492	28,077

The above rental and telephone deposits are re - payable on termination of the tenancy agreements in the real estate sector.

b. Amounts due to related companies

	Company	
As at 31st March	2014	2013
Equity Seven Limited	-	41,099
Total amount due to related companies	-	41,099

C. Customer Deposits

	Group	
As at 31st March	2014	2013
Balance as at the beginning of the year	980,663	858,665
Receipts during the year	63,790	149,105
Refunds made during the year	-	(27,107)
Balance as at the end of the year	1,044,453	980,663

Customer deposits are taken as security against the containers with the distributors in the beverage sector.

d. Trade payable denominated in foreign currencies as follows

	Group	
As at 31st March	2014	2013
Currency		
US Dollar	2,184,933	1,289,583
Malaysian Ringgit	1,115,007	515,681
Indonesian Rupiah	1,427,439	1,658,960
Indian Rupee (INR)	13,851	36,798
Singapore Dollar	6,664	634
Euro	8,363	3,299
British Sterling Pound	-	761
	4,756,257	3,505,716

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

37. EMPLOYEE BENEFITS

	Group	
For the year ended 31st March	2014	2013
The amounts recognized in the profit or loss are as follows:		
Current service cost	288,506	116,353
Interest cost	79,456	55,810
Amortization of past service costs	(16,055)	381
Immediate recognition on new entrants	74,150	56,682
Curtailment gain/loss	(139,120)	(25,511)
Total employee benefit expense	286,937	203,715
The details of employee benefit liability as at 31st March 2014 and 2013 are as follows:		
Present value of unfunded obligations	1,038,037	1,240,631
	1,038,037	1,240,631
The movement in the liabilities recognized in the Statement of Financial Position is as follows:		
Balance as at the beginning of the year	1,240,631	628,636
On Consolidation	-	3,634
Provision for the year	286,937	203,715
Payments made during the year	(24,919)	(15,135)
Re -measurement (gain)/loss	(302,510)	458,788
Impact on exchange rate changes on conversions	(162,102)	(39,007)
Balance as at the end of the year	1,038,037	1,240,631

a. **Sensitivity analysis on the key assumptions used in actuarial valuation is as follows:**

	Discount Rate		Future Salary Increments	
2014	1% Increase	1% Decrease	1% Increase	1% Decrease
Consolidated Statement of Financial Position				
Retirement benefit obligations	(120,202)	144,093	139,475	(119,822)
Consolidated Statement of Comprehensive Income				
Re-measurement gain/(loss) on retirement benefit obligations	119,710	(143,502)	(126,259)	119,333

	Discount Rate		Future Salary Increments	
2013	1% Increase	1% Decrease	1% Increase	1% Decrease
Consolidated Statement of Financial Position				
Retirement benefit obligations	(161,404)	196,680	185,513	(157,470)
Consolidated Statement of Comprehensive Income				
Re-measurement gain/(loss) on retirement benefit obligations	164,940	(200,999)	(189,578)	160,920

(Amounts expressed in Sri Lankan Rs. '000)

37. EMPLOYEE BENEFITS (CONTD.)

b. A separate fund has not been established to accommodate the liability arising in respect of employee benefit. The above gratuity provision of Rs.286.93Mn (2013 - Rs.203.71Mn) is based on assumptions of an actuarial valuation carried out by Mr. M. Poopalanathan, AIA, of Messrs Actuarial & Management Consultants (Private) Limited, as recommended by the Sri Lanka Accounting Standards (LKAS 19) -Employee benefits, 'the Projected Unit Credit' (PUC) method has been used in this valuation. The Indonesian Subsidiaries, engaged an independent actuary, PT Dayamandiri Dharmakonsilindo to conduct actuarial valuation of employee benefits liability as of March 31st 2014 using the projected unit credit actuarial valuation method.

The actuarial valuation was made using the following assumption:

	Sri Lanka	Indonesia	Malaysia
Discount rate	10% per annum	8.61% per annum	4% per annum
Future salary increment rate	10% - 12% per annum	11% per annum	3% per annum
Withdrawal Rate	-	-	10%
Mortality rate	A 67/70 Mortality Table issued by the Institute of Actuaries, London	TOM 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	

c. Changes in accounting policies and methods of computation - Oil Palm Plantation Sector

Amendments to LKAS 19 : Employee Benefits (Revised)

The Amendments to SLFRS 19 removes the corridor mechanism for defined benefit plans and no longer allows actuarial gains and losses to be recognised in profit or loss. The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than employee entitlement.

This change in accounting policy has been applied retrospectively from 1st April 2012. Accordingly, the comparatives have been restated.

i. Impact to the Profit or Loss — **For the year ended 31st March 2013**

	As previously reported	Current Presentation	Recognition of Actuarial gain/ (Losses)
Profit Before tax expenses	13,564,903	13,637,001	72,098
Income tax expenses	(3,963,701)	(3,981,725)	(18,024)
Profit for the year	9,601,202	9,655,276	54,074
ii. Impact to the other comprehensive Income / (expenses)			
Actuarial gain / (losses) for retirement benefits	-	(458,787)	458,787
Deferred tax benefits / (expenses) for actuarial gain / (losses)	-	114,696	(114,696)
	-	(344,091)	344,091
iii. Impact to the Statement of Financial Position			
Employee benefits	770,932	1,240,631	469,699
Deferred tax assets	(1,264,001)	(1,381,424)	(117,423)
	(493,069)	(140,793)	352,276
Revenue reserve	28,250,667	28,075,987	(174,681)
Non - Controlling Interest	34,043,090	33,865,495	(177,595)
			(352,276)

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

38. NET ASSETS PER SHARE

Company and Group net asset per share calculation is as follows.

	Group		Company	
As at 31st March	2014	2013	2014	2013
Total Equity	67,916,679	68,342,037	9,116,628	9,125,502
Less				
Non -controlling interest	(33,716,979)	(33,865,495)	-	-
Total equity attributable to owners of the company	34,199,700	34,476,542	9,116,628	9,125,502
Number of ordinary shares used as the denominator				
Ordinary shares in issue	196,386,914	196,386,914	196,386,914	196,386,914
Net Asset per Share (Rs.)	174.14	175.55	46.42	46.47

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

a. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced liquidation or sale.

i. Classes of financial instruments that are not carried at fair value and of which carrying amounts are a reasonable approximation of fair value

Current trade and other receivables (Note 27), cash and cash equivalents (Note 30), trade and other payables (Note 36) and loans and borrowings (Note 34).

ii. 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.

The fair value of financial assets and liabilities by classes that are not carried at fair value and of which carrying amounts are not reasonable approximation of fair value are as follows:

	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Other receivables	153,015	#	278,524	#

Fair value information has not been disclosed for these financial instruments carried at cost as fair value cannot be measured reliably.

(Amounts expressed in Sri Lankan Rs. '000)

39. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTD.)

b. The following table shows an analysis of financial 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
Financial assets:				
As at 31st March 2014				
Available-for-sale financial assets	8,115,058	-	95,462	8,210,520
Fair value through profit or loss financial assets	1,233,053	-	-	1,233,053
Biological assets	-	-	46,817,103	46,817,103
Investment properties	-	2,093,650	-	2,093,650
Freehold land & buildings	-	5,023,058	6,015,134	11,038,192
Balance as at 31st March 2014	9,348,111	7,116,708	52,927,699	69,392,518
As at 31st March 2013				
Available-for-sale financial assets	7,568,435	401,143	94,747	8,064,325
Fair value through profit or loss financial assets	965,538	-	-	965,538
Biological assets	-	-	42,787,232	42,787,232
Investment properties	-	1,969,954	-	1,969,954
Freehold land & buildings	-	4,712,503	6,153,303	10,865,806
Balance as at 31st March 2013	8,533,973	7,083,600	49,035,282	64,652,855

c. Fair value of financial assets and liabilities that are carried at fair value

Fair value hierarchy

The table below analyses 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. asprices) 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 assets and liabilities other than those carrying amounts reasonably approximate to their fair values as mentioned in Note, are as follows:

Instrument Category	Fair Value Basis	Fair Value Hierarchy
Investment in Listed Shares	Published volume weighted average (VWA) prices	Level 1
Listed Unit Trusts	Published Market Prices	Level 1
Unlisted redeemable Unit Trusts	Net assets Values (NAV)	Level 1
Biological Assets	Discounted cash flow	Level 3
Investment Properties	Market approach	Level 2
Freehold Land & Buildings	Market approach/	Level 2
Freehold Land & Buildings	Existing use	Level 3

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.

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)

39. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTD.)

d. Movements in Level 3 assets and liabilities measured at fair value

	Available-for-sale financial assets	Biological assets	Freehold Land and Buildings (Malaysia)	Total
At 1st Apri 2012	84,246	33,698,717	5,541,933	39,324,896
Total (Loss)/gain recognised in the profit or loss				
Net gain arising from changes in fair value of assets	-	4,881,099	-	4,881,099
Total gain recognised in the other comprehensive income				
Foreign currency translation		(2,730,510)	(173,495)	(2,904,005)
Re-valuation of freehold land and building	-	-	784,865	784,865
Movements in assets	10,501	6,937,926	-	6,948,427
At 31st March 2013	94,747	42,787,232	6,153,303	49,035,282
Total loss recognised in the income statement				
Net gain arising from changes in fair value of assets	-	3,182,098	-	3,182,098
Total loss recognised in the other comprehensive income				
Foreign currency translation	-	(5,551,523)	(138,170)	(5,689,693)
Movements in assets	715	6,399,296	-	6,400,011
At 31st March 2014	95,462	46,817,103	6,015,133	52,927,698

There have been no transfers from level 1, level 2 or level 3 for the financial years ended 31st March 2013 and 31st March 2014.

40. 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 2014	Available for sale	Fair value through profit or loss	Loans and receivables	Other financial liabilities	Total carrying amount
Financial assets					
Investment in equity securities	7,797,309	1,233,053	-	-	9,030,362
Investment in unit trust	413,211	-	-	-	413,211
Trade and other receivables	-	-	7,624,400	-	7,624,400
Derivative financial instruments	-	-	12,602	-	12,602
Cash and cash equivalents	-	-	16,834,276	-	16,834,276
	8,210,520	1,233,053	24,471,278	-	33,914,851
Financial liabilities					
Long term borrowings	-	-	-	43,268,461	43,268,461
Debentures	-	-	-	3,093,774	3,093,774
Finance lease liabilities	-	-	-	96,981	96,981
Trade payables	-	-	-	13,572,563	13,572,563
Derivative financial instruments	-	-	-	587	587
Short term borrowings				18,128,655	18,128,655
		-	-	78,161,021	78,161,021

(Amounts expressed in Sri Lankan Rs. '000)

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (CONTD.)

As at 31st March 2013	Available for sale	Fair value through profit or loss	Loans and receivables	Other financial liabilities	Total carrying amount
Financial assets					
Investment in equity securities	7,663,306	965,538	-	-	8,628,844
Investment in unit trust	401,019	-	-	-	401,019
Trade and other receivables	-	-	7,170,669	-	7,170,669
Derivative financial instruments	-	-	14,858	-	14,858
Cash and cash equivalents	-	-	7,864,409	-	7,864,409
	8,064,325	965,538	15,049,936	-	24,079,799
Financial liabilities					
Long term borrowings	-	-	-	31,749,073	31,749,073
Redeemable preference shares	-	-	-	55,000	55,000
Finance lease liabilities	-	-	-	68,108	68,108
Trade payables	-	-	-	8,626,029	8,626,029
Derivative financial instruments	-	-	-	-	-
Short term borrowings	-	-	-	20,362,195	20,362,195
	-	-	-	60,860,405	60,860,405

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 2014 and 31st March 2013 Mechanisms adopted by the Group in managing eventual impact of such risks are given below,

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.

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	2014	2013
Available for sale financial assets - Investment in unit trusts	413,206	401,014
Trade and other receivables	7,624,400	7,170,669
Cash and cash equivalents	16,834,276	7,864,409
	24,871,882	15,436,092

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (CONTD.)

The credit risk for the trade and other receivable at the end of the reporting period by segment is as follows:

As at 31st March	2014 Rs. '000	2014 % of total	2013 Rs. '000	2013 % of total
Investment Holding/Portfolio and Asset Management	45,559	1%	147,097	2%
Oil Palm Plantations	3,277,236	43%	3,560,512	50%
Oils & Fats	2,898,520	38%	1,820,040	25%
Beverage	1,196,376	16%	1,448,068	20%
Real Estate	51,846	1%	34,528	0%
Leisure	152,873	2%	157,885	2%
Management Services	1,990	0%	2,539	0%
	7,624,400	100%	7,170,669	100%

The credit risk for the trade and other receivable at the end of the reporting period by geographic region is as follows:

As at 31st March	2014 Rs. '000	2014 % of total	2013 Rs. '000	2013 % of total
Sri Lanka	1,524,132	20%	1,828,171	25%
Malaysia	2,581,122	34%	1,588,170	22%
Indonesia	3,090,550	41%	2,973,521	41%
Singapore	51,255	1%	503,144	7%
India	377,341	5%	277,663	4%
	7,624,400	100%	7,170,669	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.

(Amounts expressed in Sri Lankan Rs. '000)

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (CONTD.)

2. Liquidity Risk

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 it's debt maturity profile with a mix of short and longer term funding to achieve overall cost effectiveness

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.

	One year or less	One to five years	Total
Group			
2014			
Financial assets			
Available-for-sale financial assets	-	8,210,520	8,210,520
Fair value through profit or loss financial assets	1,233,053	-	1,233,053
Trade and other receivables	7,362,082	262,318	7,624,400
Derivative financial instrument	12,602	-	12,602
Cash and cash equivalents	16,834,276	-	16,834,276
Total undiscounted financial assets	25,442,013	8,472,838	33,914,851
Financial liabilities			
Trade and other payable	13,522,071	50,492	13,572,563
Derivative financial instrument	587	-	587
Loans and borrowings	25,560,187	35,933,910	61,494,097
Debenture	294,974	2,798,800	3,093,774
Total undiscounted financial liabilities	39,377,819	38,783,202	78,161,021
Total net undiscounted financial assets/(liabilities)	(13,935,806)	(30,310,364)	(44,246,170)
2013			
Financial assets			
Available-for-sale financial assets	-	8,064,325	8,064,325
Fair value through profit or loss financial assets	965,538	-	965,538
Trade and other receivables	7,072,228	98,442	7,170,669
Derivative financial instrument	14,858	-	14,858
Cash and cash equivalents	7,864,409	-	7,864,409
Total undiscounted financial assets	15,917,033	8,162,767	24,079,799
Financial liabilities			
Trade and other payable	8,597,952	28,077	8,626,029
Derivative financial instrument	-	-	
Loans and borrowings	24,789,418	27,444,958	52,234,375
Total undiscounted financial liabilities	33,387,370	27,473,035	60,860,404
Total net undiscounted financial assets/(liabilities)	(17,470,337)	(19,310,268)	(36,780,605)

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 effect 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 optmising 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.

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (CONTD.)

Commodity price risk (Contd.)
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 2014.

As at 31st March 2014, 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 Rs.939Mn or equivalent US$7,189,000 (2013: Rs.1,060 Mn or equivalent US$8,358,000).

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 freely-traded 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 31st March 2014 at a group level or in any of its business segments.

b. Equity price risk
The Group having a portfolio and asset management sector which acts as specialised investment vehicle to undertake, among others; listed and private equity investments, the Group is categorically exposed to equity price risk. Having a portion of 5% (2013 – 7%) of its asset base designated as listed investments in the Colombo Stock Exchange and private equity investments, market volatilities bring in variations to the Groups earnings and value of its asset base at the reporting date.

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 structures in-house research recommendations. Transactions of a major magnitude within the portfolio are subject to review and approval by the Investment Committee.

Private equity
Due evaluations are carried out before-hand, extending to both financial and operational feasibility of the private equity projects that the Group ventures in to, with a view to ascertain the Groups 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 agreed, which provides cover against movements in market conditions.

The total asset base which is exposed to equity price risk is tabulated below:

	Carring Amounts	
As at 31st March	2014	2013
Investment in equity securities - Available for sale	8,210,520	8,064,325
Investment in equity securities - Faire value through profit or loss	1,233,053	965,538
	9,443,573	9,029,863

(Amounts expressed in Sri Lankan Rs. '000)

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (CONTD.)

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 respective the functional currency the Indonesian Rupiah (IDR), Indian Rupees (INR) and Sri Lankan Rs. The foreign currency in which theses loans and borrowings are denominated is United States Dollars (USD).

A significant portion of 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:

	Change in Indonesia Rupiah to US$ exchange rate	Effect to profit before tax US$'000
2014	+/- 5%	+/- 65
2013	+/- 5%	+/-1,529

The Group does not have any foreign currency hedge arrangements as at reporting date.

The Guardian Group is exposed to currency risk on its investments made that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Sri Lanka Rupee. Accordingly, the Group is exposed to currency risk primarily arising from its investment in 'The Sri Lanka Fund' – a country fund incorporated in Caymans Islands, to which the Group has infused promoters capital.

The net exposure to currency risk, of investments in The Sri Lanka Fund as at the reporting date is as follows.

As at	Currency	31st March 2014	31st March 2013
Investments in Unit Trusts	USD	1,922,872	2,024,994

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, 2014. 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 its 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 Doller borrowings which are pegged to the LIBOR.

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (CONTD.)

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 was as follows

Financial assets

	As at 31st March 2014	As at 31st March 2013
Short term deposits	12,818,965	4,741,614
	12,818,965	4,741,614
Financial liabilities		
Long term borrowings	43,268,461	31,749,073
Debenture	3,093,774	-
Finance lease liabilities	96,981	68,108
Redeemable preference shares	-	55,000
Short term borrowings	17,202,878	15,850,748
Bank overdraft	925,777	4,511,447
	64,587,871	52,234,376

41. 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	2014	2013
Gross Debt	64,587,871	52,234,375
Cash and Cash Equivalents	(16,834,276)	(7,864,409)
Net Debt	47,753,595	44,369,966
Equity	67,916,679	68,342,037
Net Debt Ratio	70%	65%

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.

(Amounts expressed in Sri Lankan Rs. '000)

41. CAPITAL MANAGEMENT (CONTD.)

	Group	
	2014 Rs.,000	2013 Rs.,000
Shareholders' funds	67,916,679	68,342,037
Liquid working capital:		
Inventories (excluding consumables)	7,940,973	7,259,572
Trade receivables	7,362,082	7,072,228
Less: Current liabilities (excluding loans and borrowings)	(16,470,455)	(10,769,172)
Total liquid working capital	(1,167,400)	3,562,628
Adjusted net debt	48,920,995	40,807,338
Adjusted net gearing ratio (%)	72%	60%

42. COMPANIES WITHIN THE GROUP WHICH ARE NOT AUDITED BY MESSRS KPMG

Goodhope Asia Holdings Ltd	Ernst & Young - Singapore
Agro Asia Pacific Limited	,,
Indo - Malay PLC	Ernst & Young - Sri Lanka
Selinsing PLC	,,
Good Hope PLC	,,
Shalimar (Malay) PLC	,,
Agro Harapan Lestari (Private) Limited	,,
AHL Business Solutions (Private) Limited	,,
Shalimar Developments Sdn. Bhd.	Ernst & Young - Malaysia
Agro Harapan Lestari Sdn. Bhd.	,,
PT Agro Indomas	Ernst & Young - Indonesia
PT Agro Bukit	,,
PT Agro Harapan Lestari	,,
PT Agro Asia Pacific	,,
PT Karya Makmur Sejahtera	,,
PT Nabire Baru	,,
PT Agrajaya Baktitama	,,
PT Rim Capital	,,
PT Agro Wana Lestari	,,
PT Batu Mas Sejahtera	,,
PT Sawit Makmur Sejahtera	,,
PT Sumber Hasil Prima	,,
PT Sinar Sawit Andalan	,,
PT Sariwana Adi Perkasa	,,
Premium Nutrients Pvt Ltd	Ernst & Young - Singapore
Premium Oils & Fats Sdn Bhd	Ernst & Young - Malaysia
Premium Vegitable Oils Sdn Bhd	,,
Premium Fats Sdn Bhd	,,
Arani Agro Oil Industries Private Ltd	S.R.B.C & Co. LLP

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

43. 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	
	31st March 2014	31st March 2013
Oil Palm plantation and Oils and Fats		
Approved and contracted for	3,415,975	4,463,356
	3,415,975	4,463,356
Beverage		
Approved and contracted for	378,005	1,230,813
	378,005	1,230,813
Leisure		
Approved and contracted for	-	7,077
	-	7,077
Real Estate		
Approved and contracted for	-	74,616
	-	74,616
Total capital commitments	3,793,980	5,775,862

b. As disclosed in Note 45, Acquisition of Millers Brewery Limited, upon the satisfactory completion of the conditions precedent in the Sale & Purchase Agreement with Cargills (Ceylon) PLC & Millers Brewery Limited, Lion Brewery Ceylon PLC is committed to pay Rs.5,150,000,000/- towards the settlement of the transaction.

c. Finance Commitments

Lion Brewery (Ceylon) PLC

Documents of Credit effected for foreign CAPEX purchases of the LBCPLC as at 31st March 2014 amounting to Rs.378,005,086/- (2013 - Rs.1,230,812,683/-)

There were no material contracts for capital expenditure as at the Balance Sheet date other than the above.

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 outstanding as at period end are as follows:

	Group	
	31st March 2014	31st March 2013
Committed contracts		
Purchases	2,602,815	2,028,643
Sales	3,993,929	4,200,063
	6,596,744	6,228,706

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 34 c.

f. Contingent liabilities

i. The Indonisian plantation companies have provided a corporate guarantee to a bank for a Rs.782.3Mn (US$ 5,987,000) loan taken under the Plasma programme.

The Goodhope Asia Holdings Ltd has provided the following guarantees at the end of the reporting period:

- GAHL has provided corporate guarantees to two banks for the financing facilities obtained by its subsidiaries, amounting to Rs.48,211Mn or equivalent US$ 368,953,000.

(Amounts expressed in Sri Lankan Rs. '000)

44. CONTINGENCIES

a. Malaysian plantation properties of Indo-Malay PLC and Selinsing PLC were charged as security to Standard Chartered Bank, Singapore to secure a financing facility under Goodhope Asia Holdings Ltd. (GAHL), in order to facilitate the Group expansion programme of the plantation asset base and to refinance the Group's existing debt obligations.

An internal arrangement was established to ensure equitability amongst the four Malaysian plantation companies (Indo-Malay PLC, Selinsing PLC, Good Hope PLC, and Shalimar Malay PLC), with each of the four Malaysian plantation companies counter guaranteeing the combined liability that would crystallize in the event of a successful claim on properties mortgaged by Indo-Malay PLC and Selinsing PLC. As such total loss incurred by above mention companies in the event of a successful claim is limited to 25% of the combined loss.

On 4th November 2013, GAHL made arrangements with the lender to release these securities. Accordingly, Malaysian plantations' exposure to contingent liability from the internal arrangement too cease to exist.

b. In 2008 the Customs Department instituted a prosecution in the Fort Magistrate's Court (MC) in Case No. S/65898/07/B against the Company subsidiary Ceylon Beverage Holdings PLC 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 Company 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 Company as required before submitting its appeal. Subsequently the CA Application was dismissed and the Company appealed against the order to the Supreme Court and was granted Special Leave to Appeal by the Court. The Court also ordered the staying all further proceedings in the MC Case until final hearing and determination of the appeal. No provision has been made for the penalty of Rs.25,059,553/86 pending an outcome in the Supreme Court matter.

c. Contingent liabilities of Lion Brewery (Ceylon) PLC as at 31st March 2014 amounting to Rs.17,076,169/- (2013 - Rs.128,876,247/-), being bank guarantees given to government bodies for operational & shipping guarantees given for clearing imports pending original shipping documents.

d. Following legal matter is outstanding against the company subsidiary Lion Brewery (Ceylon) PLC and no provision has been made in the Financial Statements to this regard.

The Customs Department instituted a prosecution in the Magistrate's Court of Kaduwela in Case No. 11303/Customs against the Company 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 LBCPLC and the directors have obtained a Stay Order in respect of the proceedings of the MC Kaduwela Case and filed an application for Writ in the Court of Appeal, to quash the Certificate of Excise Duty in Default and penalty issued by the DG of Customs and Excise Duty to recover the said sum. The Court of Appeal made an order against LBCPLC refusing the writ of Certiorari prayed for and LBCPLC has now preferred a Special Leave to Apppeal to the Supreme Court against the said order of the Court of Appeal.

e. A case has been filed against the company's subsidiary Pegasus Hotels of Ceylon PLC by an individual in the District Court of Negombo seeking a declaratory title from court stating that he is a co-owner of 127.5 perches of the Land belonged to Pegasus Hotels of Ceylon PLC. The outcome of the matter is still pending. However, the subsidiary is confident that it can establish title to the said land. In any case the claimed land extent falls within the 1,251 perches of land acquired by the Government for the fisheries harbor project.

f. An order has been made for the enforcement of an ex-parte judgment (in default of appearance) issued against the Company 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 Company. The Company has appealed against the said order and has also challenged the enforceability of the overseas judgment in a separate action filed by the Company in the District Court of Colombo.

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

45. EVENTS OCCURRING AFTER THE REPORTING PERIOD

a. Incorporation of a Subsidiary Company of Lion Brewery (Ceylon) PLC
Pearl Springs (Private) Limited, a private Limited Liability company was incorporated on 20th May 2014 as a fully owned Subsidiary of Lion Brewery (Ceylon) PLC.

b. Acquisition of Millers Brewery Limited
Lion Brewery (Ceylon) PLC together with its newly formed subsidiary Pearl Springs (Private) Limited have entered in to a Sale & Purchase Agreement with Cargills (Ceylon) PLC & Millers Brewery Limited, a subsidiary of Cargills (Ceylon) PLC to purchase the shareholding including the trademarks of Millers Brewery Limited at a consideration of Rs. 5,150,000,000/- subject to due diligence & settlement of all its liabilities.

c. Dividend - Carson Cumberbatch PLC
"After satisfying the solvency test in accordance with Section 57 of Companies Act No. 7 of 2007, the Directors recommend a first & final dividend of Rs.2.00 per share (2013 - Rs.2.00) on the ordinary shares for the year ended 31st March 2014 amounting to Rs.392.77Mn (2013 - Rs.392.77Mn), which is to be approved by the shareholders at the forthcoming Annual General Meeting. In accordance with LKAS 10 "Events After the Balance Sheet date" the proposed dividend has not been recognised as a liability as at 31st March 2014."

d. Other than those disclosed above, no circumstances have arisen subsequent to the Balance Sheet date which require adjustments to or disclosures in the financial statements.

46. RELATED PARTY DISCLOSURES

Carson Cumberbatch PLC carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24"Related Party Disclosures",the details of which are given below.

	Group		Company	
For the year ended / as at 31st March	2014	2013	2014	2013
Amounts due from Subsidiaries				
Carsons Management Services (Private) Limited	-	-	42,600	-
Equity One PLC	-	-	174,674	528,659
Equity Two PLC	-	-	-	49,123
Pegasus Hotels of Ceylon PLC	-	-	19,949	51,516
	-	-	237,223	629,298
Amounts due to subsidiaries				
Equity Seven Limited	-	-	-	41,099
	-	-	-	41,099
Transaction with Subsidiaries				
Dividend Income	-	-	608,103	539,274
Interest Income	-	-	8,914	103,415
Guarantee Income	-	-	939	1,110
Amounts paid for services obtain (Note i)	-	-	12,900	12,900
Loans given / (Settlement) (Note ii)	-	-	(560,975)	(28,290)
Capitalisation of loan by Issue of shares	-	-	-	160,000
Right issues	-	-	-	121,643

(Amounts expressed in Sri Lankan Rs. '000)

46. RELATED PARTY DISCLOSURES (CONTD.)

		Group		Company	
	For the year ended / as at 31st March	2014	2013	2014	2013
i.	**Amounts paid for services obtain from**				
	Carsons Management Services (Private) Limited				
	Support service fees	-	-	12,000	12,000
	Secretarial fees	-	-	300	300
	Computer Fees	-	-	600	600
		-	-	12,900	12,900
ii.	**Loans given / (Settlement)**				
	Carsons Management Services (Private) Limited	-	-	42,600	(88,384)
	Equity One PLC	-	-	(522,884)	69,093
	Equity Two PLC	-	-	(49,124)	49,123
	Pegasus Hotels of Ceylon PLC	-	-	(31,567)	(58,122)
		-	-	(560,975)	(28,290)
	Transaction with Associates				
	Dividend Income received	77,040	80,834	17,918	18,815
	Support service received	12,000	12,000	-	-
	Dividend paid	-	-	(179,413)	(179,413)
	Transaction with Joint Venture				
	Investments made	-	15,000	-	-
	Secretarial fees received	180	180	-	-
	Management fees received	3,340	2,120	-	-

1. Messrs. S.G.Lauridsen and H.J.Andersen, Directors of the Lion Brewery Ceylon PLC (LBCPLC) represent Carlsberg Brewery Malaysia Berhad with which the following contracts / transactions have been entered into by LBCPLC during the period in the normal course of business.

    a. As per the licensed brewing agreement, a sum of Rs.101,209,154/- (2013 - Rs.76,749,028/-) was paid by LBCPLC as royalty during the period to Carlsberg A/S.

    b. During the period the LBCPLC purchased the part of its requirement of the raw material Aroma Hop from Carlsberg A/S amounting to Rs.6,624,086/-. An amount of Rs.54,651,778/- is payable to Carlsberg A/S by LBCPLC as at 31st March 2014 (2013 - Rs.40,613,227/-).

2. Messrs. K. Selvanathan and S.G.Lauridsen , Directors of the LBCPLC, are also Directors of Carlsberg India Pvt Limited from which the LBCPLC purchased finished beer cans for the purpose of resale during the period for a sum of Rs.304,804,110/-. (2013 - Rs.397,853,928/-)

3. Lion Brewery (Ceylon) PLC (LBCPLC) purchases a part of its requirement of the raw material rice from Ran Sahal (Private) Limited. The entire production of Ran Sahal (Private) Limited is exclusively sold to the LBCPLC. Towards this the LBCPLC advances funds to Ran Sahal (Private) Limited from time to time against of future purchases. During the period the LBCPLC purchased rice for an amount of Rs.131,435,540/- (2013 - Rs.124,851,146/-). As at the reporting date an amount of Rs.70,087,738/- (2013 - Rs.57,719,133/-) has been advanced to Ran sahal (Private) Limited which remains to be settled from future purchases.

4. Carson Cumberbatch PLC has provided letters of comfort to the following subsidiaries confirming its intention to continue to provide financial and other support and meet liabilities to enable the subsidiaries to continue as a going concern for audit purposes.

    a. Carsons Airline Services (Private) Limited

    b. Carsons Management Services (Private) Limited

Notes to the Financial Statements

(Amounts expressed in Sri Lankan Rs. '000)

46. 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 / as at 31st March	2014	2013	2014	2013
Short term employee benefits	954,874	1,079,443	16,386	14,332
Post employment benefits	882	781	-	-
Non-cash benefits	82	20	-	-
	955,838	1,080,244	16,386	14,332

No transaction have taken place during the year between the Company and its subsidiaries and it's KMPs other than disclosed above.

47. EXCHANGE RATE

The exchange rates applicable during the period were as follows:

	Balance Sheet Closing rate		Income Statement Average Rate	
	2014 Rs.	2013 Rs.	2014 Rs.	2013 Rs.
Malaysian Ringgit	40.07	40.98	40.58	41.97
US Dollar	130.67	126.89	130.11	129.67
Indonesian Rupiah (Rp)	0.0115	0.0131	0.0119	0.0131
Singapore Dollar	103.83	102.16	103.30	104.52
Indian Rupee (INR)	2.18	2.33	2.16	2.39

48. 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.

Group Real Estate Portfolio

The values of land & buildings owned and leased by companies within the Group and which have been revalued by qualified valuers are indicated below together with the last date of valuation:

As at 31st March 2014 Company	Location	Extent (Hectares)	Land & Building Market Value	Book Value	Date of last Valuation
Equity One PLC.	Colombo 7	0.238	733,347	733,347	31-Mar-13
Equity One PLC	Colombo 2	0.524	493,000	493,000	31-Mar-13
Equity Two PLC	Colombo 1	0.218	897,826	897,826	31-Mar-14
Equity Three (Private) Limited	Colombo 13	0.208	277,734	277,734	31-Mar-13
		1.188	2,401,907	2,401,907	
PT Agro Indomas * ** ***	Indonesia	26,861	6,170,894	3,508,288	31-Mar-14
PT Agro bukit * ** ***	Indonesia	24,931	5,441,722	5,005,341	31-Mar-14
PT Karya Makmur Sejahtera* ** ***	Indonesia	10,163	1,224,224	979,729	31-Mar-14
PT Agro wana lastari* ** ***	Indonesia	14,952	2,645,769	2,824,603	31-Mar-14
PT Agro jaya Baktitama* ** ***	Indonesia	8,775	775,828	677,847	31-Mar-14
PT Rim* ** ***	Indonesia	3,934	550,994	467,161	31-Mar-14
PT Nabire baru* ** ***	Indonesia	13,600	1,171,090	1,353,334	31-Mar-14
PT Batu Mas Sejahtera* ** ***	Indonesia	10,335	623,191	364,109	31-Mar-14
PT Sawith Makmur Sejahtera* ** ***	Indonesia	11,063	641,212	279,863	31-Mar-14
PT Sumber Hasil Prima* ** ***	Indonesia	13,999	926,929	911,937	31-Mar-14
PT Sinar Sawit Andalan * ** ***	Indonesia	9,828	416,000	383,186	31-Mar-14
PT Sariwana Adi Perkasa	Indonesia	7,160	230,474	235,938	31-Mar-14
		155,601	20,818,327	16,991,336	
Good Hope PLC	Malaysia	318	1,409,745	1,407,236	31-Mar-14
Selinsing PLC	Malaysia	494	1,709,585	1,705,734	31-Mar-14
Shalimar (Malay) PLC	Malaysia	297	1,500,373	1,507,548	31-Mar-14
Indo-Malay PLC	Malaysia	289	1,452,599	1,450,577	31-Mar-14
		1,398	6,072,302	6,071,095	
Premium Vegetable Oil Sdn. Bhd.*	Malaysia	4.836	1,339,076	1,339,076	31-Aug-11
Premium Fats Sdn. Bhd.	Malaysia	0.024	37,257	37,257	31-Aug-11
Arani Agro Oil Industries Limited	India	0.931	340,732	340,732	24-Sep-11
		5.791	1,717,065	1,717,065	
Ceylon Brewery PLC	Nuwara-Eliya	1.517	122,995	122,995	31-Mar-11
Lion Brewery (Ceylon) PLC	Biyagama	9.542	1,916,088	1,916,088	31-Mar-11
		11.059	2,039,083	2,039,083	
Pegasus Hotels of Ceylon Ltd.	Wattala	2.209	995,975	995,975	31-Mar-12
Equity Hotels Ltd. **	Giritale	6.034	15,916	15,916	31-Mar-13
		8.243	1,011,891	1,011,891	
Total value		157,025	34,060,575	30,232,377	

There has been no permanent reduction in the value of land & buildings which may require provision.

* These valuations have not been incorporated in the books of account.
** Leasehold property.
*** These values Includes the Valuation of Land & Buildings.

US $ FINANCIALS

The Financial Statements of the Group are reported in Sri Lankan Rupees. The translation of the Sri Lankan Rupees amounts into US Dollars is included solely for the convenience of Shareholders, Investors, Bankers and other users of Financial Statements. US Dollar Financials do not form part of the Audited Financial Statements of the Company.

Statement of Income - US$

(All figures in Notes are in US Dollars unless otherwise stated)

	Group	
For the year ended 31st March	2014	2013
Revenue	588,278,580	587,353,482
Direct operating expenses	(403,502,783)	(411,699,275)
	184,775,797	175,654,207
Other items of income		
Change in fair value of investment properties	608,785	481,291
Change in fair value of Biological Assets	24,456,983	37,642,469
Gain / (Loss) on fair value through profit or loss financial assets	54,262	711,745
Other income	3,739,313	3,208,992
Other items of expenses		
Distribution expenses	(39,105,342)	(40,342,037)
Administrative expenses	(49,217,670)	(51,889,550)
Other operating expenses	(1,057,551)	(1,729,251)
Foreign exchange gain / (losses)	(22,641,573)	(6,477,435)
Impairment of Business Assets	-	(431,403)
Profit from operations	101,613,004	116,829,028
Net finance cost	(15,936,638)	(11,538,104)
Share of net result of associates/Joint Venture	(85,443)	(123,954)
Profit before Income tax expenses	85,590,923	105,166,970
Income tax expenses		
Current taxation	(15,820,329)	(19,122,410)
Deferred taxation	(9,214,027)	(11,584,191)
	(25,034,356)	(30,706,601)
Profit for the year	60,556,567	74,460,369
Profit Attributable to:		
Owners of the Company	28,724,425	35,427,948
Non controlling interest	31,832,142	39,032,421
	60,556,567	74,460,369
Exchange Rate	130.11	129.67

Figures in brackets indicate deductions.

Statement of Financial Position - US$

(All figures in Notes are in US Dollars unless otherwise stated)

	Group	
As at 31st March	2014	2013
ASSETS		
Non - Current Assets		
Property, Plant & Equipments	419,064,085	402,256,104
Biological Assets	358,285,016	337,199,401
Prepaid lease payment for Land	31,338,532	32,511,955
Investment properties	16,022,423	15,524,896
Intangible assets	31,239,458	31,014,122
Investments in subsidiaries	-	-
Investments in associates / Joint ventures	4,483,042	4,581,385
Available-for-sale financial assets	62,834,009	63,553,669
Deferred tax assets	13,299,066	10,886,784
Trade and other receivables	8,282,069	2,330,216
Total non - current assets	944,847,700	899,858,532
Current Assets		
Inventories	60,771,202	57,211,538
Trade and other receivables	75,368,692	81,757,853
Current tax recoverable	427,374	613,193
Fair value throught profit or loss financial assets	9,436,390	7,609,252
Derivative financial instrument	96,443	117,094
Cash and cash equivalents	128,830,458	61,978,161
Total current assets	274,930,559	209,287,091
Total assets	1,219,778,259	1,109,145,623
EQUITY AND LIABILITIES		
EQUITY		
Stated capital	10,103,695	10,103,695
Capital reserves	40,401,110	41,657,365
Revenue reserves	211,220,916	219,943,109
Equity attributable to owners of the company	261,725,721	271,704,169
Non -controlling interest	258,031,521	266,888,604
Total equity	519,757,242	538,592,773
LIABILITIES		
Non - Current Liabilities		
Loans and borrowings	274,997,397	216,289,365
Debenture	21,418,841	-
Trade and other payables	386,409	221,270
Employee benefits	7,943,958	9,777,216
Deferred tax liabilities	71,362,141	64,033,385
Total non - current liabilities	376,108,746	290,321,236
Current Liabilities		
Trade and other payables	125,066,320	84,870,139
Current tax liabilities	975,373	-
Derivative financial instrument	4,493	-
Loans and borrowings	195,608,689	195,361,475
Debenture	2,257,396	-
Total current liabilities	323,912,271	280,231,614
Total liabilities	700,021,017	570,552,850
Total equity and liabilities	1,219,778,259	1,109,145,623
Exchange Rate	130.67	126.89

This information does not constitute a full set of Financial Statements in compliance with LKAS.

Glossary

A

ACCOUNTING POLICIES
The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements.

ACCRUAL BASIS
Recognising the effects of transactions and other events when they occur without waiting for receipt or payment of cash or cash equivalent.

AMORTISATION
The systematic allocation of the depreciable amount of an intangible asset over its useful life.

ASSOCIATE
An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has signified cant influence and that is neither a subsidiary nor an interest in a joint venture.

C

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

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 cant risk of changes in value

CONTINGENT LIABILITIES
Conditions or situations at the balance sheet date, the financial effect of which are to be determined by the future events which may or may not occur.

CURRENT RATIO
Current Assets over Current Liabilities

CAPITAL EMPLOYED
Shareholders' Funds plus Debt

CURRENT SERVICE COST
Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

D

DEFERRED TAXATION
The tax effect of timing differences deferred to/from other periods, which would only qualify for inclusion on a tax return at a future date.

DEPRECIATION
The systematic allocation of the depreciable amount of an asset over its useful life.

DIVIDENDS
Distribution of profits to holders 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.

DEBT/EQUITY RATIO
Debt as a percentage of Shareholders Funds

DIVIDEND PAYOUT RATIO
Total Dividend interest and Tax as percentage of Capital Employed (Note 01)

E

EARNINGS PER SHARE (EPS)
Profit attributable to ordinary shareholders, divided by the number of ordinary shares in issue.

F

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.

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.

G

GROSS DIVIDENDS
The portion of profit inclusive of tax withheld distributed to shareholders.

GROUP
A group is a parent and all its subsidiaries.

Glossary

I

IMPAIRMENT

This occurs when recoverable amount of an asset is less than its carrying amount.

INTANGIBLE ASSET

An identifiable able 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.

K

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.

L

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.

M

MARKET CAPITALISATION

Number of Shares in issue at the end of the period multiplied by the Market price at end of period

N

NET ASSETS

Total assets minus Current Liabilities minus Long Term Liabilities minus Minority Interest

NET ASSET VALUE PER SHARE

Shareholders' funds divided by the number of ordinary shares in issue.

NET DEBT

Debt minus Cash plus Short Term Deposits

P

PARENT

A parent is an entity that has one or more subsidiaries.

PRICE EARNINGS RATIO (P/E RATIO)

Market price of an ordinary share divided by earnings per share (EPS).

R

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.

REVENUE RESERVE

Reserves set aside for future distribution and investment.

RETURN ON EQUITY

Profit after Tax as a percentage of Average Shareholder's Funds

RETURN ON CAPITAL EMPLOYED

Earning 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.

S

SHAREHOLDERS' FUNDS

Shareholders' funds consist of stated capital plus capital and revenue reserves.

SUBSIDIARY

A subsidiary is an entity, including an unincorporated entity such as a partnership, that is controlled by another entity (known as the parent).

SEGMENTS

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

T

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

V

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.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the One Hundred and First Annual General Meeting of Carson Cumberbatch PLC will be held on Thursday, the 31st day of July 2014 at 8.30 a.m. at Hilton Colombo, "Grand Ballroom", No.2, Sir Chittampalam A. Gardiner Mawatha, Colombo 2, Sri Lanka for the following purposes :

1. To receive and adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2014 together with the report of the Independent Auditors thereon.

2. To declare a dividend as recommended by the Directors.

3. To re-elect Mr. Tilak de Zoysa who retires by rotation in terms of Articles 72, 73 & 74 of the Articles of Association of the Company.

4. To re-elect Mr. P. C. P. Tissera who retires by rotation in terms of Articles 72, 73 & 74 of the Articles of Association of the Company.

5. 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. 07 of 2007 shall not be applicable to Mr. I. Paulraj who is 77 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 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
25th June 2014

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 8.30 a.m on 29th July 2014.

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.

Notes

Form of Proxy

*I/We...

of..

being *a Shareholder/Shareholders of CARSON CUMBERBATCH PLC hereby appoint..

....

of.. bearing NIC No./ Passport No ....

or failing him/her*

Tilak de Zoysa	or failing him,
Hariharan Selvanathan	or failing him,
Manoharan Selvanathan	or failing him,
Israel Paulraj	or failing him,
Don Chandima Rajakaruna Gunawardena	or failing him,
Suresh Kumar Shah	or failing him,
Palehenalage Chandana Priyankara Tissera	or failing him,
Vijaya Prasanna Malalasekera	or failing him,
Faiz Mohideen	or failing him,
Rajendra Theagarajah	

as *my/our proxy to attend at the 101st Annual General Meeting of the Company to be held on Thursday the 31st day of July 2014 at 8.30 a.m at Hilton Colombo, "Grand Ballroom", No.2, Sir Chittampalam A. Gardiner Mawatha, Colombo 2, Sri Lanka and any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	**Against**
1. To adopt the Annual Report of the Board of Directors and the Financial Statements for the year ended 31st March 2014, together with the Report of the Independent Auditors thereon.		
2. To declare Rs.2/- per share as a First & Final dividend for the financial year ended 31st March 2014 as recommended by the Directors.		
3. To re-elect Mr. Tilak de Zoysa who retires by rotation in terms of Articles 72, 73 & 74 of the Articles of Association of the Company.		
4. To re-elect Mr. P. C. P. Tissera who retires by rotation in terms of Articles 72, 73 & 74 of the Articles of Association of the Company.		
5. To re-appoint Mr. I. Paulraj 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 Fourteen.

....

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

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy after filling in legibly your full name and address, by signing in the space provided. Please fill in the date of signature.

2. If you wish to appoint a person other than the Directors as your proxy, please insert the relevant details in the space provided overleaf.

3. In terms of Article 54 of the Articles of Association of the Company:

    1. Any Shareholder entitled to attend and vote at a meeting shall be entitled to appoint another person (whether a shareholder or not) as his proxy to attend and vote instead of him. A proxy so appointed shall have the same right as the Shareholder to vote on a show of hands or on a poll and to speak at the meeting.

    2. An instrument appointing a proxy shall be in writing and:

        a. in the case of an individual shall be signed by the appointor or by his attorney; and

        b. in the case of a corporation shall be either under the common seal, or signed by its attorney, or by an authorized officer on behalf of the corporation.

    3. An instrument appointing a proxy or the power of attorney or other authority, if any, must be left or received at the Office or such other place

        (if any) as is specified for the purpose in the notice convening the meeting not less than forty eight (48) hours before the time appointed for the holding of the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used and in default shall not be treated as valid unless the Directors otherwise determine.

4. Where there are joint registered holders of any Share, any one (01) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy as if he were solely entitled thereto and if more than one (01) of such joint holders be so present at any meeting, one (01) of such persons so present whose name stands first in the Register in respect of such Share, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Shareholder in whose name any Share stands shall for the purpose of this Article be deemed joint holders thereof.

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, Sri Lanka not later than 8.30 a.m on 29th July 2014.

Please fill in the following details

Name ....

Address ....

Jointly with ....

Share Folio No. : ....

Designed & produced by

emagewise

Digital Plates & Printing by
Aitken Spence Printing & Packaging (Pvt) Ltd

www.carsoncumberbatch.com