



THE RESULTS THAT SPEAK

By any yardstick, 2016/17 was a good year for Bairaha. It was the year in which we recorded our highest ever profit and all other 'numbers' similarly reflected the healthy growth of the Company.

This year of success and achievement is a clear vindication of the Company's strategic direction honed over years of expertise in the poultry industry. The visual element of grains used on the cover of this report hints at an exciting development – the completion of our feedmill complex – the single largest joint venture project undertaken by Bairaha to date.

Contents

บง	About B	aıran	ā
	03		About Us
	04		Our Journey
	08		The Bairaha Family
09	Highligh	its	
10	Message		
	10		Chairman's Message
	14		Managing Director/Chief Executive Officer's Review
16			Discussion and Analysis
	16		Operating Environment
	19		Financial Review
	23		Our Customers
	30		Our Employees
	37		Community and Environment
43	Steward	ship	
	43		Board of Directors
	47		Governance at Bairaha
	50		Report of the Audit Committee
	52		Report of the Remuneration Committee
	53		Related Party Transactions Review Committee Report
	54		Risk Management
57	Financia	ıl Rep	ports
	58		Statement of Directors' Responsibilities
			Annual Report of the Board of Directors on the Affairs of the Company
	62		Independent Auditors' Report
	63		Statement of Financial Position
	64		Statement of Profit or Loss and Other Comprehensive Income
	65		Statement of Changes in Equity
			Cash Flow Statement
	67		Notes to the Financial Statements
115	Annexes	5	
	116		Investor Information
	118		Value Added Statement
	119		Five Year Summary
	120		Organisational Structure
	122		About this Report
	123		GRI Index
	125		Notice of Meeting
			Form of Proxy – Enclosed

About Us

3

Bairaha Farms PLC, being the pioneer chicken processor in the country for over four decades, is the household name for quality chicken in Sri Lanka. The Company is committed to develop innovative products for its customers' convenience, ensuring food safety, whilst enhancing their nutritional value.

Our Vision

To be stakeholders' and customers' preferred Company and brand in the poultry and meat production sectors.

Our Mission

To provide superior quality poultry and meat products that nourishes people's health.

4

Our Journey

Bairaha Farms Ltd., was awarded a Certificate of Compliance for the 1999/2000 Annual Report in the category of Food & Beverage Companies, in the Annual Report Competition organised by The Institute of Chartered Accountants of Sri Lanka. In the same year Bairaha Group was awarded the internationally recognised ISO 9002 Certificate for Quality Management System and HACCP Food Safety Certificate.

2001

Commencement of commercial Broiler Farm operation in a 65-acre site at Pasyala.

The construction of a state of the art chicken processing factory equipped with machinery imported from Europe.

1980 1976

1986

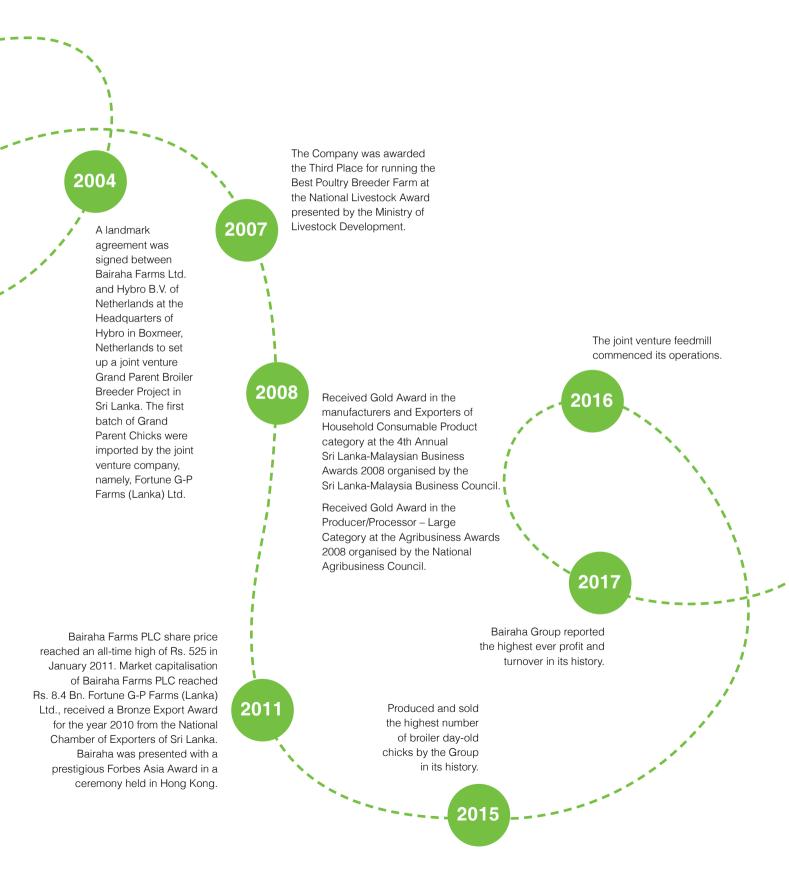
1975

Bairaha Farms PLC (formerly known as M.I.M. Naleem Hajiar & Co. Ltd.) was incorporated on 17th October 1975. Establishment of a Parent Broiler Breeder Farm and Hatchery in Katana.

1994

BFL became a Public Company and at the Initial Public Offering (IPO) of the shares were over subscribed by more than 2.04 times on the opening day itself of the public share issue.

Bairaha Farms Ltd. (BFL) pioneered and inaugurated a Contract Growing Scheme in Gampaha District enabling farmers to grow and supply live broiler birds to the Company. Today, there are hundreds of such contract farmers, located in several districts.







The Bairaha Family



Nature's Best Industry Ltd.

The company owns and runs a state of the art broiler farm. It being a BOI-approved company, enjoys a 10-year tax holiday and out of this 10 years, 4 years is remaining and after the expiry of this tax holiday, it will be entitled for another two years of concessionary tax rate of 10%.

Fortune G-P Farms (Lanka) Ltd.

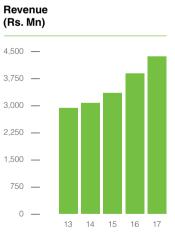
Its principal activity is the operation of a grandparent broiler breeder farm and hatchery for the production of parent broiler breeder chicks.

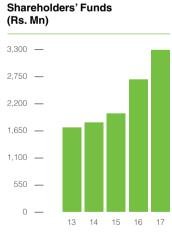
The eight companies named below are engaged in providing support services to the Group by purchasing and then leasing agricultural lands to it for setting up poultry projects:

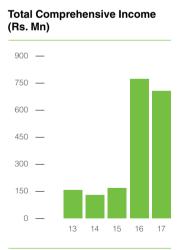
- BF Lands Development Ltd.
- HCF Land Development Ltd.
- Lanka Land Development Ltd.
- Rajarata Land Development Ltd.
- Cultural Triangle Land Development Ltd.
- Windsor Real Estate Ltd.
- Foster Real Estate Ltd.
- Regency Real Estate Ltd.

Highlights of the Year

	2017	Restated 2016
Group		
Group Revenue (Rs. '000)	4,363,614	3,889,942
Group Profit before Finance Cost (Rs. '000)	804,521	698,722
Group Profit before Taxation including Profit from Joint Ventures & Associate Companies (Rs. '000)	863,121	664,736
Group Taxation (Charge)/Reversal (Rs. '000)	(161,246)	(74,176)
Group Total Comprehensive Income (Rs. '000)	702,760	770,331
Total Value Added (Rs. '000)	2,309,242	1,772,374
Total Revenue to Government (Rs. '000)	941,876	660,564
Shareholders' Funds (Rs. '000)	3,281,263	2,698,561
Retained Earnings (Rs. '000)	2,600,929	2,019,054
Earnings per Share – Basic (Rs.)	43.87	36.91
Dividend per Share (Rs.)	7.50	4.50
Market Price of Share as at 31st March (Rs.)	160.20	144.00
Return on Equity (%)	21.39	21.88







Chairman's Message



13%

Increase in Group Revenue to Rs. 4.4 Bn.

"Our Brand Building Strategy and strong customer loyalty have enabled us to maintain our reputed position as the preferred choice' in the industry." Dear Shareholders,

I am pleased to present to you the Annual Report of Bairaha Farms PLC (BFPLC) for the year ended 31st March 2017. In the midst of the dynamic world economic environment, the changing conditions in local economic, agricultural and industrial sectors as well as technological advancements, Bairaha Farms PLC needed to adapt itself and to be prepared at all times to meet the challenges that we encountered. In the year under review, we strengthened our operations in key areas adding value to our activities.

The Results Speak for Themselves

It is with great pleasure I announce that year 2016/17 was the best year in the history of Bairaha Farms PLC. Group Revenue for the year under review was Rs. 4.4 Bn, which was a 13% increase from Rs. 3.9 Bn of the previous year. Group profit was Rs. 702 Mn, recording an increase of 19% over the preceding year's amount of Rs. 591 Mn (Restated).

However, the Group's Total Comprehensive Income was Rs. 703 Mn, recording a reduction of 9% compared to previous year's amount of Rs. 770 Mn (Restated).

In a bid to move towards streamlining our operations we have sold our shares in our subsidiary company – Hill Country Farms Ltd. to Siyane Farms Ltd., in an internal transaction valued at Rs. 424 Mn. This transaction amounts to an internal change of ownership of Hill Country Farms Ltd., from Bairaha Farms PLC to Siyane Farms Ltd., which is also a subsidiary company of BFPLC.

Our Brand Building Strategy and strong customer loyalty have enabled us to maintain our reputed position as the 'preferred choice' in the industry. In 2016, our brand value moved up to the 56th position in the 'Most Valuable Brands' 2016 rankings reported and published by Brands Finance Lanka.

Principal Challenge Facing the Industry

There are always difficulties to procure raw materials, especially maize, by our joint venture feedmill and other feed-millers to manufacture poultry feed. This is due to the absence of a consistent Government policy over the years which has created a lot of confusion and uncertainty in our industry, which is a fast growing, substantial tax payer who is also a regular provider of job opportunities to thousands of direct and indirect employees.

Feed-millers have generally been compelled to import maize at high prices due to the delay in obtaining import permits. It is estimated that the annual maize requirement of the poultry industry alone is around 400,000 metric tonnes whereas local production is around 150,000 to 250,000 metric tonnes. Yet, the importation of

maize remains a licensed item. Our industry representatives have suggested many times to the Government that the poultry industry is prepared to buy the entire local maize crop at a reasonable, guaranteed price provided the industry is given the permits to import the balance requirements at a time when the world market price is low. If the Government accedes to the request of the industry as the market price of poultry is largely decided by the prices of feed, this could result in lower cost of production which would eventually benefit our consumers and of course our country.

This continues to be the industry's principle challenge which has created a lot of uncertainty not to mention the consequential loss to the consumers and the nation. In a way the absence of having clear direction also hinders the expansion of the poultry industry. We earnestly look up to the Government to provide us a suitable solution to ease the burden on the industry and facilitate its expansion.

However, at the time of writing this message, the Government has taken the unusual step of importing maize/corn by itself and distributing it in turn to the feed-millers.

The Future Looks Bright

The global poultry industry, especially in South Asia, despite its challenges, is expected to grow exponentially. The Sri Lankan poultry industry too, has a high potential for growth with the expected rise in per capita income and per capita consumption of chicken. With our joint venture, state of the art feedmill, Bairaha Farms PLC is strategically poised to face the future. It has also enabled us to have a total vertical integration of our poultry production operations which will generate increased value for our stakeholders.

"With our joint venture, state of the art feedmill, Bairaha Farms PLC is strategically poised to face the future." "The Board's highly-skilled members gave astute and balanced contributions to ensure that the Organisation adhered to best practices."

Demise of Mr. Ilyas Naleem

I deeply regret to have to announce the demise of our Director, esteemed colleague and friend Mr. Ilyas Naleem. He worked as an Executive Director from 1981 to 1993. From 1994 until his demise in December 2016 he continued to serve the Company as one of its Non-Executive Directors. During his period as Director at Bairaha Farms PLC, he actively participated in Board deliberation and was able to make vital contributions towards the development of the Company.

On behalf of the Board and the Company, I would like to extend my heartfelt condolences to the wife and the family of Mr. Ilyas Naleem for his long service to the Company.

Tribute and Farewell to Mr. C.P. de Silva

It is with deep regret that we accepted the retirement of Mr. C.P. de Silva from the Company. He has played an outstanding role in the progress of the Company from the time just before going for the IPO in 1994 until the time of his retirement in July 2016. From his vast experience in Corporate Management he was able to offer strategic thinking and outstanding guidance at Board level which were invaluable to the Company and the Group.

I sincerely wish him all the very best in his retirement.

Appreciation

I would like to express my appreciation to Bairaha Farms PLC, its subsidiary and joint venture companies' management teams and hard-working employees for their loyalty, dedication and initiative. I am also thankful for the significant strides we have made in 2016/17 and would like to pay tribute to all my colleagues in the Board of Directors. The Board's highly-skilled members gave astute and balanced contributions to ensure that the Organisation adhered to best practices.

We are delighted and pleased to appoint and welcome to our Board, Mr. C.L. de Silva, Chartered Accountant, son of Mr. C.P. de Silva. He brings with him to our Board a wealth of knowledge, experience besides the relevant professional qualifications he has acquired. I would also like to extend our thanks to our shareholders, distributors, customers and bankers for their trust in the Company and for their loyalty to our brand.

(Sgd.)
Desamanya Prof. M.T.A. Furkhan
Chairman

19th June 2017



Accredited with ISO 9001, ISO 22000:2005 and HACCP system



Renovation and tarring of a 4 km road in Dolosbage



Commenced operations of the joint venture feedmill



Donations to replace the air conditioners in the Eye Clinic of the Wathupitiwala Base Hospital



A team of 425 employees of which 93.9% are permanent employees



Completed upgrading the Waste Water Treatment Plant of the chicken processing factory



An average of 630 hours of training to employees at all levels



Furnace Broiler was replaced with a firewood Biomass Boiler thereby reduce our carbon footprint

Managing Director/Chief Executive Officer's Review



19%

Increase in Group Profit to Rs. 702 Mn.

"We remain dedicated to generating good financial performance, providing solidity and consistency to our business." The financial year 2016/17 was an exceptional year for Bairaha Farms PLC. I am proud to announce that we recorded the highest ever Group profit in the history of the Group. Our main objective is to provide the market with high quality products while delivering value to our customers and good financial returns to our investors. I am pleased to report that we have made measurable progress over the past year on many of the strategic initiatives envisaged in our business plan.

Bairaha Leading the Flock

During the first three quarters of the year, there was a strong demand for our products which dipped slightly in the last quarter of the financial year. Overall there was both an improved market demand for our products throughout the year and improved productivity

in all divisions. Consequently, Group revenue for the year for the Group improved significantly and totalled to Rs. 4.4 Bn, an increase of 13% YoY. The Group profit for the year increased by 19% YoY to Rs. 702 Mn. Total Comprehensive Income reported for the year is Rs. 703 Mn compared to Rs. 770 Mn (restated) in 2015/16. The Group's asset base increased to Rs. 4.3 Bn, a growth of 16% YoY. We remain dedicated to generating good financial performance, providing solidity and consistency to our business.

Joint Venture Feedmill: The Game-Changer

The highlight of the year was the commencement of the production by the joint venture feedmill. This is Sri Lanka's most modern feedmill factory to date engaged in the

production of poultry feed. The Group with its partner has committed to invest Rs. 1,689 Mn (excluding working capital). However, as at 31st March 2017, the Group together with its partner has only invested Rs. 1,314 Mn. This feedmill is installed with world-class plant and machinery together with automation and an ultra-modern storage facility. The feedmill is a game changer and with it Bairaha Farms PLC has completed the vertical integration of poultry production to strengthen our leadership position in the sector. We believe that it will play a very significant and pivotal role in the future of the Group.

Exemplary Partnerships

In the processed chicken and pre-cooked chicken products segments, we have further penetrated the markets by widening the customer base. We are also proud of our partnerships with internationally recognised brands and these have helped us to improve the already stringent quality assurance processes.

Penetration of a New Market

Although, our brand visibility is more pronounced in the processed broiler chicken in which we have become a preferred household brand, we also have a strong customer base for the sale of our day-old chicks to the other chicken processing companies, among others. In addition, we also have long-standing, loyal customers who can be considered to be medium and small scale in size. We see great potential in this segment. In future, the Group will take strategic measures to expand this segment further.

Future Outlook

Despite the challenges that the global poultry market faces, especially with regards to tackling Avian Influenza, the market is estimated to grow. In Sri Lanka too, there is an increased demand and scope for poultry products. The per capita consumption of chicken in Sri Lanka which was estimated

to be around 8.7 Kg in 2016 will inevitably grow in the coming years. Bairaha Farms PLC will be prepared to face the growing demand. Accordingly, we hope to expand our operational activities in all the segments related to the poultry industry: breeder, hatchery and broiler farms as well as grand parent farms.

We hope to construct our 2nd commercial broiler hatchery of the Group in the near future, for which land has already been purchased. Our chicken processing factory will also be expanded further and we will constantly be on the lookout to introduce the latest innovations in processing and packaging of broiler chicken.

A Word of Thanks

Bairaha Farms PLC is committed to maintaining high standards of corporate governance and recognises that this is a key contributor to our long-term success and that of our subsidiaries. For the continuous delivery of exemplary governance consistent with international best practices, I would like to thank our Chairman and the Board of Directors.

I also take this opportunity to thank all of our partners, customers, suppliers, investors and stakeholders for their support and trust in Bairaha Farms PLC. Our employees, from our farms in the rural areas to our Head Office in the capital, play a vital role in realising our ambitions and I feel fortunate to be the Managing Director of a Company with talented and committed associates at every level.

A special appreciation is extended to the Government Departments, our distributors, out growers and banks for their support over the years.

(Sgd.)

Yakooth Naleem
Managing Director/Chief Executive Officer

19th June 2017

"We hope to expand our operational activities in all the segments related to the poultry industry: breeder, hatchery and broiler farms as well as grand parent farms."

Operating Environment

"Poultry is the fastest growing agricultural sub-sector, especially in developing countries. The global poultry sector is expected to continue to grow as demand for meat and eggs is driven by growing population, rising incomes and urbanisation."

Global Economy

According to the International Monetary Fund, world growth rate was recorded at 3.1% in 2016. This was mainly due to uncertain geopolitical context in 2016 which saw 'Brexit': British Referendum to exit from the European Union and Donald Trump being elected as US President – both adversely affecting the global economy.

The global economy accelerated in the final quarter of 2016 due to improved conditions both in emerging market economies and advanced economies and also due to increase in private and public sector investment. Developing nations grew by 4.1% in 2016. The Chinese economy grew by 6.7% and is expected to slow down in 2017 to 6.6%. The slowdown and rebalancing of the Chinese economy, lower commodity prices and strains in some large emerging market economies will affect future global growth.

According to the IMF global economic growth will accelerate in 2017 as investment, manufacturing and trade rebound. Global commodity prices have recovered from 2016 due to stronger activity and expectations of more robust global demand and the restrictions on oil supply. World growth is expected to rise to 3.5% in 2017 and 3.6% in 2018.

Sri Lankan Economy

In 2016, Sri Lankan economy grew at a moderate rate of 3.9%. It was lower than the projected minimum of 5% and below 2015's rate of 4.8%. This is largely due to the economy navigating through a volatile global economic environment within the first two quarters of the year. The growth was mainly supported by the expansion in industry and services-related activities.

The monetary policy was revised several times by the Central Bank of Sri Lanka in 2016. There were also political tensions within the Coalition Government where the two major parties differ on key political and economic policies which in turn led to uncertainty. A new programme introduced by the IMF will be initiated to reduce fiscal deficit. Sri Lanka's economy is expected to expand 5.5% – 6.0% in 2017, up from an earlier estimated 4.5% – 5.0%.

There was however, significant growth in the tourist industry, with foreign arrivals reaching two million in 2016. The tourism industry is one of the fastest growing industries in Sri Lanka. The construction of new luxury and boutique hotels around the country are expected to increase the demand for chicken and poultry products.

Global Poultry Industry

Poultry is the fastest growing agricultural sub-sector, especially in developing countries. The global poultry sector is expected to continue to grow as demand for meat and eggs is driven by growing populations, rising incomes and urbanisation.

Growth was slow in the global production of meats in 2016 – but, according to a UN report, the poultry sector outstripped other meats by a factor of five. As a result of the more rapid expansion in poultry production, this sector's contribution to the world meat total has risen to 36.2% in 2016 from 32.6% in 2010. Nearly 70% of global poultry meat exports come from South and North Americas. More precisely, just from two countries, Brazil and the USA. In 2017, US broiler meat exports are expected to grow by 4% to 6.93 Bn pounds.

For the year 2017, broiler meat production is forecast 2% higher at a record 41.53 Bn pounds up 2% from 2016.

HPAI (Highly Pathogenic Avian Influenza) and the Poultry Industry

One of the major challenges for the global poultry industry in 2017 is the new wave of Avian Influenza (AI) outbreaks. In 2016, there were numerous outbreaks of HPAI around the world with cases occurring in Asia, Africa, Europe, Russia and the United States. The Chinese market was the worst affected, which was due to a sharp increase in the number of human Bird Flu cases in the country. There were HPAI-related restrictions placed on imports of breeding chicks from the United States and EU, which constrained the recovery of the Chinese poultry industry. Yet, as mentioned above, global broiler meat production is expected to rise in 2017.

Price of Feed

The cost of feed will be of key importance to both egg and broiler producers. Rising feed costs will inevitably raise chicken prices. Feed prices in various countries during 2017 are likely to be relatively close to 2016. Corn prices in the world market in the first three quarters of 2017 are expected to compare favourably relative to a year ago.

Improvements in Processing

The changing lifestyles of people due to urbanisation and lack of free time has given way to the high demand for packaged foods. This phenomenon is expected to increase the demand for processed meat products globally, which will drive the demand for meat and poultry processing. Moreover, advancements in technology have led to improvements in processing.

"For the year 2017, broiler meat production is forecast 2% higher at a record 41.53 Bn pounds up 2% from 2016." "The poultry sector has shown tremendous growth, predominantly in the broiler sector, mainly due to private sector engagement throughout the product supply chain from production through value addition to consumption."

Future Outlook

According to the USDA, a substantial expansion is anticipated in Brazil's and United States broiler exports in 2017. Growth is also expected in Europe, India, Mexico and many other countries due to rising consumer demand and relatively favourable feed costs.

Sri Lankan Poultry Industry

The poultry industry in Sri Lanka has grown into a commercial large scale modern industry especially over the past two decades. Chicken is also the most popular meat in Sri Lanka and chicken meat and eggs are the most consumed animal protein sources in the average Sri Lankan diet due to their price affordability compared to other animal products.

The poultry sector has shown tremendous growth, predominantly in the broiler sector, mainly due to private sector engagement throughout the product supply chain from production through value addition to consumption. At present, three local grand-parent farms produce nearly 76% of the country's requirements of parent-breeding birds for broiler production.

Per capita consumption of chicken is estimated to be around 8.7 kg in 2016.

Principal Issue of the Industry

It is estimated that maize requirement by the poultry industry alone is around 400,000 metric tonnes whereas local production is around 150,000 to 250,000 metric tonnes.

However, one of the burning issues of the industry is the availability and cost of feed, as the import of maize, which is an important ingredient in chicken-feed production, remains a licensed item.

It is estimated that poultry feed account for almost 70% of the cost of production of chicken meat; thus, the market price of poultry products could largely be decided upon by prices of feed.

Financial Review

"Consolidated Group turnover increased by 13% year on year (YoY) to Rs. 4.4 Bn in 2016/17."

Turnover

The Company turnover increased by 7% to Rs. 3 Bn in the financial year 2016/17 compared to Rs. 2.8 Bn recorded in the previous year. The Company maintained a higher average selling price and significant increase in the volume both in the day-old chick and broiler segments compared to 2015/16. Consolidated Group turnover increased by 13% year on year (YoY) to Rs. 4.4 Bn in 2016/17, as against Rs. 3.9 Bn recorded in 2015/16. This was due to the higher average selling prices and significant increase in the volume both in the day-old chick and broiler segments by the Company and its subsidiaries.

Cost of Sales and Gross Profit

The gross profit of the Company as a percentage of net sales increased to 17.4% in comparison to the marginal 15.5% recorded in 2015/16. This was mainly due to the increase in the average selling prices and volume in the fiscal year under review.

The Group's gross profit as a percentage of net sales increased to 27.5% compared to 25.5% recorded in the previous year.

Other Operating Income

Other operating income of the Company increased by 2468% in 2016/17 due to the increase in dividend income from subsidiaries and gain on disposal of its stake on Hill Country Farms Ltd. to Siyane Farms Ltd. At Group level there was a decrease of 61%.

Other operating income as a percentage of revenue at Company level was 15.9% as against 0.66% recorded in the previous year. At Group level it was 0.5% of the turnover compared to 1.4% in 2015/16.

Distribution Expenses

Distribution expenses include transport hiring, fuel expenses, depreciation and maintenance of sales vehicles, advertising and promotions undertaken to increase sales volumes, payroll and related costs of the sales and marketing personnel and provision for doubtful debts.

Distribution expenses in the year under review increased by 23.1% YoY at the Company due to increase in payroll and related costs, transport hiring costs, advertising cost, and increase in provisions for bad debts. There is 19.7% increase YoY at the Group level.

"The Group's gross profit as a percentage of net sales increased to 27.5% compared to 25.5% recorded in the previous year."

Selling and distribution expenses as a percentage of revenue, at Company level was 4.4% in 2016/17 whilst it amounted to 3.8% in 2015/16. At Group level, it was 4.6% of the turnover as against 4.3% recorded in the previous year.

Administration and Other Operating Expenses

Administration expenses include payroll and related costs of the administration staff, office expenses, depreciation and maintenance of office fixed assets and professional charges.

At Company level, administration expenses increased by 16.6% YoY mainly due to the shared services of the subsidiaries. At Group level, it increased by 20.7% due to the increase in payroll and related costs of the administration staff.

Administration expenses as a percentage of revenue at the Company level was 3.5% in 2016/17 whilst it was 3.2% in the previous year. At Group level, it amounted to 5% of the turnover as against 4.7% in the previous year.

Finance Costs and Interest Cover

Both the Company and the Group attracted favourable interest rates from the financial institutions at low premiums to SLIBOR leveraging on the Company's financial strength. However during the year under review, average interest rates has gone up by 2%.

The cost of financing at Company level increased to Rs. 64.9 Mn in the fiscal year 2017 compared to Rs. 44.4 Mn in 2015/16 due to the increase in fixed loans.

The Group's finance cost also increased to Rs. 67.2 Mn compared to Rs. 52.3 Mn recorded in the previous year.

The Group's interest cover decreased to 11.97 times as against 13.4 times recorded in 2015/16. At Company level it was 11.82 times, an increase from 5.7 times interest cover to what was recorded in 2015/16.

Profit from Operating Activities

Due to the revenue growth at Company and Group level, earnings from operating activities before interest and tax (EBIT) increased during the year.

At an operating level, the Company posted an EBIT of Rs. 767 Mn compared to Rs. 255 Mn recorded in 2015/16 reflecting an increase of 200%.

At a consolidated level, EBIT increased by 15.14% to Rs. 804.5 Mn compared to an EBIT of Rs. 698.7 Mn recorded in the previous year.

Taxation

The Company tax liability for the year at Company level increased to Rs. 97 Mn compared to Rs. 21.7 Mn in 2015/16. The effective tax rate amounted to 13.8% in 2016/17 whilst it was 10% in the previous year. The high effective tax rate in the year 2016/17 is attributed to the under provision of taxes in financial years 2015/16 and 2014/15 which were subsequently charged in financial year 2016/17.

The Group Income Tax liability for the year increased to Rs. 161 Mn compared to Rs. 74 Mn in 2015/16.

Statement of Financial Position Shareholders' Funds

Shareholders' funds at Company level increased to Rs. 1.67 Bn compared to Rs. 1.19 Bn in the previous year. This resulted from the Rs. 605 Mn increase in retained earnings on account of the profits made during the year.

As at the reporting date, total shareholders' funds at the consolidated level increased to Rs. 3.28 Bn compared to Rs. 2.69 Bn in 2015/16.

Asset Base

The capital expenditure at Company level increased to Rs. 202.1 Mn in the fiscal year 2016/17 whilst it amounted to Rs. 119.3 Mn in 2015/16. The total depreciation charge amounted to Rs. 87.81 Mn as against Rs. 76.37 Mn recorded in the previous year.

Current Assets of the Company decreased by Rs. 571 Mn as a result of the decrease in biological assets, income tax receivable, amounts due from related parties and cash and bank balances while inventories and trade and other receivables increased.

At a consolidated level the total asset base amounted to Rs. 4.35 Bn compared to Rs. 3.72 Bn in 2015/16 reflecting a 17% increase.

Cash Flow and Liquidity

The Company's key source of finance for the year under review was cash generated from operations. The Group ensured adequacy of liquidity to service debt and working capital requirements, capital expenditure and dividend payments.

Cash flow from operating activities at Company level excluding changes in working capital increased to Rs. 464 Mn in 2016/17 compared to Rs. 390 Mn in 2015/16. At Group level it increased to Rs. 1,336 Mn compared to Rs. 1,105 Mn in 2015/16.

Cash generated from operations of the Company inclusive of working capital changes increased by Rs. 432 Mn in the current year whilst it increased by Rs. 440 Mn in 2015/16. At Group level the increase was Rs. 1,354 Mn compared to the increase of Rs. 954 Mn in the previous year.

Accordingly, the gearing ratio at Company level stood at 36% in the fiscal year 2017 whilst it stood at 49% in 2015/16. At Group level it amounted to 19% compared to 22% in 2015/16.

Shareholder Value

The Company's strategic priorities are primarily focused on delivering shareholder value through sustainable, capital efficient and long-term growth in profitability.

The basic earnings per share (EPS) for the Group was Rs. 43.87 in 2016/17 whereas it was Rs. 36.91 in 2015/16.

The Company's net assets per share at book value stood at Rs. 104.81 in fiscal year 2016/17 compared to Rs. 74.40 in 2015/16. At Group level it stood at Rs. 205.07 compared to Rs. 168.66 in 2015/16.

The Company's market share price as at 31st March 2017 was Rs. 160.20 moving within a range of Rs. 156.30 to Rs. 180.90 during the year.

The market capitalisation of the Company as at 31st March 2017 was Rs. 2.563 Bn as against Rs. 2.304 Bn as at 31st March 2016.

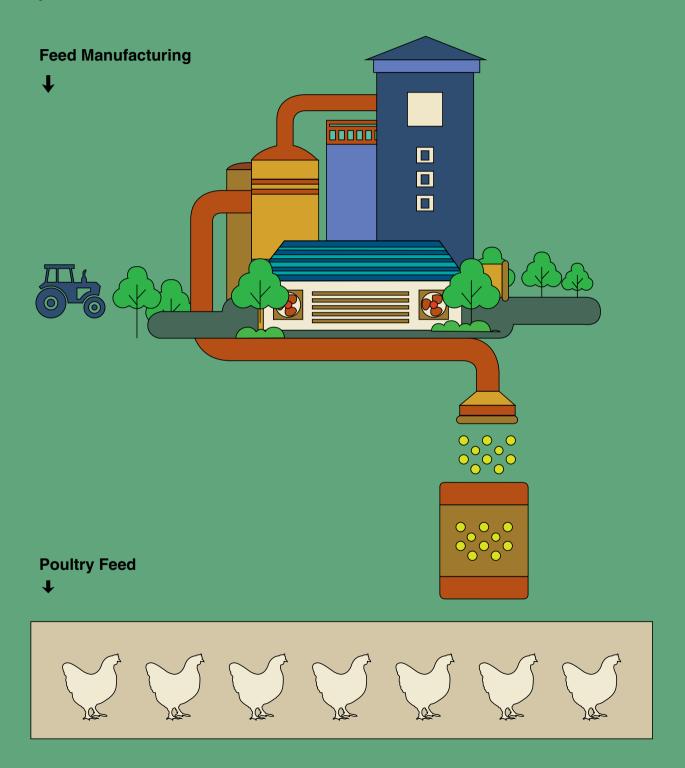
Return on equity (ROE) for the Company increased to 36.1% in 2016/17 compared to 15.8% in 2015/16. At Group level ROE increased to 21.39% whilst it amounted to 21.88% in 2015/16.

Return on capital employed (ROCE) for the Company also increased to 34% against the 15% in the previous year. At a Group level ROCE decreased from 21.2% to 20.5% in the year under review.

Dividends

Final dividend of Rs. 4 per share for 2015/16 amounting to Rs. 64,000,000 was paid on 10th June 2016 and an interim dividend of Rs. 3.50 per share for 2016/17 amounting to Rs. 56,000,000 was paid on 16th November 2016.

"The market capitalisation of the Company at 31st March 2017 was Rs. 2.563 Bn as against Rs. 2.304 Bn as at 31st March 2016." "Feed given to parent breeder as well as broiler birds are produced and supplied by our new and state of the art joint venture feedmill."



Our Customers

"The trust and loyalty that our customers have in us was not achieved yesterday but developed gradually since our inception to the present day by unfailingly providing fresh and safe products to our customers."

Customers – Broiler Day-Old Chicks

With Bairaha brand day-old chicks, we have created a customer base, made up of both small to large scale poultry farmers in Sri Lanka. With sincere effort and commitment, we have built a reputation for consistently providing premium quality day-old chicks to our customers. Bairaha brand day-old chicks possess unfailing genetic characteristics of Cobb 500 day-old chick which is considered as the world's most efficient broiler and it has the lowest feed conversion of 1.5 per kg. We have helped our day-old-chick customers to reap optimum profits from their efforts in the farm. Moreover, we have created an unassailable credibility among our large-scale customers (poultry processors) who constitute 80% of our customer base by providing the highest quality of innovative service. We deliver day-old chicks requirement to the premises of our large and medium scale customers. In addition, we also provide our medium and small-scale customers with highly professional veterinary services.

The other salient factor which has helped us to earn their trust is their perception that we follow a very fair and just pricing policy at all times. We take every effort to supply our customers with their entire requirement of chicks even during the height of extreme demand in the market. Our customers trust in the brand and our promise which in turn has created loyalty to the Bairaha brand. We will continue to cater to the needs of our customers and keep our high standards intact in the coming years.

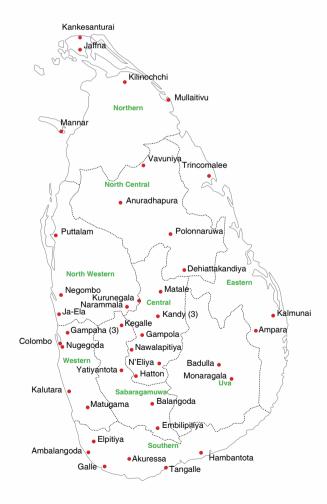
Customers – Chicken and Meat Products

Over the past 42 years, Bairaha Farms PLC, more than price, packaging, or branding, has delivered experiences. The Company is focused on meeting customer expectations. We understand that shifting demographics, convenience and environmental stewardship have become important decision factors for the majority of customers in our industry. Our loyal customer base over the past

"We have readily embraced innovative food science trends and technologies to ensure safety, and to contribute to healthier lifestyles of our customers."

decades have cemented the Bairaha brand in the households of Sri Lanka. The trust and loyalty that our customers have in us was not achieved yesterday but developed gradually since our inception to the present day by unfailingly providing fresh and safe products to our customers. We have readily embraced innovative food science trends and technologies to ensure safety, and to contribute to healthier lifestyles of our customers. Our product portfolio with value-added products have enhanced customer experiences.

By regular customer engagement through promotional material, feedback and surveys, social media and website we have established relevant, meaningful dialogues with our customers. We have built productive and transparent relationships with our customers that have helped us to anticipate market trends, improve the quality of our product offerings and ultimately to fulfil the changing demand of customers.



Nutritional Value of Chicken

Chicken is the most common type of poultry in the world and is versatile in the kitchen. It has been domesticated and consumed as food for thousands of years. The health benefits of chicken include its good supply of lean, low fat, high protein content (each 100g of meat provides 24g of protein), the supply of essential vitamins and minerals. It contains vitamin C, thiamin (Vit B-1), riboflavin (Vit B-2), niacin (Vit B-3), vitamin B-6, folate, vitamin B-12, vitamin A, vitamin E, vitamin D and vitamin K. Chicken is a complete protein food, meaning it contains all nine essential amino acids. It is high in an amino acid called tryptophan, which gives a comforting feeling after consumption. Chicken is also rich in two minerals, phosphorus and selenium.

Phosphorus is an essential mineral that supports your teeth and bones, as well as kidney, liver and functioning of the central nervous system. Selenium is important for immune system functions and aids in regulating the thyroid hormone.

In addition, chicken is not subject to wide price fluctuations and there is an ISO quality system and food safety monitoring procedure monitored by established institutions. The Government of Sri Lanka still considers chicken meat as an essential food item even though its price control was removed by the State in the last budget.

Community Awareness

We believe in reciprocating to the community and its people who helped us achieve the benchmarks that we have today. Therefore organising and/or partaking in various charitable projects is one of our top priorities here at Bairaha, for it helps us enrich the lives of many in the process.

Available Island-Wide

Possessing authorised dealership of our entire range of products, our products are conveniently available across most grocery stores and supermarkets island-wide.

Bairaha's Fresh and Safe Promise to Our Customers

With superior standards in freshness, nutrition and hygiene, there are a number of great reasons as to why we are acclaimed as one of the leading chicken processors in Sri Lanka. We adhere to the following principles.

Processes and Quality

Since we are only one of a few companies in Sri Lanka having a totally integrated poultry production, we have control over the entire cycle of production processes. This include Grand Parent and Parent Breeding Farms, production of Broiler Chicks as well as the production and processing of Broiler Chicken. Even feed given to breeding as well as broiler birds are produced and supplied by our new and state of the art joint venture feedmill. Our value added pre-cooked products use exclusively Bairaha Chicken.

Reputed

Felicitated by numerous prestigious business associations both locally and internationally, our prized repertoire for achieving these accreditations is solely due to dedicating ourselves towards delivering the finest in poultry products to our consumers.

High Safety Standards

Owing to the prestigious ISO 9001:2008 certification, and based on audits carried on our quality and food safety processes by international food chains, we could say that chicken and meat products that leave our manufacturing facility are verified for providing the very best in quality to our consumers.

"Being a local supplier to one of the leading international fast food outlets in the world, we undergo stringent auditing processes with regard to food safety, processing and a number of other quality management standards."

We Review Customer Feedback to Provide Excellent Service

Bairaha conducts customer reviews and surveys to help build and maintain a healthy rapport with our customers. The feedback that we get from our customers and our distribution network is taken into consideration by the Management in the decision-making process. Other grievances are addressed in an efficient and timely manner by the relevant divisions.

Our Quality Assurance Efforts Go Beyond Compliance

Being a pioneer and a trusted brand of Sri Lanka, Bairaha works hard to ensure the quality and integrity of our products. We are committed to maintaining best practices in everything we do. We take a lot of effort to maintain food quality and safety. Being a local supplier to one of the leading international fast food outlets in the world, we undergo stringent auditing processes with regard to food safety, processing and a number of other quality management standards. Therefore, Bairaha has to constantly update our health and safety standards. Hence, we have to keep pace with ever-changing customer requirements.

Bairaha is accredited with ISO 9001, ISO 22000:2005 and HACCP system which provide assurance with regard to our food safety and quality management systems.

Bairaha Engages with Customers to Form Meaningful Relationships

Bairaha engages with our loyal customer base through promotional campaigns, exhibitions, social media, website and other forms of communication. Through these various forms of engagement, we have established meaningful relationships over the years.

In our marketing communication processes, we ensure that the true identity and character of Bairaha is retained and portrayed. We also conform to the regulatory requirements and the applicable codes of conduct in all our communications.

Bairaha Rasa Recipe

We undeniably love food, but prefer to eat it rather than preparing it ourselves. To spice up the family food diaries and to discover new ways of making the most out of our extensive products range, Bairaha partnered with Swarnawahini in 2016, to create the cooking segment, 'Bairaha Rasa Recipe'. This special cooking show which ran for 22 episodes in 2016 was a part of Swarnawahini's highly popular Livasevana TV programme. It featured the renowned Chef Kithsiri De Silva, who is an Executive Chef at the Kingsbury Hotel, who expertly used Bairaha products to make mouthwatering dishes. The programme also featured some chosen recipes from viewers. Every week, viewers who came up with the best recipes were selected and awarded gift vouchers worth Rs. 5,000.

Pro Food and Pro Pack 2016

Bairaha Farms PLC also participated in the Pro Food and Pro Pack 2016 Exhibition held in August 2016. Pro Food, Pro Pack and Agbiz Exhibitions are Sri Lanka's largest food, packaging and agriculture expositions. This exhibition was supported and endorsed by the Ministry of Agriculture and the Ministry of Industry and Commerce.

The event, under the theme, 'From the Farm to the Kitchen' was a unique platform to discover about the latest innovations in food processing and packaging services. There were 150 exhibiting companies from 20 countries, displaying new products and services.

The many participants who visited our stall at the exhibition premises were treated with delicious dishes made out of Bairaha products. To the delight of those who visited the stall, we had a selfie competition at 'Pro Foods Pro Pack 2016', where visitors had to take a selfie infront of our stall and post it on our facebook page. Winners were selected at the end of the competition and were awarded prizes.

Bairaha Mobile Kitchen

Our Mobile Kitchen Stall roamed the Island in the year under review visiting important events, exhibitions and shows. It was a great way to interact with our loyal Bairaha customer base and also with new customers who were treated to our Bairaha specialties. The following are some of the selected events which we visited over the last year:

- Batticaloa International Trade Exhibition 2016 ('BITE 2016') from 30th September to 2nd October 2016.
- Jaffna International Trade Fair (JITF) 2017 from 27th to 29th January 2017.
- St. Anthony's College Vs. Trinity College Big Match 10th and 11th March 2017.
- Southern Lifestyle Show held in Matara from 24th to 26th March 2017.

Website and Social Media

We have recognised that social media is an effective relationship channel between our brand and our customers. Therefore, we have embraced new technology to provide our customers with a more engaging brand experience. Our interactive website offers general information about our Company and showcases our history, awards won and other information. We have implemented an online strategy that includes a series of marketing and online initiatives, promoting the brand and increasing visitor conversion (from website viewer to website user) rates.

Our facebook page has over 21,000 likes and followers to date. We use our facebook page to regularly engage with our customers. Bairaha understands that in addition to nutritional information, customers want to learn how certain food will benefit and improve their health. Therefore, our facebook page is dedicated to posting healthy dietary choices and information about various food to our customers because we care about their health. We also publish recipes on a regular basis.

"Our facebook page has over 21,000 likes and followers to date. We use our facebook page to regularly engage with our customers." Marinated Chicken Breast

Product Portfolio









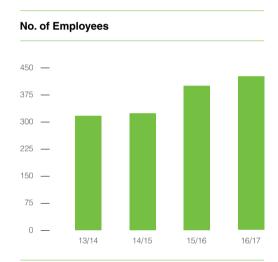


Our Employees

"We have created a challenging environment where our employees are inculcated with a willingness to learn, change and further develop themselves."

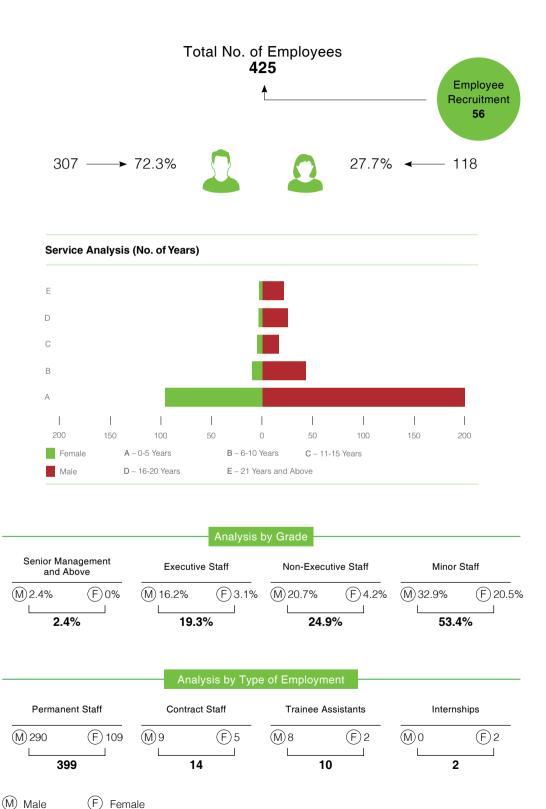
> Employees are the foundation of driving the Company towards sustainability. Bairaha Farms PLC for the last four decades have gained the reputation of being an equal opportunity employer. We also inculcate a strong sense of loyalty in our team members and also place importance to the development and retention of our workforce. We empower our employees to make Bairaha Farms PLC a great place to build a career by providing opportunities within the Company to move up the ladder. Our salary and benefits plans reflect our philosophy of equality. We do not discriminate against on the basis of gender, race, ethnicity, sex or religion and we adhere to labour rules and regulations.

> Bairaha Farms PLC has approximately 425 team members and of which 399 employees (93.9%) are permanent employees. Our female to male ratio in the workforce stands at 27.7% in the year under review with 118 female employees and 307 male employees.



Age Analysis





Recruitment and Turnover

Bairaha Farms PLC has an open policy when it comes to recruitment. Recruitment takes place every year depending on requirement. There was a total of 56 new recruits in 2016/17.

We take into account candidates' educational qualifications, experience, recommendations, as well as performance at the interview when assessing their suitability for recruitment.

The worker demography is also extensive and diverse and we make an effort to recruit from the local community whenever possible, depending on the availability of suitable candidates. Our joint venture feedmill is run by a foreign expert who provides on-the-job training to the employees.

Staff turnover is high among sales representatives in the sales division as well as among technically-skilled staff, whose services are also sought after by other industries.

Employee Turnover by Grade (of the Staff Who Resigned)

	Female	Male	
Grade	%	%	
Senior Management			
and above	0	0	
Executive Staff	0	34.4	
Non-Executive Staff	12.4	40.6	
Minor Staff	6.3	6.3	
Total Turnover	18.7	81.3	

Induction Programmes

All recruits undergo an induction programme prepared by the site supervisors or, at the executive level, by the HR Division. Induction depends on the type of employment and operation. If it relates to processing, the induction will be done on-site by the relevant managers. The Company recognises the importance of a proper induction programme since it makes it easier for new recruits to familiarise themselves with the Bairaha ethos and to fit into our working culture.

Employee Recruitment by Age

Age	Total No.	%	Male	%	Female	%
18-20 Years	_	_	_	_	_	_
21-30 Years	31	79.5	26	66.7	5	12.8
31-40 Years	7	17.9	7	17.9	_	_
41-50 Years	1	2.6	_	_	1	2.6
51-55 Years	_	_	_	_	_	_
56 Years and Above	_	_	_	_	_	_
Total New Hires	39	100	33	84.6	6	15.4

Employee Turnover by Age and Gender

Age	Total No.	%	Male	%	Female	%
18-20 Years	_	_	_	_	_	_
21-30 Years	16	50	15	47	1	3
31-40 Years	8	25	6	19	2	6
41-50 Years	3	9	1	3	2	6
51-55 Years	_	_	_	_	_	_
56 Years and Above	5	16	4	13	1	3
Total Turnover	32	100	26	81	6	19

"In 2016/17, an average of 630 hours of training were provided to employees at all levels." "The Company recognises the importance of a proper induction programme since it makes it easier for new recruits to familiarise themselves with the Bairaha ethos and to fit into our working culture."

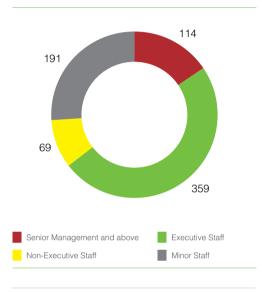
Training and Professional Development

Bairaha is a Company that aims to develop leadership skills which confer responsibilities and roles to employee. We have created a challenging environment where our employees are inculcated with a willingness to learn, change and further develop themselves. Training comes in different forms: there are annual workshops and training sessions held by foreign experts, for example there was a training session conducted in the processing factory by Mr. David Beavers and his colleague as well as two on-the-job-training sessions on breeder management carried out by another foreign expert, namely Mr. Cody Polley in the year under review. There are also on-site training sessions that are conducted by our own managers as well as training sessions conducted by local experts.



In 2016/17, an average of 630 hours of training were provided to employees at all levels. The training covered areas such as new techniques in broiler management, disease prevention, bio-security improvements, hatchery and breeder management and in other subject areas.

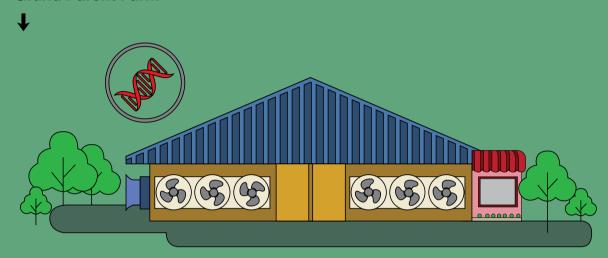
Training and Development (No. of Hours)



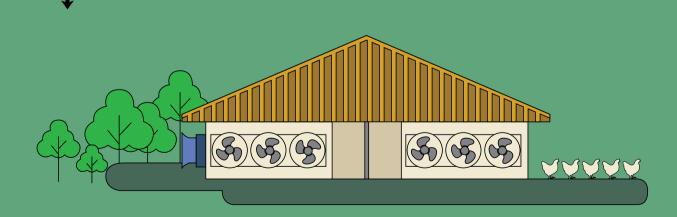
Key Areas of Focus	No. of Sessions
New Trends and Techniques – Broiler Operations	10
Breeder Management	7
Bio-Security Improvements	6
Brooding Management	4
Hatchery Management	4
Broiler Management	4
How to Avoid Accidents and First-Aid	2
Fire Fighting	2
Accounting and Finance	5

"Bairaha has a totally integrated poultry production and has control over the entire cycle of production processes, including Grand Parent and Parent Breeding Farms, production of Broiler Chicks as well as the production and processing of Broiler Chicken."

Grand Parent Farm



Parent Farm



"Due to the outstanding financial performance in 2016/17, the management paid to the employees five and half months' salary as bonuses to acknowledge the contribution of our staff to the success of the Company."

Retention

Bairaha Farms PLC considers employee retention to be of paramount importance, since recruiting new staff is a costly, protracted process. Bairaha Farms PLC being a trusted corporate member of the Sri Lankan society for over four decades, has gained a reputation for providing a safe, challenging, incentivised equal opportunity workplace for employees, as well as providing numerous monetary and other benefits to our team members.

The working culture that prevails at Bairaha is another reason for long-term employee retention. Our farm managers often remark on the delegation of authority and freedom granted to them to conduct their work without undue interference from higher Management.

Over the years staff turnover rate is 8.04 years, according to the actuarial evaluation. There are 129 employees with over 5 years of service to the Company.

Safety and Health and Hygiene

We provide a special training for maintaining health and hygiene in the farms. There is also a general training that is conducted before placement of a new batch in a given breeder farm. Training in handling fire protection equipment and dealing with emergency preparedness are provided to employees as necessary.

Being an accredited supplier to international food chain, we also comply with the stringent, international health standards within our operations. The international fast-food chain to whom we supply chicken conducts external (independent) audits by foreign experts who give a grading after the audit. Our grading score has been consistently improving over the years.

Benefits

Apart from offering competitive compensation, Bairaha also offers other benefits to our team members:

Awards and Recognition

Recently we have introduced an award scheme in the parent breeder farms and hatchery to select the best worker every three months and award cash prizes. Managers of the breeder farms have the opportunity to win for them and their spouses a fully-paid foreign tour and fully-paid local tour to the runner-up and spouse.

Bonuses

Due to the outstanding financial performance in 2016/17, recording Bairaha's highest ever profit in its history, the management paid to the employees five and half months' salary as bonuses to acknowledge the contribution of our staff to the success of the Company.

Parental Leave

With regards to parental leave, all the necessary regulations that are prescribed by the Sri Lankan Labour Laws are strictly adhered to. In 2016/17, five female employees took parental leave, out of which four returned to work.

Other Benefits

Health insurance is provided to all employees in the executive grade. In the case of non-executive farm assistants, there is an insurance scheme that is in place to pay a specified *per diem* rate for being away from work on account of sickness.

All employees are provided with EPF and ETF. We have also increased the death donation amount on account of demise of an immediate family members of a staff to Rs. 35,000.00 and of this 50% is borne by the Company and balance by staff contributions.

Community and Environment

"As the pioneer chicken processor of the country operating for the last 42 years, we feel it is our responsibility to act in an exemplary manner by promoting best management practices when engaging with the community and environment."

As a responsible corporate member of the community, we are extremely conscious of the impact of our presence on the local community and environment. As the pioneer chicken processor of the country operating for the last 42 years, we feel it is our responsibility to act in an exemplary manner by promoting best management practices when engaging with the community and environment. When we want to establish a new farm, it is our practice to generally purchase a large extent of land in a given locality for our farm away from highly residential areas in order to minimise our impact on the local community, ecosystems and water resources. We ensure that the location and design of the farms comply with all legal, regulatory, environmental and social requirements. This minimises the potential for conflicts with the community, manage future environmental impacts and ensure a sustainable business. Through our training programmes we inculcate in our employees a commitment to being a good corporate citizen and preserving the environment. They are aware of operations that may cause pollution or other issues and are trained to take all practical steps to reduce its impact.

Bairaha is affiliated with Cobb Vantress, one of the largest poultry breeding companies in the world. They provide us with technical advice and support on breeding, processing and other poultry production processes. In addition, we also continuously invest in process improvements to enhance the performance of our farms, factories and the external farmers.

Bairaha Participates in the Local Community

Bairaha makes an inestimable contribution to the development of the rural communities in which we operate in job creation, generating income, improving infrastructure and lifestyle and uplifting the local economy. Our operations are based in a number of districts, providing direct and indirect employment to thousands of employees, out growers, sub-contractors, transporters, retailers and distributors among others. Benefits are derived by farmers engaged in maize cultivation and rice millers providing maize and rice by-products to the poultry industry. The maize farmers are almost exclusively dependent on the poultry industry.

"In 2016, Bairaha renovated and tarred a 4 km road in Dolosbage, one of the poor rural villages in Sri Lanka."

We Handle Community Grievances Professionally

Bairaha understands that grievances of the community arise from ignorance of normal farm operations and fear based on misconceptions. Therefore, we deal with all grievances in a concerned, professional and sympathetic manner.

Bairaha Gives Back to the Community

Here are some selected initiatives undertaken by Bairaha in our efforts to give back to the community:

Community Road in Dolosbage

In 2016, Bairaha renovated and tarred a 4 km road in Dolosbage, one of the poor rural villages in Sri Lanka. We understand that rural roads provide basic infrastructure for all-round socio-economic development of the rural areas. While the road also directly benefit us in being easily accessible to our operations its benefits are also shared by the local community.



Wathupitiwala Base Hospital

This initiative which began in the year 2000 was continued in 2016 as well. On the request made by Ven. Mahopadya Dr. Pannila Ananda Nayaka Thero, a donation was made to replace the air conditioners in the Eye Clinic which were also earlier funded by the Company.



Avurudu Celebrations with the Locals

Bairaha employees and the local communities living close to our farms in different districts participate every year to celebrate Sinhala and Tamil New Year. This year too, the celebrations with the locals were highly appreciated by the local communities.

Attanagalla Sports Facility Club 50th Anniversary

Bairaha partly sponsored the 50th Anniversary Celebration of Udaya Sports Club (based in Attanagalla) in which there was a competition organised for children. Prizes were awarded to the winners.



Financial Support to Out Grower Farmers

Bairaha provides financial support to selected out grower farmers to expand their farms. The selection is based on an evaluation on their performance, their potential and their reliability. Once selected they will be given loans to expand and support their farming activities.

We Preserve the Environment for Sustainable Growth

Bairaha Farms PLC is fully aware of the need to preserve the environment as a fundamental factor underpinning sustainable development. Our customers not only demand quality but are increasingly aware and concerned about environmental issues. Our loyal customers who have been with Bairaha throughout our journey understand our deep respect for the environment and our commitment for sustainable development.

Our engagement in poultry farming, which has the lowest impact on global warming, illustrates our dedication to the environment. According to studies on environmental impact, greenhouse gas emissions are approximately four times less in poultry farming than in the case of the production of other meats. Moreover, the electricity consumption in the chicken production chain is roughly half that for the production of other meats.

We have implemented the necessary sanitary standards and we comply with stringent national and international regulatory requirements in our operations.

Lending a Hand to Kolonnawa Flood Victims

To alleviate the condition of the numerous people affected by flood and landslide in the area of Kolonnawa, Bairaha sought to donate some much-needed items to the victims. Utensils and household items were distributed by Bairaha Farms PLC.



Donation of a Movable Shelter to Central Sports Club

Bairaha Farms PLC donated a movable shelter (made of iron bars and amana sheets) for the use of residence in the Ellakala area on the occasions of funerals or other functions. The donation was made to the Central Sports Club. Ellakala.



"We have implemented the necessary sanitary standards and we comply with stringent national and international regulatory requirements in our operations."

"We take steps to manage odour through careful site selection, adequate distances with buffer zone, keeping the dust level low, frequent cleaning and above all by proper design of the farm."

Sponsoring D.S. Senanayake College Rugby Team

In order to support emerging, young talent in the school rugby arena, Bairaha has teamed up with D.S. Senanayake College. We have become one of the sponsors of the Rugby Team of the College.



Management of Odour

Even a well-managed poultry farm will generate some odour. Smell generated from agricultural activities is a usual part of the rural environment. We take steps to manage odour through careful site selection, adequate distances with buffer zone, keeping the dust level low, frequent cleaning and above all by proper design of the farm.

Managing Energy

Bairaha Farms PLC commissioned a firewood Biomass Boiler last year to replace the Furnace Boiler. We are happy to announce that our new Biomass Boiler using firewood is fully-operational supporting our processing factories. With this addition, we are able to eliminate almost completely the need for the use of furnace oil and thereby reduce our carbon footprint.

Bairaha understands that renewable energy is the way to the future. We have evaluated the possibility of installing solar panels to the roofs of our farms. While we already possess the necessary land and infrastructure, the high capital investment for solar energy is holding us back at present. But we intend to take the necessary steps to implement in certain farms the use of renewable energy in the near future.



We Manage Waste in a Systematic Manner

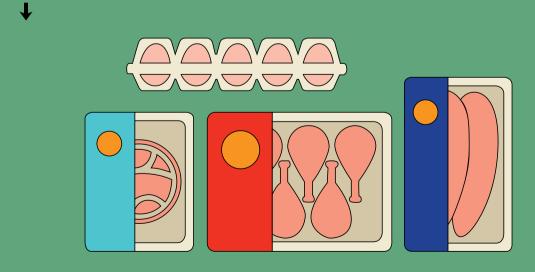
Waste management is quite essential to our industry and we recognise the importance of managing waste in a systematic, environmentally-friendly manner. Last year the Company completely upgraded the Waste Water Treatment Plant of the chicken processing factory and it is fully-operational. Presently the treated water is being used to water the teak trees and the future plan is to recycle the water with further treatment to wash the floors of the factory as well as vehicles.



"Bairaha brand day-old chicks possess unfailing genetic characteristics of Cobb 500 day-old chick which is considered as the world's most efficient broiler and it has the lowest feed conversion of 1.5 per kg."

Broiler Farm ↓ Solve Solve

Fresh and Uncooked Meat



"Bairaha Farms PLC has taken steps to manage poultry litter and manure by pre-arranging to bag and supply to coconut estates and vegetable farms."

Poultry Litter and Manure

One of the issues that poultry farms has to deal with is managing waste created by poultry litter and manure. Poultry litter and manure are high in nitrogen and phosphorus and can contain trace elements and microbes. If poultry litter is managed inappropriately it can lead to the breeding of flies and other environmental complications. We also understand that the isolation of poultry litter and manure from water resources is an essential requirement.

Bairaha Farms PLC has taken steps to manage poultry litter and manure by pre-arranging to bag and supply to coconut estates and vegetable farms. In future there may be an opportunity to process wet manure to produce dry pallets so that we could supply to third parties bagged and branded products.

Bio-Security Buffer Zone

With the global onset of Avian Flu, bio-security or protecting our flocks from diseases remains a fundamental challenge. Bairaha is concerned about sanitation, disease control and vermin management to ensure that our flocks remain healthy. To minimise contamination and disease outbreaks and disease transmission, we have in place an adequate bio-security buffer zone from the boundary of our lands. Another main purpose of having an adequate buffer zone area is to minimise unavoidable noise that can occur due to operations of machine, industrial fans etc.

Poly Tunnel

We recognise that our extensive buffer area in our land can be used for alternative, environmentally-friendly activities. In pursuance of this we have commenced an experimental poly tunnel project. Poly tunnels and houses provide a controlled environment that can be used to grow flowers and vegetables all year around and not just during their season. We are experimenting in growing gerkins in poly tunnels and have already harvested a portion of the first crop and sold it to an institution.





Storage of Chemicals

Chemicals, such as pesticides, disinfectants and pharmaceuticals if used inappropriately could be harmful. Without proper storage, water resources can become contaminated either through leaching to groundwater or run-off into surface water. At Bairaha Farms we take necessary precautions in the storage of chemicals to avoid any forms of negative environmental impact while also keeping a proper record of their usage.

Board of Directors



1. Desamanya Prof. M.T.A. Furkhan Chairman

Desamanya Prof. M.T.A. Furkhan is the Founder of the Confifi Group of Companies who has held the position as Chairman of all the companies in the Group from the very inception in 1969. He holds the Degrees of FCMA (UK), CGMA, J.Dip.MA (UK), FCIS (UK), FCPA (Aust.) and FCCS (SL). He has been elected twice as President of CIMA Sri Lanka, President, CIMA New South Wales, Australia, Institute of Chartered Corporate Secretaries, Institute of Management, Rotary Club of Colombo North and a number of other institutions. He has been recognised and awarded the CIMA INSTITUTE PLAQUE, CIMA CITATION and the Institute of Chartered Secretaries UK CITATION. He was awarded the CIMA Business Leader Award in the year 2003, Entrepreneur of the Year 1994 - Second Place in the Western Province by the FCCISL and was given the 2008 Tourism Legend Award by H.E. The President of Sri Lanka. In addition to his business interests, Prof. Furkhan has maintained regular and long-standing interest in the academia. While being a regular Lecturer in Management Accountancy and Advanced Management subjects, he has held the position of Professor of Management Accounting of the University of Sri Jayewardenepura, Sri Lanka and Principal of Zahira College, Colombo. Prof. Furkhan has held office in various professional bodies, Government Institutions, State Corporations and Private Sector Business Associations, including the Ceylon Chamber of Commerce, Federation of Chambers of Commerce and Industry and as President of the Tourist Hotels Association of Sri Lanka, Prof. Furkhan has been a member of the Independent National Police Commission of Sri Lanka and the Finance Commission of Sri Lanka. He was a member of the Council of the Postgraduate Institute of Management and the Council of the South Eastern University of Sri Lanka. In recognition of the services rendered to education and generally to the country, H.E. The President of Sri Lanka awarded him the title of Deshabandu in 1987 and later conferred the title of Desamanya in 2005.

2. Yakooth Naleem

Managing Director/
Chief Executive Officer

Mr. Yakooth Naleem is the CEO of the Company. He has been the Managing Director since 1990. He has a BA Econ. (Hons.) Degree from the University of Manchester (formerly known as the Victoria University of Manchester) of the United Kingdom. He was awarded the Entrepreneur of the Year 2000 – merit award in the extra large category in the Western Province by FCCISL. He was elected in January 2013 as the first Chairman of the newly-established Standing Committee on Dairy & Livestock of the National Chamber of Commerce of Sri Lanka.

3. Kamil Naleem

Executive Director

Mr. Kamil Naleem has been a Director of the Company since 1984. He previously looked after the operations of the Golden Rooster Restaurant chain until the operation was discontinued. He was also educated in the United Kingdom.

4. Riyal Yakoob

Executive Director

Mr. Riyal Yakoob is the Executive Director of the Company. He worked as a Senior Assistant Accountant of Bairaha for seven years and subsequently he was appointed as an Executive Director of the Company and he has been in this position since 1990. He received his Higher National Diploma (Business and Finance) from the Southwest London College of the United Kingdom.

5. Mubarak Naleem

Executive Director

Mr. Mubarak Naleem joined the Company in January 1994 as an Executive Director and he was in charge of the supermarkets chain until it was disposed off. He was also educated in the United Kingdom.

6. C.L. de Silva

Director

Mr. Chandana de Silva has held several senior management positions in the UK including that of Chief Financial Officer for Level (3) Communications in Europe a NASDAQ quoted company and Head of Financial Planning for British Telecommunications PLC.

Since moving back to Sri Lanka in 2002, he worked for MAS Holdings in a variety of roles and established the Supply Chain Management function, coordinated the Group's strategy development in 2005/06, set up the MAS training centre and was the Chief Executive Officer of MAS' Investment Division until December 2011.

He presently serves as a Management Consultant to clients in investment management, manufacturing, property development and the technology sectors.

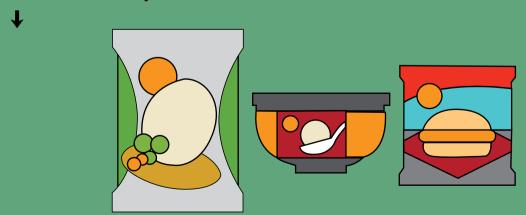
He is a Non-Executive Director on the Boards of Eureka Technologies (Pvt) Ltd., 24/7 Techies (Pvt) Ltd. and Sea-Change Partners Lanka (Pvt) Ltd., which provides consulting and training in Negotiating skills and development of high performing teams.

He also serves as a Director of Dunamis Capital PLC, Kelsey Developments PLC, Premier Synthetic Leather Manufacturers (Pvt) Ltd., First Capital Holdings PLC and its subsidiaries. "Bairaha has introduced the latest innovations in processing and packaging of broiler chicken in our chicken processing factory."

Production of Processed and Ready-to-Eat Food



Cooked and Ready-to-Eat Meat



Governance at Bairaha

Sound corporate governance is the foundation upon which the trust of investors, Board of Directors, customers, managers, and employees is built. Bairaha Farms PLC is committed to, and recognises the value and importance of, high standards of corporate governance which is critical to the reputation we have established over the past four decades as a company dedicated to excellence in both performance and integrity.

The Board and Management of Bairaha Farms PLC are committed to continually enhancing shareholder value by maintaining high standards of corporate governance, professionalism, integrity and commitment at all levels, supported by internal controls and Risk Management Systems. Bairaha believes that its commitment to corporate governance practices would generate distinct advantages for the Company's business by building and maintaining the confidence of its stakeholders and in particular, the shareholders.

This report sets out below the Company's corporate governance process:

The Board of Directors

The Board ensures the proper stewardship of the Company's affairs by formulating strategies and policies while monitoring the Company's activities for effective implementation. The Board, while being a source of strength to the Management also provides guidance to the Executive Directors and it has taken the responsibilities, among others, for the following:

- Reviewing and approving the strategies formulated by the Senior Management of the Company and subsidiary companies to achieve financial targets;
- Reviewing and approving annual budgets and monitoring the actual performance against the budgets and sanctioning major investments as well as capital expenditure;

• Ensuring compliance with corporate governance while monitoring, reviewing and introducing internal controls where necessary; Ensuring compliance with statutory provisions of the Companies Act, SEC and Stock Exchange Regulations and other laws relevant to the business; Approving the remuneration of the Executive Staff and the recruitment and/or promotions of Senior Managers and Executives and approving the remuneration of the Directors, the interim financial statements as well as the annual accounts and dividends.

Board Composition, Independence and Attendance at Board Meetings

The Board comprises six Directors and of these, two are Non-Executive Directors and the others, including the Chief Executive Officer are Executive Directors. The Board has determined that two Non-Executive Directors should be Independent Directors.

The Board of Directors are of the view that the period of service as Board member exceeding nine years rendered by Desamanya Prof. M.T.A. Furkhan has not compromised his independence and objectivity in his role as a Director.

The Independent Directors have submitted a declaration confirming their independence in accordance with Section 7 of the CSE Listing Rules on Corporate Governance. Names of Directors are given below and their profiles can be found on pages 43 to 45 Details of Directors' shareholdings in the Company is given on page 117.

The Board generally meets on a monthly basis. During the year under review, the Board has met nine times at which the attendance was as follows:

Name of the Director	Status	Attendance
Desamanya Prof. M.T.A. Furkhan	Non-Executive	8
Mr. Yakooth Naleem	Executive	9
Desamanya C.P. de Silva (Retired)	Non-Executive	2
Mr. Riyal Yakoob	Executive	9
Mr. Ilyas Naleem (deceased)	Non-Executive	7
Mr. Kamil Naleem	Executive	9
Mr. Mubarak Naleem	Executive	9
Mr. C.L. de Silva (w.e.f. 30.08.2016)	Non-Executive	4

Roles of the Chairman, the Chief Executive Officer and the Management

The posts of the Chairman and the Chief Executive Officer are separate and there is appropriate division of responsibilities between the Chairman and the Chief Executive Officer. This helps to maintain a proper balance of power and authority within the Company.

The Chairman, Desamanya Prof. M.T.A. Furkhan is responsible for the working and leadership of the Board. The Chief Executive Officer, Mr. Yakooth Naleem, along with other Executive Directors, is responsible for leading and managing the business within the authority delegated by the Board. Apart from the responsibilities of the Chairman and the Chief Executive Officer being entrusted to two different persons, there is also an Executive Management Committee (EMC), which is authorised to take operational decisions as well as implement policies and strategies determined by the Board.

Hence, there is ample opportunity within the Management structure for many people to contribute on issues relating to strategy, performance and risk management. The EMC meets every week and is chaired by the Chief Executive Officer. Other members of this Committee are the Executive Director, Group General Manager, Chief Financial Officer and Heads of the Divisions.

Role of the Company Secretary

The services and advice of the Company Secretary are available to Directors when necessary. The Company Secretary keeps the Board informed of new laws, regulations and requirements coming into effect, which are relevant to them as individual Directors and collectively to the Board. In addition, the Company Secretary advises the Chairman and the Board on all corporate governance matters, Board procedures and compliance with applicable rules and regulations.

Board Subcommittees (a) Audit Committee

The Audit Committee's duties include the review of financial statements, internal control procedures, accounting policies, risk management, assessing the adequacy of insurance coverage and compliance with relevant accounting standards.

The Audit Committee, among other things, assists the Board of Directors to discharge their duties by expressing an independent and objective view on the financial reports.

The Audit Committee consists of two Independent Non-Executive Directors. The Audit Committee is Chaired by Mr. C.L. de Silva, a Fellow of The Institute of Chartered Accountants of Sri Lanka as well as The Institute of Chartered Accountants in England and Wales.

The External Auditors are invited for meetings when required and in any case they participate in such meetings to discuss the final accounts before the Audit Committee recommends them to the Board for adoption.

The detailed Report of the Audit Committee is available on page 50.

(b) Remuneration Committee

The Remuneration Committee consists of two Non-Executive Independent Directors, Desamanya Prof. M.T.A. Furkhan is the Chairman of the Remuneration Committee and the other member of this Remuneration Committee is Mr. C.L. de Silva

The Remuneration Committee meets once in six months to review and recommend to the Board of Directors:

- 1. The salary and remuneration of Executive Staff.
- 2. The remuneration of Executive Directors.
- Fees and allowances for Non-Executive Directors.

For more information on Remuneration Committee, please refer to page 52.

Related Party Transactions Review Committee Report

The Company established the Related Party Transactions Review Committee in December 2015, to comply with the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka and the Section of the Listing Rules of the Colombo Stock Exchange.

Members of this new Committee, consists two Independent Non-Executive Directors and one Executive Director.

The main function of this Committee is to review and approve related party transactions. More details of this Committee could be found on page 53.

Going Concern

The Directors are satisfied to adopt the concept of going concern in the preparation of the financial statements based on the information made available to them through the annual budget, monthly management accounts, information provided on future prospects, risks and information on borrowing facilities.

Relations with Shareholders

Understanding the need of our shareholders is critical as it enables us to deliver value more effectively. Hence, we seek to understand our shareholders' views, communicate effectively with them and respond to their concerns. The Company encourages active participation of the shareholders at the Annual General Meeting and provides suitable answers and clarifications on issues and matters raised by shareholders. In addition, by making available the quarterly and the annual financial statements on a timely basis as well as by other forms of communication, the Board makes every effort to keep the shareholders informed of the progress of the Company.

(Sgd.)
Yakooth Naleem
Managing Director/Chief Executive Officer

19th June 2017

Report of the Audit Committee

Report of the Audit Committee

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibility. The Audit Committee functions include the review of financial statements, internal control procedures, accounting policies, risk evaluation, assessing the adequacy of insurance coverage and compliance with relevant accounting standards. The Audit Committee assists the Board of Directors, among other things, in discharging their duties by expressing an independent and objective view on the financial report taking into consideration compliance with mandatory, statutory and other regulations laid down by the authorities. Where necessary, the Audit Committee makes suggestions and recommendations to the Board in areas within its purview.

Membership

The Audit Committee consists of three Non-Executive Directors two of whom are Independent. Mr. C.L. de Silva who took over from Desamanya C.P. de Silva in August 2016 chairs it. Mr. C.L. de Silva is an Independent Director and a Fellow of The Institute of Chartered Accountants, in Sri Lanka as well as in England and Wales. The other members of the Audit Committee were:

- Desamanya Prof. M.T.A. Furkhan, who is an Independent Director and a Member of the Chartered Institute of Management Accountants, UK.
- Mr. Ilyas Naleem, a Non-Executive Director, until his demise in December 2016.

Meetings

The Audit Committee held four meetings during the year under review. The Chief Executive Officer, Executive Director and the Chief Financial Officer also attended those meetings on invitation.

Internal Audit Function

The internal audit function has been outsourced to Messrs BDO Partners, Chartered

Accountants. Generally, the audits are carried out on a quarterly basis. The Internal Auditors carry-out the audits as per a scheduled programme approved by the Audit Committee. The Audit Committee monitored and reviewed the scope, extent and effectiveness of the internal audit activity. The processes covered and the regularity of audits depend on the risk level of each process, with higher risk processes being audited more frequently.

During the year the Audit Committee met with the outsourced Internal Auditors to consider the findings, management responses and matters requiring follow-up. The audits focused on the design and operating effectiveness of internal controls to provide assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in the preparation and presentation of the financial statements. The Audit Committee approves the fees to be paid for the services of the Internal Auditors.

Financial Statements

The Audit Committee assists the Board in assuring the integrity of financial statements and disclosures. Before finalisation and signing off the Final Accounts by the Auditors, the Audit Committee met with the External Auditors to discuss and sort out issues relating to the Final Accounts. Subsequently, the members of the Audit Committee recommended to the Board the adoption of the Final Accounts.

External Auditors

The Audit Committee has recommended to the Board of Directors that Messrs Ernst & Young, Chartered Accountants be re-appointed as External Auditors for the financial year ending 31st March 2018, subject to the approval of the shareholders at the Annual General Meeting.

(Sgd.)
C.L. de Silva
Chairman
Audit Committee

19th June 2017

"Our extensive distribution network and retailers around the Island ensure that the fresh and safe products of Bairaha, your preferred household brand, are delivered to a retailer near you."

Retail Outlets/Modern Trade

Distribution Channels (Food Retail Outlets, Restaurants and Food Courts, Supermarkets and Hotels)







Report of the Remuneration Committee

The Remuneration Committee consists of two Independent, Non-Executive Directors, Desamanya Prof. M.T.A. Furkhan is the Chairman of the Remuneration Committee and the other member of the Remuneration Committee is Mr. C.L. de Silva.

The Remuneration Committee meets once in six months to review and recommend to the Board of Directors:

- The salary and remuneration of the Executive Staff
- The remuneration of Chief Executive Officer and Executive Directors
- Fees and allowances for Non-Executive Directors

In determining the compensation package of the Executive Personnel, the members of the Remuneration Committee take into account the prevailing market rates and compensation packages offered by other companies for staff of similar grades, their qualifications, experience and performance of the individual staff concerned. The main purpose of determining a suitable and an appropriate compensation package for staff is not only to retain experienced and qualified staff, but also to attract additional new staff to manage an expanding organisation. We believe that a good remuneration policy would maintain a balance between supporting the Company's over-riding financial goal of maximising shareholders' wealth, including sustained growth in dividend payment while keeping the staff and the management engaged, motivated and committed to the Company's both short-term and long-term financial goals.

The Company has always been fair in sharing its success and fortunes with its management and employees. This was quite vividly demonstrated by the fact that the Company paid five and a half months salary as bonus to all grades of employees in the year under review.

Besides salaries and allowances for sales and production staff, incentives are also paid for these staff covering both executives and non-executives alike, including staff in the farms and other production units, for achieving certain specific targets set by the Management, thereby helping to motivate the staff while assisting the Company to seek to achieve its sales and production targets stated in the Budget. In order to further motivate the Managers of the breeding farms there is also the opportunity for them and their spouses to earn a fully-paid foreign tour to the winner and fully-paid local tour to the runner-up and spouse if their farms outperform the other competing farms in the Group.

(Sgd.)
Desamanya Prof. M.T.A. Furkhan
Chairman
Remuneration Committee

19th June 2017

Related Party Transactions Review Committee Report

Bairaha Farms PLC established the Related Party Transactions Review Committee in December 2015 to comply with both the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange.

Composition of the Committee

Members of this Committee consists of two Independent Non-Executive Directors, one Non-Executive Director and one Executive Director.

The Committee comprised the following members:

Mr. C.L. de Silva (from August 2016) and Desamanya C.P. de Silva (up to July 2016) Chairman (Independent, Non-Executive Director)

Desamanya Prof. M.T.A. Furkhan Member (Independent, Non-Executive Director)

Mr. M.N.M. Ilyas (Until his demise in December 2016) Member (Non-Executive Director)

Mr. M.Y.M. Riyal (Executive Director)

Duties of the Committee

- To review proposed related party transactions prior to them being entered into with a view to best serve the interests of the Company;
- To monitor all related party transactions to ensure that they are carried out on normal commercial terms so that they are not in any way disadvantageous to the best interests of the Company and its minority shareholders;
- Obtain expert knowledge and advice either from within the Company or from outside to assess the pricing of recurrent related party transactions;

- To review both recurrent and non-recurrent related party transactions:
- Recommend to the Board and obtain their approval before executing related party transactions.

Review of Related Party Transactions

The Committee is of the opinion that all related party transactions entered into during the year were of recurrent trading transactions, which were needed for the smooth functioning of the Company except for the following:

- a. Company has given a Corporate Guarantee, of Rs. 125 Mn to MCB Bank Ltd., on behalf of Fortune Agro Industries (Pvt) Ltd., for its working capital financing.
- b. Issue of shares by some companies to settle long outstanding inter-company debts.
- c. Restructure of ownership of certain companies within the Group.
- d. Purchase of land from Director, Mr. M.N.M. Kamil for Rs. 8.7 Mn.

The details of other related party transactions entered into during the year are given in Notes 12, 13, 18, 20 and 31 to the financial statements on pages 90, 91, 95, 96, 112 and 113 of this Annual Report.

Declaration

A declaration by the Board of Directors on compliance with the rules pertaining to related party transactions appears on the Report of the Board of Directors on pages 59 to 61 of the Annual Report.

Meetings

The Committee held three meetings during the year under review.

(Sgd.)
C.L. de Silva
Chairman
Related Party Transactions Review Committee

Risk Management

Risk is an inherent feature of modern poultry production. Production systems are complex and both the intermediate products (hatching eggs, day-old chicks etc.) and end products (meat) are perishable. Effective recognition of hazards and informal assessment of risk have long been the basis of progress in the industry. The industry has a long history of introducing pragmatic measures for the control of animal health and other risks. Bairaha Farms PLC have adopted a systematic and collaborative risk management policy to ensure accountability and embedding risk management in all sectors of the Organisation to identify, analyse, evaluate, monitor, control and reduce potential risks. These quantitative risk assessment techniques are used for analysing data and allocating resources.

Being in the livestock and food production sectors, the Company faces a multitude of risks while carrying on its business activities. Bairaha is cognisant of the fact that effective identification and management of such risks will determine the sustainability of Bairaha's operations from an economic, social and environmental context. Risk management function at Bairaha assesses the risks inherent in the activities of the Group from 'farm to fork' and then recommends the steps needed to mitigate their impact and capitalise on opportunities through the adoption of suitable risk management measures. In this regard, the Company pays attention to details that include raw materials and supply chain, market-driven factors, regulatory matters, operational risks and natural causes, as described below:

Supply-Side Risks

Primary supply-side risks are related to the various inputs that the Company and subsidiary companies purchase. Primarily, such risks are associated with the quality of poultry feed, which mainly depends on the inputs used in its manufacturing process and the quality of parent breeder and broiler chicks. Poor quality

feed could cause poor performance by both breeding birds as well as broilers. In order to minimise issues that could arise from poor quality feed, the Company periodically tests the feed it purchases for quality parameters in an external laboratory. However, with the commencement of the Company's joint venture feedmill, risks relating to feed supply and quality are expected to be low.

The risks associated with the availability of raw materials for feed manufacture has increased over the years due to Government's inconsistent policies on the import of maize leading to uncertainty in the industry. Since the market price of poultry is largely decided by the prices of feed, if the Government takes the necessary steps to allow regulated but timely import of maize, it will lead to lower cost of production and reduced risk and uncertainty which would eventually benefit our consumers.

Bairaha has managed/mitigated the risks associated with the purchase of parent breeder chicks by buying them from Bairaha's joint venture company, namely Fortune G-P Farms (Lanka) Ltd., which is considered as having some of the industry's best facilities of the only three grand-parent broiler breeding companies operating in Sri Lanka. In any case, the Company also has the option of importing the parent breeder chicks directly from its principal's facilities located the United States of America, the United Kingdom and the Netherlands

Market Risk

The highly competitive nature among the poultry processors which caters to a relatively small market in Sri Lanka can lead to market risks for the Group. The fierce competition leads to undercutting and price reduction. Bairaha being a trusted household brand in existence for more than four decades, the Management avoids, wherever possible, engaging in negative forms of competition in the market.

Bairaha undertakes periodic wholesale price comparisons in order to closely monitor market risk with regard to processed chicken. Furthermore, the Company also seeks to minimise future market risks by introducing new products and value-added products that cater to the customers' needs.

Bairaha seeks to minimise risks associated with marketing of day-old chicks by producing and supplying quality chicks, while ensuring consistency in the Company's supplies, combined with an outstanding service and customer support. Further, by widening the customer base, the Company has also sought to minimise its exposure to risks relating to the marketing of day-old chicks in Sri Lanka.

Regulatory and Legal Risks

The Company also faces potential risks of non-compliance with the provisions of Inland Revenue Act, CSE Listing Rules and other applicable laws and regulations. High legal expenses, fines and penalties, inquiries by tax and regulatory authorities, reprimanding and any consequent negative publicity etc., could ultimately seriously damage the Company's reputation. In order to manage these risks, the Management continuously monitors the Group with regard to its compliance with laws and regulations, while audit checks are conducted by Internal Auditors. Auditors from the Sri Lanka Standards Institution too regularly assess our compliance with regard to food safety and quality management systems.

The fact that Bairaha is accredited with ISO 9001:2008, ISO 22000:2005 and HACCP systems provide assurance to a great extent with regard to our food safety and quality management.

Financial Risks

With only a small percentage of Bairaha's consumables being imported at present, the Company is not excessively exposed to risks arising from foreign currency transactions. However, the Fortune Agro Industries (Pvt.) Ltd., joint venture feedmill company, is exposed to foreign exchange risks on the import of raw materials for feed production.

While also having facilities with more than one financial institution, Bairaha is satisfactorily managing financial risks relating to borrowings by controlling the Company's exposures to debt.

Operational Risks

Poor performance by Out growers is one of the main operational risks faced by the Company. When Out growers' due balances rise excessively, the Company is compelled to make increased provisions for bad and doubtful debts, which in turn affects the Company's profitability. In order to manage this significant operational risk, which is common to the industry, Bairaha periodically evaluates and monitors Out growers' performances. Frequent defaulters are, over a period of time, weeded out and the shortfall is taken up by the Company's own broiler farms or by new growers. However, in the year under review, we made a provision of only Rs. 657.585/on account of doubtful debts relating to Out growers.



In order to minimise other operational risks such as those resulting from plant and machinery failures, breakdowns in internal systems and procedures, human errors and negligence, periodic reviews of systems and procedures, having maintenance agreements with plant and machinery suppliers together with introduction of automation wherever feasible to minimise human involvement, are some of the steps that are in place.

Natural Disasters, Weather Conditions and Diseases

Farming traditionally has been at the mercy of the weather: droughts, floods, storms etc. These could cause crop and livestock losses while an unusually good growing season could lead to discounted prices. Geophysical disasters, though less common in Sri Lanka, could have even more drastic impacts. Since such events cannot be predicted or be fully-prepared for, all properties and stocks of the Company are fully and comprehensively insured against natural disasters.

Since insurance coverage is not available against livestock and poultry diseases in Sri Lanka, we have taken a range of precautions to prevent entry of diseases onto our farms. We have implemented bio-security practices and farm hygiene to minimise the risk of disease outbreaks.

Furthermore, our farms are spread out in numerous separate locations in a number of districts in the country in order to minimise cross-contamination between the farms. The Company, its subsidiary and joint venture companies have taken measures to minimise the impact of hot weather on production and productivity by having artificially cooled and ventilated poultry houses to maintain a stable and comfortable environment for the birds.





Statement of Directors' Responsibilities

The Directors are responsible for ensuring that the Company keeps sufficient accounting records which disclose the financial position of the Company with reasonable accuracy and that the financial statements are prepared in conformity with the Sri Lanka Accounting Standards (SLFRS/LKAS) and comply with the provisions of the Companies Act. The Directors have adopted the going concern basis for the preparation of the financial statements.

The Directors are responsible for taking reasonable measures to safeguard the assets of the Company and in that regard maintain effective controls.

The Directors confirm that all statutory payments for the financial year have been made.

By Order of the Board, Bairaha Farms PLC

(Sgd.)
P W Corporate Secretarial (Pvt) Ltd.
Company Secretaries

19th June 2017 Colombo

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

The Directors of Bairaha Farms PLC have pleasure in presenting their Annual Report together with the audited financial statements of the Company for the year ended 31st March 2017.

General

Pursuant to the requirements of the New Companies Act No. 07 of 2007, the Company was re-registered on 14th February 2008 and bears registration number PQ122. Accordingly, the name of the Company has changed to Bairaha Farms PLC.

Group Activities

The core activities of the Group are vertically integrated poultry farming, chicken processing and manufacturing of precooked meats and in particular the following:

- Breeding poultry and operating of hatcheries for the production and sale of both parent and commercial broiler day-old chicks;
- Operating hundreds of outgrower farms as well as a few large-scale own broiler farms;
- Processing, distributing and selling of packeted whole broiler chicken and broiler chicken portions (cut-ups);
- Manufacturing, distributing and selling of precooked meats including chicken sausages, chicken meat balls, chicken sandwich slices and marinated chicken;
- Marketing and selling of other products for poultry farming, including sales of hypromeal (produced by recycling the by-products of poultry processing) to feed millers.

Financial Statements

The financial statements of the Company are given on pages 63 to 66.

Summarised Financial Results

	31st March 2017	Restated 31st March 2016
	Rs. '000	Rs. '000
Group		
Revenue	4,363,614	3,889,942
Total Comprehensive	702.760	770,331
	- ,	· · · · · · · · · · · · · · · · · · ·
Retained Earnings	2,600,929	2,019,054

Auditors' Report

The Report of the Auditors on the financial statements of the Company is given on page 62.

Accounting Policies

The financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) and the policies adopted thereof are given on pages 67 to 77.

Directors

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 43 to 45.

Executive Directors

Mr. Yakooth Naleem (Managing Director)

Mr. Riyal Yakoob Mr. Kamil Naleem Mr. Mubarak Naleem

Non-Executive Directors

Desamanya Prof. M.T.A. Furkhan (Chairman)*

Mr. C.L. de Silva*

* Independent Director

Mr. Ilyas Naleem passed away on 21st December 2016.

In accordance with Articles 87 and 88 of the Articles of Association of the Company, Mr. Riyal Yakoob retires by rotation and, being eligible is recommended for re-election.

The Directors have recommended the re-appointment of Desamanya Prof. M.T.A. Furkhan who is 82 years of age, as a Director of the Company; and accordingly a resolution will be placed before the shareholders, at the forthcoming Annual General Meeting in terms of Section 211 of the Companies Act No. 07 of 2007 with regard to the re-appointment of Desamanya Prof. M.T.A. Furkhan.

Mr. C.L. de Silva who was appointed to the Board on 30th August 2016 shall retire in terms of Article 94 of the Articles of Association of the Company at the forthcoming Annual General Meeting and being eligible is recommended by the Directors for re-election.

Interest Register

The Company maintains an Interest Register in terms of the Companies Act No. 07 of 2007.

All related party transactions which encompass the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period is recorded in the Interest Register in due compliance with the applicable rules and regulations of the relevant Regulatory Authorities.

The relevant interests of Directors in the shares of the Company as at 31st March 2017 are recorded in the Interest Register and details are given in this Report under Directors' shareholding.

Directors' Remuneration

The Directors' remuneration is disclosed in Note 23 to the financial statements on page 98.

Directors' Interests in Contracts

The Directors have no direct or indirect interest in any contract or proposed contracts with the Company except for the transactions referred to in Note 31 to the financial statements.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of financial statements of the Company and to ensure that they reflect a true and fair view of the state of its affairs. A further statement in this regard is included on page 58.

Auditors

Messrs Ernst & Young, Chartered Accountants served as the Auditors during the year under review. As far as the Directors are aware, the Auditors' only relationship with the Company is in regard to their work relating to the audit and the computation that they do in regard to taxation.

The audit fee including Component Auditors for the year under review is Rs. 4,864,177/-.

The Auditors have also provided tax compliance services during the year and the fee including Component Auditors for the year under review is Rs. 787,133/-.

The Auditors have expressed their willingness to continue in office.

A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Stated Capital

The Stated Capital of the Company is Rs. 256,305,197/- divided into 16,000,000 Ordinary Shares.

Directors' Shareholding

The shareholdings of the Directors of the Company are as follows:

	No. of Shares			
As at	31.03.2017	31.03.2016		
Directors				
Desamanya Prof. M.T.A. Furkhan	61,700	61,700		
Mr. Yakooth Naleem	1,701,867	1,701,867		
Mr. Riyal Yakoob	824,305	824,305		
Mr. Kamil Naleem	1,603,924	1,603,924		
Mr. Mubarak Naleem	1,660,908	1,660,908		
Mr. C.L. de Silva		N/A		

Major Shareholders, Distribution Schedule and Other Information

Information on the twenty largest shareholders of the Company, distribution schedule of the shareholders and market value per share are given as in the Listing Rules of the Colombo Stock Exchange on pages 116 and 117 under Investor Information.

Public Holding

63.42% of the issued shares of the Company are in the hands of the public, comprising of 3,468 shareholders.

Reserves

The movements of reserves during the year are given under the Statement of Changes in Equity on page 65.

Land Holdings

Details of Company's ownership of lands are given in Note 4.1.5 to the financial statements.

Capital Expenditure

The total capital expenditure during the year amounted to Rs. 429.2 Mn compared to Rs. 199.6 Mn incurred in the previous year. Details of movements in Property, Plant & Equipment are given under Notes 4.1 and 4.2 to the financial statements.

Dividend

A final dividend of Rs. 4/- per share was declared for the year ended 31st March 2016 and paid on 10th June 2016.

An interim dividend of Rs. 3.50 per share was declared on 25th October 2016 and paid on 16th November 2016.

A 2nd interim dividend of Rs. 4/- per share was declared on 27th April 2017 and paid on 23rd May 2017.

Statutory Payments

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and all contributions, levies and taxes payable on behalf of and in respect of employees of the Company and all other known statutory dues as were due and payable by the Company as at the reporting date have been paid or where relevant provided for.

Donations

The Company has made donations for charitable purposes amounting to Rs. 2,663,922/- (2016 – Rs. 3,475,624/-) for the year ended 31st March 2017.

Events Occurring after the Reporting Date

No circumstances have arisen since the reporting date, which would require adjustment to or disclosure in the financial statements except the items in Note 32 of the financial statements in regard to payment of a second interim dividend.

Corporate Governance

Corporate governance practices and principles with respect to the Management and operations of the Company are set out on pages 47 to 49 of this Report. The Directors confirm that the Company has complied with the rules on corporate governance contained in the Listing Rules of the Colombo Stock Exchange.

An Audit Committee, Remuneration Committee and Related Party Transactions Review Committee function as Subcommittees of the Board and they are composed of Directors with the requisite qualifications and experience. The composition of the said Committees is as follows:

Audit Committee

Up to July 2016

- Desamanya C.P. de Silva Chairman Resigned on 12th July 2016
- Desamanya Prof. M.T.A. Furkhan
- Mr. Ilyas Naleem

From 30th August 2016 onwards

- Mr. C.L. de Silva Chairman Appointed on 30th August 2016
- Desamanya Prof. M.T.A. Furkhan
- Mr. Ilyas Naleem –
 Deceased on 21st December 2016

Remuneration Committee

Up to July 2016

- Desamanya Prof. M.T.A. Furkhan Chairman
- Desamanya C.P. de Silva Resigned on 12th July 2016
- Mr. Ilyas Naleem

From August 2016 onwards

- Desamanya Prof. M.T.A. Furkhan Chairman
- Mr. C.L. de Silva –
 Appointed on 30th August 2016
- Mr. Ilyas Naleem –
 Deceased on 21st December 2016

Related Party Transaction Review Committee

Up to July 2016

- Desamanya C.P. de Silva Chairman Resigned on 12th July 2016
- Desamanya Prof. M.T.A. Furkhan
- Mr. Ilyas Naleem
- · Mr. Riyal Yakoob

From August 2016 onwards

- Mr. C.L. de Silva Chairman
- Desamanya Prof. M.T.A. Furkhan
- Mr. Ilyas Naleem –
 Deceased on 21st December 2016
- Mr. Riyal Yakoob

The Related Party Transaction Review Committee has reviewed all related party transactions that require their review for the year ended 31st March 2017 in compliance with the relevant listing rules.

Annual General Meeting

The Annual General Meeting will be held at the Crystal Ballroom, Taj Samudra Hotel, Colombo at 11.30 a.m. on Thursday, 27th July 2017. The Notice of the Annual General Meeting appears on page 125.

By Order of the Board Bairaha Farms PLC

(Sgd.)

Yakooth Naleem Managing Director

(Sgd.) Riyal Yakoob

Executive Director

(Sgd.)

P W Corporate Secretarial (Pvt) Ltd. Secretaries

19th June 2017 Colombo

Independent Auditors' Report



Ernst & Young Chartered Accountants 201 De Saram Place P.O. Box 101 Colombo 10 Sri Lanka Tel :+94 11 2463500 Fax Gen :+94 11 2697369 Tax :+94 11 5578180

eysl@lk.ey.com ey.com

HMAJ/PNS/DF/AD

To the Shareholders of Bairaha Farms PLC Report on the Financial Statements

We have audited the accompanying financial statements of Bairaha Farms PLC, ('the Company') and the consolidated financial statements of the Company and its subsidiaries ('Group'), which comprise the statement of financial position as at 31st March 2017 and the Statement of Profit or Loss and Other Comprehensive Income, statement of changes in equity and, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka

Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31st March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

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

- (a) The basis of opinion, scope and limitations of the audit are as stated above.
- (b) In our opinion:
 - we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company;
 - the financial statements of the Company give a true and fair view of its financial position as at 31st March 2017 and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards; and
 - the financial statements of the Company and the Group comply with the requirements of Sections 151 and 153 of the Companies Act No. 07 of 2007.

(Sgd.) 19 June 2017 Colombo

Partners: WRH Fernando FCA FCMA MPD Cooray FCA FCMA RN de Saram ACA FCMA Ms. NA De Silva FCA Ms. YA De Silva FCA WKBS P Fernando FCA FCMA Ms. LKH L Fonseka FCA APA Gunasekera FCA FCMA A Herath FCA DK Hulangamuwa FCA FCMA LLB (Lond) HMA Jayesinghe FCA FCMA Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA N M Sulaiman ACA ACMA BE Wijesuriya FCA ACMA

Principal T P M Ruberu FCMA FCCA

Statement of Financial Position

		Gr	oup		Com	pany
As at 31st March		2017	Restated 2016	Restated 2015	2017	2016
	Note	Rs.	Rs.		Rs.	Rs.
ASSETS						
Non-Current Assets						
Property, Plant & Equipment	4	2 047 086 372	1,781,355,187	1 552 832 976	793,916,119	682,185,197
Investment Property	5		-	-	62,092,942	63,676,095
Intangible Assets	6	3.369.725	4,126,343	4,939,015	3,369,725	4,126,343
Investments in Subsidiaries	7	_		-	381,532,820	160,691,050
Investments in Joint Ventures	8	871,662,502	516,897,884	11,904,366	606,922,000	374,128,510
Investments in Associate		_	_	101,430,657	_	_
Other Investments	9	1,303,851	1,967,903	1,841,465	1,303,851	1,967,903
Biological Assets - Bearer	11	304,176,008	251,364,402	204,318,664	79,006,365	52,799,833
				1,877,267,143		1,339,574,931
Current Assets				, , ,		
Inventories	10	156,110,986	123,731,987	123,819,115	105,843,851	86,512,371
Biological Assets – Consumable	11	115,193,041	122,422,564	122,384,471	57,064,769	69,378,590
Trade and Other Receivables	12	449,712,612	337,239,532	322,725,054	354,072,310	315,440,234
Income Tax Receivable	12	449,712,012	-	19,428,101	-	9,274,781
Amounts Due from Related Parties	13	24,388,320	257,076,610	200,181,111	55,129,761	625,557,825
Cash and Bank Balances	26	377,070,160	327,261,204	146,631,221	112,962,666	149,947,177
Odom and Bank Balances			1,167,731,897	935,169,073	685,073,358	1,256,110,978
Total Assets		4,350,073,577	3,723,443,616		2,613,217,179	2,595,685,909
		1,000,070,077	0,720,110,010	2,012,100,210	2,010,217,170	2,000,000,000
EQUITY AND LIABILITIES						
Equity	1.1	050 005 107	050 005 107	050 005 107	050 005 107	050 005 107
Stated Capital	14	256,305,197	256,305,197	256,305,197	256,305,197	256,305,197
Revaluation Surplus Available-for-Sale Reserve	15.1	425,106,381	425,164,506	247,693,812 (431,007)	143,561,735	143,619,860
Actuarial Gain on Defined Benefit Plans		(945,507)	(293,807)	(3,831,148)	(945,507) (131,831)	(293,807)
Other Reserves	15.2	(131,831)	(1,668,386)	576,677	(131,031)	(1,668,386)
Retained Earnings	13.2	2,600,928,897	2,019,053,929	1,499,917,265	1,278,204,481	792,466,855
Total Equity		3,281,263,137	2,698,561,439	2,000,230,796	1,676,994,075	1,190,429,719
		3,201,203,137	2,090,301,439	2,000,230,730	1,070,994,073	1,190,429,719
Non-Current Liabilities						
Financing and Lease (Ijara) Payables	16	483,227,268	484,643,954	254,492,485	456,260,540	478,256,934
Deferred Tax Liabilities	24.2	115,494,449	80,901,043	56,571,762	73,438,227	47,618,444
Retirement Benefit Liability	17	52,035,278	46,749,916	42,167,472	44,260,849	40,427,290
		650,756,995	612,294,913	353,231,719	573,959,616	566,302,668
Current Liabilities						
Trade and Other Payables	18	217,946,507	282,755,377	352,595,168	162,655,569	245,455,517
Dividends Payable	19	9,228,001	6,391,831	4,068,550	9,228,001	6,391,831
Amounts Due to Related Parties	20	_	_	_	22,627,637	485,955,676
Income Tax Payable		34,683,317	13,565,194	_	22,097,143	_
Financing and Lease (Ijara) Payables	16	156,195,620	109,874,862	102,309,983	145,655,138	101,150,498
		418,053,445	412,587,264	458,973,701	362,263,488	838,953,522
Total Equity and Liabilities		4,350,073,577	3,723,443,616	2,812,436,216	2,613,217,179	2,595,685,909

These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

(Sgd.) Ahamed Zahiri Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements. Signed for and on behalf of the Board by,

(Sgd.)(Sgd.)Yakooth NaleemRiyal YakoobManaging DirectorExecutive Director

The accounting policies and Notes on pages 67 through 114 form an integral part of the financial statements.

19th June 2017 Colombo

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
Year ended 31st March		2017	Restated 2016	2017	2016
Teal ended 315t Match	Note	Rs.	Rs.	Rs.	Rs.
Revenue	3	4,363,614,158	3,889,941,513	3,025,521,993	2,816,468,230
Cost of Sales			(2,896,349,010)		
Gross Profit		1,203,064,563	993,592,503	526,250,707	436,270,929
Other Operating Income	21	21,568,376	54,621,978	482,301,704	18,775,216
Distribution Costs		(200,262,478)	(167,260,183)	(133,403,830)	(108,355,017)
Administrative Expenses		(219,172,382)	(181,583,169)	(106,574,476)	(91,374,347)
Other Operating Expenses		(676,679)	(649,399)	(676,679)	(643,549)
Finance Cost	22	(67,233,718)	(52,336,295)	(64,945,774)	(44,378,212)
Profit before Tax	23	737,287,682	646,385,435	702,951,652	210,295,020
Share of Profit from Joint Venture Companies (Net of Tax)	8.2	125,833,469	18,350,932	_	_
Income Tax Expense	24	(161,246,183)	(74,176,380)	(97,214,026)	(21,701,461)
Profit for the Year		701,874,968	590,559,987	605,737,626	188,593,559
Other Comprehensive Income					
Other Comprehensive Income to be Reclassified to					
Profit or Loss in Subsequent Periods:					
Fair Value Losses – Other Investments		(651,700)	137,200	(651,700)	137,200
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods:					
Actuarial Gain on Defined Benefit Plans	17.2	1,726,466	2,430,070	1,726,466	2,430,070
Deferred Tax Impact on Defined Benefit Plans	24.2	(189,911)	(267,308)	(189,911)	(267,308)
Revaluation of Property, Plant & Equipment	15.1	_	175,531,918	_	25,625,135
Deferred Tax Impact on Revaluation	15.1	_	(5,676,028)	_	(2,818,765)
Share of Other Comprehensive Income of Equity Accounted Investees	15.1	_	8,293,630	_	
Deferred Tax Share of Equity Accounted Investments	15.1		(678,826)		
Deterred tax oriale of Equity Accounted Investments	10.1	1,536,555	179,633,456	1,536,555	24,969,132
Other Comprehensive Income for the Year		884,855	179,770,656	884,855	25,106,332
Total Comprehensive Income		702,759,823	770,330,643	606,622,481	213,699,891
·		702,700,020	770,000,010	000,022,101	210,000,001
Profit Attributable to:		701 074 000	E00 EE0 00 7	COE 707 COC	100 500 550
Equity Holders of the Parent		701,874,968	590,559,987	605,737,626	188,593,559
Non-Controlling Interest					100 500 550
		701,874,968	590,559,987	605,737,626	188,593,559
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent		702,759,823	770,330,643	606,622,481	213,699,891
Non-Controlling Interest		_	_	_	-
		702,759,823	770,330,643	606,622,481	213,699,891
Earnings per Share – Basic	25	43.87	36.91	37.86	11.79

The accounting policies and notes on pages 67 through 114 form an integral part of the financial statements.

Statement of Changes in Equity

	Stated Capital	Revaluation Surplus	Available-for-Sale Reserves	Actuarial Gain on Defined Benefit Plans	Other Reserves	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Group							
Balance as at 1st April 2015 (Restated)	256,305,197	247,693,812	(431,007)	(3,831,148)	576,677	1,499,917,265	2,000,230,796
Profit for the Year	_	_	_	_	_	590,559,987	590,559,987
Other Comprehensive Income	_	169,855,890	137,200	2,162,762	_	_	172,155,852
Realised Revaluation Surplus on Property, Plant & Equipment	_	_	-	_	-	-	_
Share of Other Comprehensive Income of Equity Accounted Investees (Net)	_	7,614,804	-	_	-	-	7,614,804
Dividends (DPS Rs. 4.50)	_	_	_	_	_	(72,000,000)	(72,000,000)
Transfer					(576,677)	576,677	_
Balance as at 31st March 2016 (Restated)	256,305,197	425,164,506	(293,807)	(1,668,386)	_	2,019,053,929	2,698,561,439
Profit for the Year	_	_	_	_	_	701,874,968	701,874,968
Other Comprehensive Income (Net)	_	_	(651,700)	1,536,555	_	_	884,855
Realised Revaluation Surplus on Property, Plant & Equipment	_	(58,125)	_	_	_	_	(58,125)
Dividends (DPS: Rs. 7.50)	_	_	_	_	_	(120,000,000)	(120,000,000)
Balance as at 31st March 2017	256,305,197	425,106,381	(945,507)	(131,831)	_	2,600,928,897	
Company Balance as at 1st April 2015	256,305,197	120,813,490	(431,007)	(3,831,148)	576,677	675,296,619	1,048,729,828
Profit for the Year	_	_	_	_	_	188,593,559	188,593,559
Other Comprehensive Income	_	22,806,370	137,200	2,162,762	_	_	25,106,332
Realised Revaluation Surplus on Property, Plant & Equipment	_	_	-	_	_	_	_
Dividends (DPS Rs. 4.50)	_	_	_	_	_	(72,000,000)	(72,000,000)
Transfer					(576,677)	576,677	_
Balance as at 31st March 2016	256,305,197	143,619,860	(293,807)	(1,668,386)	_	792,466,855	1,190,429,719
Profit for the Year	_	_	_	-	_	605,737,626	605,737,626
Other Comprehensive Income (Net)	_	_	(651,700)	1,536,555	_	_	884,855
Realised Revaluation Surplus on Property, Plant & Equipment	_	(58,125)	_	_	_	_	(58,125)
Dividends (DPS: Rs. 7.50)		_	_	_	_	(120,000,000)	(120,000,000)
Balance as at 31st March 2017	256,305,197	143,561,735	(945,507)	(131,831)	_	1,278,204,481	1,676,994,075

The accounting policies and Notes on pages 67 through 114 form an integral part of the financial statements.

Cash Flow Statement

		Group		Company	
Year ended 31st March		2017	Restated	2017	0040
		2017	2016	2017	2016
	Note	Rs.	Rs.	Rs.	Rs.
Cash Flows From/(Used in) Operating Activities					
Net Profit before Income Tax Expense		737,287,682	646,385,435	702,951,652	210,295,020
Adjustments for					
Allowance for Weight Loss	23	3,676,501	7,376,934	3,676,501	7,376,934
Depreciation	23	158,658,859	146,572,826	87,819,341	76,370,348
Transferred to Cost of Sales and Fair Value Gain	11.1	351,189,527	266,986,113	69,164,291	49,450,006
Realised Revaluation Surplus on Disposal of Property, Plant & Equipment		(58,125)	_	(58,125)	_
Fair Value Gain on Quoted Investments		12,352	10,762	12,352	10,762
Deferred Tax Impact on Retirement Benefit Obligation – Gratuity		(189,911)	(267,308)	(189,911)	(267,308)
Gain on Bargain Purchase of Joint Venture Company	21	_	(24,977,664)	_	_
Intangible Assets Amortisation	6	756,618	812,672	756,618	812,672
Gain on Disposal of Shares		_	_	(369,887,691)	_
Income from Investments	21	(503)	(189)	(109,805,265)	(4,023,097)
Profit on Disposal of Property, Plant & Equipment	21	779,265	_	779,265	_
Finance Cost	22	67,233,718	52,336,295	64,945,774	44,378,212
Provision for Defined Benefit Plans	17	8,962,265	8,252,965	7,270,776	6,315,845
Allowance for Impairment	23	7,746,821	2,039,338	6,769,581	_
Operating Profit before Working Capital Changes		1,336,055,069	1,105,528,179	464,205,159	390,719,394
Increase in Inventories		(36,055,500)	(7,289,806)	(23,007,981)	(5,735,303)
(Increase)/Decrease in Biological Assets		7,229,523	(38,093)	12,313,821	13,664,164
(Increase)/Decrease in Trade and Other Receivables		(120,219,972)	(16,553,191)	(45,401,657)	85,073,212
Increase/(Decrease) in Related Company Balances (Net)		232,688,290	(56,895,499)	107,100,025	248,383,407
Increase/(Decrease) in Trade and Other Payables		(64,808,870)	(69,840,048)	(82,799,948)	(291,547,826)
Cash Generated from Operations		1,354,888,540	954,911,542	432,409,419	440,557,048
Finance Costs Paid	22	(67,233,718)	(52,336,295)	(64,945,774)	(44,378,212)
Defined Benefit Plan Costs Paid	17	(1,950,437)	(1,240,451)	(1,710,751)	(1,014,851)
Income Tax Paid		(105,534,654)	(22,529,832)	(40,022,319)	(7,327,824)
Net Cash Flows from Operating Activities		1,180,169,731	878,804,964	325,730,575	387,836,161
Oak Flavor from // Land in Navaration Asticities					
Cash Flows from/(Used in) Investing Activities	4	(400.015.006)	(100 EC2 110)	(000 100 050)	(110 004 405)
Acquisition of Property, Plant & Equipment	<u>4</u> 5	(429,215,286)	(199,563,118)	(202,120,958)	(119,294,495)
Acquisition of Investment Property	6			(671,395)	(2,127,674)
Acquisition of Intangible Assets Investment in Subsidiaries	0			(274,841,770)	
Investment in Joint Ventures		(232,793,490)	(356,070,800)	(232,793,490)	(356,070,800)
Proceeds from Sale of Property, Plant & Equipment		4,045,978	(336,070,800)	4,045,978	(330,070,600)
Acquisition of Biological Assets	11.1	(404,001,133)	(314,031,851)	(95,370,823)	(49,177,096)
Dividend Received	21	3,862,915	3,451,160	109,805,265	4,023,097
Net Cash Flows Used in Investing Activities	21	(1,058,101,016)	(866,214,609)	(691,947,193)	(522,646,968)
<u> </u>		(1,030,101,010)	(000,214,003)	(091,947,193)	(322,040,300)
Cash Flows from (Used in) Financing Activities					
Dividend Paid	19	(117,163,830)	(69,676,719)	(117,163,830)	(69,676,719)
Proceeds from Financing and Lease (Ijara)	16	170,742,961	478,436,708	139,342,961	478,436,708
Repayment of Financing Payable	16	(160,315,423)	(203,731,607)	(156,915,423)	(195,583,203)
Principal Payment under Lease (Ijara)	16	(5,830,120)	(9,452,172)	-	
Proceeds from Disposal of Shares		-	-	423,887,691	-
Net Cash Flows from Financing Activities		(112,566,412)	195,576,210	289,151,399	213,176,786
Net Increase/(Decrease) in Cash and Cash Equivalents		9,502,303	208,166,565	(77,065,219)	78,365,979
Cash and Cash Equivalents at the beginning of the Year	26	326,710,032	118,543,468	149,947,177	71,581,198
Cash and Cash Equivalents at the end of the Year	26	336,212,334	326,710,032	72,881,958	149,947,177

The accounting policies and Notes on pages 67 through 114 form an integral part of the financial statements.

Notes to the Financial Statements

Corporate Information General

Bairaha Farms PLC ('Company') is a public quoted company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at 407, Galle Road, Colombo 03.

1.2 Principal Activities and Nature of Operations

The core activities of the Group are vertical integrated poultry farming, chicken processing and manufacturing of pre-cooked meats. Principal activities and nature of the operations of the subsidiaries have been presented in Note 7.

1.3 Date of Authorisation for Issue

The consolidated financial statements of Bairaha Farms PLC, for the year ended 31st March 2017 were authorised for issue by the Board of Directors on 19th June 2017.

2.1 Basis of Preparation

The financial statements which comprise, statement of financial position, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement, together with the accounting policies and notes (the 'financial statements') have been prepared on a historical cost basis, except for, all Property, Plant & Equipment other than assets classified as plant and machinery, equipment which includes computer equipment, other investments and biological assets that have been measured at fair value. The financial statements are presented in Sri Lankan Rupees.

2.1.1 General Policies

'The Company' refers to Bairaha Farms PLC as the holding company and 'the Group' refers to the Company and all its subsidiaries.

2.1.2 Statement of Compliance

The financial statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs) as issued by The Institute of Chartered Accountants of Sri Lanka and the preparation and presentation of these financial statements is in compliance with the Companies Act No. 07 of 2007.

2.1.3 Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease operations.

2.1.4 Comparative Information

The comparative information is reclassified/restated wherever necessary to conform with the current year's classification in order to provide a better presentation. 2015 and 2016 comparatives were rested based on the amendments of LKAS 41 which is fully described in Note 33.

2.1.5 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31st March 2017. Control is achieved when the Group is exposed or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group

controls an investee if and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

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

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

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

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity Transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.2 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the Reporting date. In the process of applying the Group accounting policies, the key assumptions made relating to the future and the sources of estimation at the Reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the future periods are discussed below:

Defined Benefit Plans

The defined benefit obligation and the related charge for the year are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates etc. Due to the long-term nature of such obligations these estimates are subject to significant uncertainty. Further details are given in Note 17.

Useful Lives of Property, Plant & Equipment

The Group reviews the residual values, useful lives and methods of depreciation of assets as at each Reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

Fair Value of Property, Plant & Equipment

All Property, Plant & Equipment except Plant & Machinery and equipment including computer equipment of the Group are reflected at fair value. The Group engaged independent valuation specialist to determine fair value of certain Property, Plant & Equipment. Further details are given in Note 04.

Impairment Losses on Trade Receivables

The Group reviews individually significant receivables at each Reporting date to assess whether an impairment loss should be recorded in the Statement of Profit or Loss and Other Comprehensive Income. In particular, judgment of the Management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.

Consumable Biological Assets

In Management's opinion, the fair value of the broiler birds and hatching eggs are substantially represented by formation cost, mainly due to the associated short life cycle of those assets and the fact that a significant value addition on broiler birds arises from the manufacturing process. Accordingly

the cost of consumable biological assets approximates its fair value.

Bearer Biological Assets

Bearer biological assets of the Group are reflected at fair value. The Group use discounted cash flows model for the fair valuation of bearer biological assets. Further details are given in Notes 11 and 29

2.3 Summary of Significant Accounting Policies

The significant accounting policies applied by the Group in preparation of its financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in theses financial statements.

2.3.1 Property, Plant & Equipment

(a) Cost and Valuation

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 balance sheet date. Subsequent to the initial recognition as an asset at cost, revalued Property, Plant & Equipment are carried at revalued amounts less any subsequent depreciation thereon. All other Property, Plant & Equipment are stated at historical cost less depreciation and less any impairment in value.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve net of deferred tax, except to the extent that it reverses a revaluation decrease of the same asset

previously recognised in the profit or loss, in which case the increase is recognised in the profit or loss. A revaluation deficit is recognised in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

(b) Restoration Costs

Expenditure incurred on repairs or maintenance of Property, Plant & Equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance, is recognised as an expense when incurred.

(c) Depreciation

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

Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by Management.

An item of Property, Plant & Equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss and Other Comprehensive Income when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate, at each financial year end.

The depreciation rates have been included in Note 4.1.7.

2.3.2 Investment Property

(a) Recognition

Investment properties are measured initially at cost, including transaction costs. The carrying value of investment property 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 cost of day-to-day servicing of investment property.

Subsequent to initial recognition, all investment properties are carried at cost less any accumulated depreciation thereon.

(b) Depreciation

The provision for depreciation is calculated by using a straight line method on the cost of investment property, in order to write-off such amounts over the estimated useful lives by equal instalments.

The useful life of investment property is as follows:

Class of Investment Property	Useful Life	Depreciation Method
Buildings	33.3 Years	Straight-line Method

(c) Derecognition

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal

proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

2.3.3 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss and Other Comprehensive Income in the expense category consistent with the function of the intangible asset.

The useful life of intangible asset is as follows:

The Class of Intangible Assets	Useful Life	Amortisation Method
Computer Software	10 Years	Straight-line Method

2.3.4 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are

capitalised as part of the cost of the respective assets. All other borrowing costs are recognised as expenses in the period in which they are incurred.

2.3.5 Impairment of Assets

The Group assesses at each Reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the Statement of Profit or Loss and Other Comprehensive Income in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each Reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable

amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot "exceed" the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss and Other Comprehensive Income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

2.3.6.1 Interest in a Joint Venture and Investment in an Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the Statement of Profit or Loss and Other Comprehensive Income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint-venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the separate financial statements of the Company, such investments in joint venture and associates are accounted for at cost.

2.3.6.2 Investments in Subsidiaries

Investments in subsidiaries are stated at cost, net of any impairment losses which are charged to the Statement of Profit or Loss in the Company's financial statements and it is in accordance with the Sri Lanka Accounting Standard – LKAS 27 – 'Consolidated and Separate Financial Statements'.

Subsidiaries are entities that are controlled by the Group and the Company. Subsidiaries are consolidated from the date on which control is transferred to the Company and continue to be consolidated until the date when such control ceases. The Company is presumed to control an investee when it is exposed, or has right to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Intra-group balances and transactions, income, expenses and any unrealised gains arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly, by the Company. At present Group do not have any non-controlling interests.

Non-controlling interests are presented separately in the consolidated Statement of Profit or Loss and within equity in the consolidated Statement of Financial Position, but separate from parent shareholders' equity. Any losses applicable to the non-controlling interests are allocated against the interests of the non-controlling interest even if this results in a deficit balance. Acquisitions of non-controlling interests are accounted for using the parent entity extension method, whereby the difference between the consideration and the fair value of the share of the net assets acquired is recognised as equity.

All subsidiaries of the Company have been incorporated in Sri Lanka. A list of subsidiaries are given in Note 7.

2.3.7 Financial Instruments-Initial Recognition and Subsequent Measurement

(i) Financial Assets

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets, as appropriate and determine the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Group's financial instruments consist of fair value through profit or loss financial assets, Loans and receivables and available-for-sale financial instruments, of which accounting policies on subsequent measurement, impairment and derecognition are set out below:

Fair Value Through Profit or Loss

Financial assets or financial liabilities at fair value through profit or loss are recorded under 'Other Investments' in the Statement of Financial Position at fair value. Changes in fair value are recognised in 'Other Operation income/expense' in the Statement of Comprehensive Income. Interest and dividend income or expense is recorded in 'Other operating income and gain' according to the terms of the contract, or when the right to the payment has been established.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit or Loss and other comprehensive income. The losses arising from impairment are recognised in the Statement of Profit or Loss and Other Comprehensive Income in distribution cost.

Loans and receivables are presented as 'cash and bank balance', 'trade and other receivables' and 'amounts due from related parties' on the Statement of Financial Position.

Available-for-Sale Financial Investments

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

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

The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Available-for-sale financial investments are presented as 'other investments' on the Statement of Financial Position.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

(ii) Impairment of Financial Assets

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortised Cost

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the Statement of Profit or Loss and Other Comprehensive Income. Loans together with the associated allowance are written off when there is no realistic prospect

of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to distribution cost in the Statement of Profit or Loss and Other Comprehensive Income.

Available-for-Sale Financial Investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss - is removed from other comprehensive income and recognised in the profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increases in their fair value after impairments are recognised directly in other comprehensive income.

(iii) Financial Liabilities

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition and all financial liabilities are recognised initially at fair value.

Group's financial liabilities consists loans and borrowings of which accounting policies on subsequent measurement, and de-recognition are set out below:

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income when the liabilities are derecognised as well as through the Effective Interest Rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit or Loss and Other Comprehensive Income.

The Group's loans and borrowings include 'trade and other payables', 'bank overdrafts', 'financing and lease payables' and 'amounts due to related parties'.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(iv) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

(v) Fair Value Measurement

The Group measures financial instruments such as quoted shares, and non-financial assets such as Property, Plant & Equipment other than assets classified plant machinery and equipment including computer equipment at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions – Note 29
- Quantitative disclosures of fair value measurement hierarchy – Note 29
- Property, Plant & Equipment under revaluation model – Note 4
- Investment properties Note 5
- Bearer biological assets Note 11

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

In the principal market for the asset or liability;

Or

 In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

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

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

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

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

External valuers are involved for valuation of significant assets, such as Property, Plant & Equipment other than assets classified plant and machinery. Involvement of external valuers is decided by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

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

2.3.8 Biological Assets and Agricultural Produce

A biological asset is a living animal. Biological assets consist of breeder birds, hatching eggs, commercial DOCs and broiler birds.

Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets. Broiler birds, hatching eggs and commercial DOCs have been identified as consumable biological assets.

Bearer biological assets are those other than consumable biological assets. Bearer biological assets are not agricultural produce but, rather, are self-regenerating.

The Group has identified the breeder birds as bearer biological assets.

Biological assets are measured at fair value less cost to sell, within any changes therein recognised in profit or loss for the period in which it arises.

2.3.9 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the estimated price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted as follows:

2.3.9.1 Broiler Meat

Broiler meat is valued at prime cost together with an appropriate proportion of overheads on weighted average basis, after making due allowance for weight losses.

2.3.9.2 Poultry Feed, Drugs and Sundry Inventories

Poultry feed, Drugs and Sundry Inventories are valued at actual cost on weighted average basis after making due allowance for obsolete and slow moving items.

2.3.9.3 Trading Inventories

Trading Inventories which include retail items for sale are valued at actual cost on weighted average basis.

2.3.10 Cash and Cash Equivalents

For the purpose of Cash Flow Statement, cash and cash equivalents consist of cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value, net of outstanding bank overdrafts.

2.3.11 Leases

(a) Finance Leases

Property, Plant & Equipment on finance leases, which effectively transfer to the Group substantially all of the risk and benefits incidental to ownership of the leased item are capitalised at their fair value or if lower, at the present value of the minimum lease payments and

disclosed as Property, Plant & Equipment and depreciated over the period the Group is expected to benefit from the use of the leased assets.

The corresponding principal amount payable to the lessor together with the interest payable over the period of the lease is shown as a liability. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges that are charged, are reflected in the Statement of Profit or Loss and Other Comprehensive Income.

(b) Operating Leases

Leases where the lessor effectively retains substantially all the risk and benefit of ownership over the lease term are classified as operating leases.

Rentals paid under operating leases are recognised as an expense comprise in the Statement of Profit or Loss and Other Comprehensive Income on a straight line basis over the lease term.

2.3.12 Retirement Benefit Obligations

(a) Defined Benefit Plan - Gratuity

Employees are eligible to receive a gratuity payment of half month's salary per year of service at the end of service provided the employee has provided five years of service.

The liability recognised in the Statement of Financial Position is the present value of defined benefit obligation at the reporting date using the projected unit credit method. Any actuarial gains or losses arising are recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income.

Funding Arrangements

The gratuity liability is not externally funded.

(b) Defined Contribution Plans – Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees'
Provident Fund contributions and
Employees' Trust Fund contributions
in line with respective Statutes and
Regulations. The Group contributes
12% and 3% of gross emoluments of
employees to Employees' Provident Fund
and Employees' Trust Fund respectively.

2.3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.3.14 Revenue Recognition

Revenue is recognised 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. The following specific criteria are used for the purpose of recognition of revenue.

(a) Sale of Goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to buyer; with the Group retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(b) Rendering of Services

Revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed.

2.3.15 Other Operating Income

(a) Dividends

Dividend Income is recognised when the shareholders' right to receive the payment is established.

(b) Rental Income

Rental income is recognised on accrual basis.

(c) Others

Other income is recognised on an accrual basis.

Net gains and losses of a revenue nature on the disposal of Property, Plant & Equipment and other non-current assets including investments have been accounted for in the Statement of Profit or Loss and Other Comprehensive Income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. On disposal of revalued Property, Plant & Equipment, amount remaining in revaluation reserve relating to that asset is transferred directly to accumulated profit.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

2.3.16 Foreign Currency Translation

The financial statements are presented in Sri Lankan rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. The resulting gains or losses are accounted for in the Statement of Profit or Loss and Other Comprehensive Income.

2.3.17 Taxation

(a) Current Taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act.

(b) Deferred Taxation

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

- Where the deferred income tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

(c) Turnover-based Taxes

Turnover-based taxes include value added taxes, economic services charges and nation building tax. Companies in the Group pay such taxes in accordance with respective statutes.

2.3.18 Current Versus Non-Current Classification

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

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period;

Or

 Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period;

Or

 There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

2.4 Standard Issued but not yet Effective

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

Certain new accounting standards and amendments/improvements to existing standards have been published, that are not mandatory for 31st December 2017 reporting periods. None of those have been early adopted by the Group/Company.

(a) SLFRS 9 – Financial Instruments

SLFRS 9 replaces the existing guidance in LKAS 39 Financial Instruments:

Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of

financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39.

SLFRS 9 is effective for annual reporting periods beginning on or after 1st January 2018, with early adoption permitted.

(b) SLFRS 15 – Revenue from Contracts with Customers SLFRS 15 – Revenue from Contracts with Customers

SLFRS 15 is effective for periods beginning on 1st January 2018 with early adoption permitted. SLFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of SLFRS 15 and will be regulated by the other applicable standards (e.g., SLFRS 9 and SLFRS 16 – Leases).

Revenue under SLFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The standard will also specify a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and corresponding cash flows with customers. The entity does not anticipate early adopting SLFRS 15.

(c) SLFRS 16 - Leases

SLFRS 16 provides a single lessee accounting model, requiring leases to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying

asset has a low value even though lessor accounting remains similar to current practice. This supersedes: LKAS 17 – Leases, IFRIC 4 determining whether an arrangement contains a Lease, SIC 15 Operating Leases- Incentives; and SIC 27 Evaluating the substance of Transactions Involving the Legal form of a Lease. Earlier application is permitted for entities that apply SLFRS 15 – Revenue from Contracts with Customers.

SLFRS 16 is effective for annual reporting periods beginning on or after 1st January 2019.

(d) LKAS 7 – Disclosure Initiative – Amendments to LKAS 7

The amendments to LKAS 7 Statement of Cash Flows are part of the ICASL's disclosure initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1st January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Group.

Management believes that the SLFRS 14 would not be applicable for the Company, as it is not involved in rate regulatory activities. Pending the completion of the detailed impact analysis, possible Impact from SLFRS 9, SLFRS 15, SLFRS 16 and LKAS 7 (Amendments) is not reasonably estimable as of the reporting date.

3. Revenue

	Group		Company	
Year ended 31st March	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Sale of Goods	4,363,614,158	3,889,941,513	3,025,521,993	2,816,468,230
	4,363,614,158	3,889,941,513	3,025,521,993	2,816,468,230

4. Property, Plant & Equipment

4.1 Group

4.1.1 Gross Carrying Amounts

	Balance as at 01.04.2016	Additions/ Transfers	Disposals/ Transfers	Balance as at 31.03.2017
	Rs.	Rs.	Rs.	Rs.
At Valuation				
Land	316,644,000	107,825,800	_	424,469,800
Buildings	240,946,858	7,178,750	_	248,125,608
Buildings on Leasehold Land	15,715,050	-	_	15,715,050
Poultry Sheds	392,928,300	106,029,785	_	498,958,085
Furniture and Fittings	14,540,598	530,234	_	15,070,832
Motor Vehicles	82,124,590	45,552,730	(3,496,500)	124,180,820
	1,062,899,396	267,117,299	(3,496,500)	1,326,520,195
At Cost				
Plant and Machinery	625,086,169	91,233,168	(3,853,051)	712,466,286
Equipment	320,165,943	78,848,324	_	399,014,267
Computer Equipment	9,758,468	8,303,351	_	18,061,819
	955,010,579	178,384,842	(3,853,051)	1,129,542,372
Assets on Finance Leases – At Valuation				
Motor Vehicles	3,894,614	_	_	3,894,614
Assets on Finance Leases – At Cost				
Plant and Machinery	37,827,178	_	_	37,827,178
Total Assets on Finance Lease	41,721,792	_	_	41,721,792
Total Value of Depreciable Assets	2,059,631,767	445,502,141	(7,349,551)	2,497,784,359

4.1.2 In the Course of Construction

	Balance as at 01.04.2016	Additions/ Transfers	Revaluation Surplus	Disposals/ Transfers	Balance as at 31.03.2017
	Rs.	Rs.	Rs.	Rs.	Rs.
Capital Work-in-Progress	37,459,752	129,926,159	_	(146,213,014)	21,172,897
Total Gross Carrying Amount	2,097,091,519	575,428,300	_	(153,562,565) 2	2,518,957,256

4.1.3 Depreciation

	Balance as at 01.04.2016	Charge for the Year/Transfers	Disposals/ Transfers	Balance as at 31.03.2017
	Rs.	Rs.	Rs.	Rs.
At Valuation				
Buildings	_	7,612,648	_	7,612,648
Buildings on Leasehold Land	_	656,077	_	656,077
Poultry Sheds	_	25,938,551	_	25,938,551
Furniture and Fittings	_	1,930,500	_	1,930,500
Motor Vehicles	_	15,387,711	(374,972)	15,012,739
	_	51,525,487	(374,972)	51,150,515
At Cost				
Plant and Machinery	151,942,092	55,848,229	(2,149,336)	205,640,985
Equipment	155,837,824	43,800,309	_	199,638,133
Computer Equipment	7,956,417	3,758,503	_	11,714,920
	315,736,333	103,407,041	(2,149,336)	416,994,038
Assets on Finance Leases – At Valuation				
Motor Vehicles	_	584,192	_	584,192
Assets on Finance Leases – At Cost				
Plant and Machinery	_	3,142,139	_	3,142,139
Total Assets on Finance Lease	_	3,726,331	_	3,726,331
Total Value of Depreciable Assets	315,736,333	158,658,859	(2,524,308)	471,870,884

4.1.4 Net Book Values

	Balance as at 31.03.2017	Balance as at 31.03.2016
	Rs.	Rs.
At Valuation		
Land	424,469,800	316,644,000
Buildings	240,512,960	240,946,858
Buildings on Leasehold Land	15,058,973	15,715,050
Poultry Sheds	473,019,534	392,928,300
Furniture and Fittings	13,140,332	14,540,598
Motor Vehicles	109,168,081	82,124,590
	1,275,369,680	1,062,899,396
At Cost		
Plant and Machinery	506,825,301	473,144,077
Equipment	199,376,134	164,328,119
Computer Equipment	6,346,899	1,802,051
	712,548,334	639,274,247
Assets on Finance Leases – At Valuation		
Motor Vehicles	3,310,422	3,894,614
Assets on Finance Leases – At Cost		
Plant and Machinery	34,685,039	37,827,178
	37,995,461	41,721,792
In the Course of Construction		
Capital Work in Progress	21,172,897	37,459,752
Total Carrying Amount of Property, Plant & Equipment		1,781,355,187

4.1.5 **Group**

The Company revalues all Property, Plant & Equipment other than assets classified as plant and machinery, equipment and computer equipment once every five years. The following assets were revalued on 31st March 2016 by Messrs Ariyathilaka & Co. (Pvt) Ltd., an independent valuer. The results of such revaluation was incorporated in these financial statements from its effective date which was 31st March 2016. The buildings and other assets were valued on the current replacement cost basis and net replacement cost basis respectively. The surplus arising from the revaluation was transferred to a revaluation surplus.

Freehold Land Carried at Revalued Amount/Cost

Company	Location	Last Revaluation Date	Land Extent	Carrying Value as at 31.03.2017 Freehold Land
Bairaha Farms PLC	Ginigama Estate – Hiripitiya	31.03.2016	20A-4R-19.5P	15,015,000
	Ganeshan Estate - Kottaramulla		27A-3R-9P	3,735,000
				18,750,000
Hill Country Farms Ltd.	Ellakkala Estate – Pasyala	31.03.2016	39A-0R-28.9P	97,950,000
				97,950,000
Lanka Land Development Ltd.	Kendalanda Estate – Urapola	31.03.2016	31A-3R-24.55P	25,000,000
				25,000,000
H.C.F. Land Development Ltd.	Ginigama Estate – Hiripitiya	31.03.2016	9A-0R-0P	7,650,000
	Pahalahammillewa - Nikawaratiya	31.03.2016	28A-1R-6.5P	11,948,000
	Polgasagare Estate - Kalalpitiya	31.03.2016	0A-0R-12.5P	1,875,000
				21,473,000
B F Lands Development Ltd.	Ellakkala Estate – Pasyala	31.03.2016	25A-2R-5.1P	63,200,000
	Kondagahamulla Estate – Kondagahamulla	31.03.2016	6A-1R-0.6P	19,456,000
				82,656,000
Siyane Farms Ltd.	St. Catherine Estate - Dolosbage	31.03.2016	24A-0R-15P	14,456,250
	Siyambalagahawatte - Kochchikade		0A-0R-43.55P	25,271,800
				39,728,050
Nature's Best Industry Ltd.	Dangaswewa Estate – Anamaduwa	31.03.2016	48A-2R-10P	60,093,750
				60,093,750
Foster Real Estate Ltd.	Thalgahamula Estate - Kurunegala		22A-3R-2P	78,819,000
				78,819,000
Total				424,469,800

Freehold Buildings Carried at Revalued Amount/Cost

Company	Location	Number of Buildings	Gross Carrying Value as at 31.03.2017 Freehold Buildings
Bairaha Farms PLC	Ganeshan Estate – Kottaramulla	14	7,149,155
	Ginigama Estate – Hiripitiya	14	5,690,400
	Ellakkala Estate – Pasyala	68	127,061,754
	Church View Estate - Kondagahamulla	11	2,051,340
	Green Park - Nittambuwa	1	8,178,000
	Thummodera – Nattandiya	7	1,243,260
	Madurankuliya – Puttalam	2	210,000
			151,583,909
Hill Country Farms Ltd.	Ellakkala Estate – Pasyala	12	3,954,355
	Halmillawa – Nikaweratiya	9	28,622,200
			32,576,555
Siyane Farms Ltd.	St. Catherine Estate – Dolosbage	9	10,594,800
			10,594,800
Nature's Best Industry Ltd.	Dangaswewa Estate – Anamaduwa	22	53,370,344
			53,370,344
Total			248,125,608

The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation is as follow:

	Cost	Cumulative Depreciation if Assets were	Net Carrying Amount	Net Carrying Amount
		Carried at Cost	2017	2016
	Rs.	Rs.	Rs.	Rs.
Class of Assets				
Land	49,259,921	_	49,259,921	49,259,921
Buildings	77,582,655	35,966,071	41,616,584	43,946,393
Buildings on Leasehold Land	11,667,021	11,088,957	578,064	1,744,766
Poultry Sheds	102,394,440	76,945,233	25,449,207	31,617,547
Equipment	185,772,098	185,772,098	_	_
Furniture and Fittings	10,006,781	10,006,781	_	_
Motor Vehicles	20,239,285	20,239,285	_	_
Computer Equipment	10,765,244	10,765,244	_	_
	467,687,445	350,783,669	116,903,776	126,568,627
Assets on Finance Leases				
Motor Vehicles	6,726,087	6,726,087	_	-
	6,726,087	6,726,087	_	_

4.1.6 During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of Rs. 429,215,286/- (2016 – Rs. 199,563,118/-). Cash payments amounting to Rs. 429,215,286/- (2016 – Rs. 199,563,118/-) was paid during the year for purchases of Property, Plant & Equipment.

4.1.7 The Useful Life of the Assets (Group/Company)

Buildings	Over 33.3 Years
Buildings on Leasehold Land	Over 10 Years
Poultry Sheds	Over 16.6 Years
Plant and Machinery	Over 10 – 20 Years
Equipment	Over 8 Years
Furniture and Fittings	Over 10 Years
Motor Vehicles	Over 6.67 Years
Computer Equipment	Over 4 Years

4.2 Company

4.2.1 Gross Carrying Amounts

	Balance as at 01.04.2016	Additions/ Transfers	Disposals/ Transfers	Balance as at 31.03.2017
	Rs.	Rs.	Rs.	Rs.
At Valuation				
Land	15,015,000	3,735,000	_	18,750,000
Buildings	70,223,394	5,989,640	_	76,213,034
Buildings on Leasehold Land	2,637,500	_	_	2,637,500
Poultry Sheds	128,987,876	32,230,504	_	161,218,380
Furniture and Fittings	8,581,027	494,113	_	9,075,140
Motor Vehicles	56,422,388	45,552,730	(3,496,500)	98,478,618
	281,867,185	88,001,987	(3,496,500)	366,372,672
At Cost				
Plant and Machinery	363,214,861	78,189,050	(3,853,051)	437,550,861
Equipment	180,619,388	53,107,078	_	233,726,466
Computer Equipment	9,061,141	8,303,351	_	17,364,492
	552,895,390	139,599,479	(3,853,051)	688,641,818
Total Value of Depreciable Assets	834,762,575	227,601,466	(7,349,551)	1,055,014,490

4.2.2 In the Course of Construction

	Balance as at 01.04.2016	Additions/ Transfers	Revaluation Surplus	Disposals/ Transfers	Balance as at 31.03.2017
	Rs.	Rs.	Rs.	Rs.	Rs.
Capital Work-in-Progress	28,157,980	71,827,092	_	(97,307,600)	2,677,471
Total Gross Carrying Amount	862,920,555	299,428,558	_	(104,657,151)	1,057,691,962

4.2.3 Depreciation

	Balance as at 01.04.2016	Additions/ Transfers	Disposals/ Transfers	Balance as at 31.03.2017
	Rs.	Rs.	Rs.	Rs.
At Valuation				
Buildings	_	2,424,143	_	2,424,143
Buildings on Leasehold Land	_	263,750	_	263,750
Poultry Sheds	_	8,622,892	_	8,622,892
Furniture and Fittings	_	1,331,946	_	1,331,946
Motor Vehicles	_	11,534,734	(374,972)	11,159,762
	_	24,177,465	(374,972)	23,802,493
At Cost				
Plant and Machinery	75,166,202	32,431,918	(2,149,336)	105,448,784
Equipments	98,275,093	25,224,764	_	123,499,857
Computer Equipments	7,294,063	3,730,647	-	11,024,710
	180,735,358	61,387,328	(2,149,336)	239,973,351
Total Depreciation	180,735,358	85,564,793	(2,524,308)	263,775,843

4.2.4 Net Book Values

	Balance as at 31.03.2017	Balance as at 01.04.2016
	Rs.	Rs.
At Valuation		
Land	18,750,000	15,015,000
Buildings	73,788,891	70,223,394
Buildings on Leasehold Land	2,373,750	2,637,500
Poultry Sheds	152,595,489	128,987,876
Furniture and Fittings	7,743,194	8,581,027
Motor Vehicles	87,318,856	56,422,388
	342,570,179	281,867,185
At Cost		
Plant and Machinery	332,102,077	288,048,659
Equipment	110,226,609	82,344,295
Computer Equipment	6,339,782	1,767,078
	448,668,468	372,160,032
	791,238,647	654,027,217
In the Course of Construction		
Capital Work-in-Progress	2,677,471	28,157,980
Total Carrying Amount of Property, Plant & Equipment	793,916,119	682,185,197

4.2.5 Company

The Company revalues all Property, Plant & Equipment other than assets classified as plant and machinery, equipment and computer equipment once every five years. The fair value of Property Plant & Equipment was determined by means of a revaluation during the financial year 2016 by Messrs Ariyathilaka & Co. (Pvt) Ltd. an independent valuer in reference to market based evidence. The results of such revaluation were incorporated in these financial statements from its effective date which is 31st March 2016. The surplus arising from the revaluation was transferred to a revaluation reserve and revaluation deficit charge as current year expenses.

The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation is as follows:

	Cost	Cumulative Depreciation if Assets were Carried at Cost	Net Carrying Amount 2017	Net Carrying Amount 2016
	Rs.	Rs.	Rs.	Rs.
Class of Assets				
Land	6,273,718	_	6,273,718	6,273,718
Buildings	61,153,496	29,949,074	31,204,422	33,040,863
Buildings on Leasehold Land	5,770,279	5,770,279	_	288,513
Poultry Sheds	48,055,422	38,566,026	9,489,396	12,384,301
Equipment	131,420,919	131,420,919	_	-
Furniture and Fittings	9,032,822	9,032,822	_	-
Motor Vehicles	15,786,584	15,786,584	_	-
Computer Equipment	10,643,194	10,643,194	_	_
	288,136,434	241,168,898	46,967,536	51,987,395

4.2.6 During the financial year, the Company acquired Property, Plant & Equipment to the aggregate value of Rs. 202,120,958/-(2016 – Rs. 119,294,495/-). Cash payments amounting to Rs. 202,120,958/- (2016 – Rs. 119,294,495/-) was paid during the year for purchases of Property, Plant & Equipment.

5. Investment Property

5.1 Company

5.1.1 Gross Carrying Amounts

At Cost	Rented to	Balance as at 01.04.2016	Additions/ Transfers	Disposals/ Transfers	Balance as at 31.03.2017
		Rs.	Rs.	Rs.	Rs.
Buildings					
Pasyala Hatchery	Hill Country Farms Ltd.	54,298,569	_	_	54,298,569
Bairaha Foods Factory	Bairaha Foods (Pvt) Ltd.	13,790,037	671,395	_	14,461,432
Breeder Farms Pasyala	Hill Country Farms Ltd.	7,063,000	_	_	7,063,000
Total Value of Depreciable Ass	sets	75,151,606	671,395	_	75,823,001

5.1.2 Depreciation

	Balance as at 01.04.2016	Charge	Disposals/ Transfers	Balance as at 31.03.2017
	Rs.	Rs.	Rs.	Rs.
At Cost				
Buildings				
Pasyala Hatchery	8,406,879	1,628,957	_	10,035,836
Bairaha Foods Factory	1,797,292	413,701	_	2,210,993
Breeder Farms Pasyala	1,271,340	211,890	_	1,483,230
Total Depreciable	11,475,511	2,254,548	_	13,730,059

5.1.3 Net Book Values

	Balance as at 31.03.2017	Balance as at 31.03.2016
	Rs.	Rs.
At Cost		
Buildings		
Pasyala Hatchery	44,262,733	45,891,690
Bairaha Foods Factory	12,250,439	11,992,745
Breeder Farms Pasyala	5,579,770	5,791,660
Total Carrying Amount of Investment Property	62,092,942	63,676,095

5.1.4 Relevant Income and Expenditure Relating to Investment Properties

For the year ended 31 March	Company	
	Rs.	Rs.
Rent Income Earned	1,650,390	1,650,389
	1,650,390	1,650,389

5.1.5 The fair value of Investment Property was determined by means of a revaluation during the financial year 2016 by Messrs Ariyathilaka & Co. (Pvt) Ltd., an independent valuer in reference to market based evidence. The results of such revaluation were not incorporated in these financial statements.

	Balance as at 31.03.2017	Balance as at 31.03.2016
	Rs.	Rs.
Buildings		
Pasyala Hatchery	50,186,438	51,815,395
Bairaha Foods Factory	14,574,591	14,988,292
Breeder Farms Pasyala	6,377,766	6,589,656
Total Carrying Amount of Investment Property	71,138,795	73,393,343

6. Intangible Assets (Group/Company)

6.1 Summary - Computer Software

Year ended 31st March	2017	2016
	Rs.	Rs.
Cost		
Balance at the beginning of the Year	8,126,722	8,126,722
Acquired during the Period	_	_
Balance at the end of the Year	8,126,722	8,126,722
Amortisation		
Balance at the beginning of the Year	4,000,379	3,187,707
Amortisation for the Year	756,618	812,672
Balance at the end of the Year	4,756,997	4,000,379
Net Book Value	3,369,725	4,126,343

7. Investments in Subsidiaries

7.1 Subsidiaries

	Principal	Country of	Holding	Cost	Cost
	Activity	Incorporation		2017	2016
			%	Rs.	Rs.
Non-Quoted					
Hill Country Farms Ltd.	Breeder Farming & Hatchery	Sri Lanka	100	_	54,000,000
Bairaha Foods (Pvt) Ltd.	Manufacturing of Pre-Cooked Meat Products	Sri Lanka	100	38,750,000	3,750,000
Lanka Land Development Ltd.	Purchasing & Leasing Agricultural Lands	Sri Lanka	100	17,087,150	2,100,000
HCF Land Development Ltd.	Purchasing & Leasing Agricultural Lands	Sri Lanka	100	17,154,620	5,300,000
BF Lands Development Ltd.	Purchasing & Leasing Agricultural Lands	Sri Lanka	100	10,540,000	10,540,000
Golden Rooster Restaurants (Pvt) Ltd.	Not in Operation	Sri Lanka	100	2,000,000	2,000,000
Siyane Farms Ltd.	Breeder Farming	Sri Lanka	100	35,000,050	35,000,050
Nature's Best Industry Ltd.	Broiler Farming	Sri Lanka	100	263,000,000	50,000,000
Regency Real Estate Company Ltd.	Operation has not started	Sri Lanka	100	1,000	1,000
Total Non-Quoted Investments in Subsidiaries				383,532,820	162,691,050
Allowance for Impairment Losses				(2,000,000)	(2,000,000)
Total Carrying Value of Investments in Subsidiaries				381,532,820	160,691,050

7.1.1 Board of Directors decided to wind-up the business activities of Golden Rooster Restaurants (Pvt) Ltd., during the financial year 2001/02. Accordingly the movable assets of the Company were sold after calling for tender. Full provision has been made for this investment.

7.1.2 Company has disposed its 100% stake in Hill Country Farms Ltd., to Siyane Farms Ltd. (Fully-Owned Subsidiary) on 10.03.2017 for the purchase consideration of Rs. 423,887,691/-. Gain on disposal of subsidiary was Rs. 369,887,691/- and accounted under the Other Operating Income.

8. Investment in Joint Ventures

			Gro	oup	Com	pany
	Holding				Co	ost
	2017	2016	2017	Restated 2016	2017	2016
	%	%	Rs.	Rs.	Rs.	Rs.
Non-Quoted						
Rajarata Land Development Ltd.	50	50	7,616,464	7,610,816	1,495,000	1,495,000
Cultural Triangle Land Development Ltd.	50	50	4,259,736	4,264,276	1,400,000	1,400,000
Windsor Real Estate Ltd.	50	50	33,088,387	208,161	32,793,500	10
Fortune G-P Farms (Lanka) Ltd.	50	50	230,869,555	182,705,458	21,233,500	21,233,500
Fortune Agro Industries (Pvt) Ltd.	50	50	595,828,360	322,109,173	550,000,000	350,000,000
Investment in Joint Ventures			871,662,502	516,897,884	606,922,000	374,128,510

- **8.1** Rajarata Land Development Ltd., Cultural Triangle Land Development Ltd., Windsor Real Estate Ltd., holds lands on behalf of the Group.
- **8.2** Group share of financial details of Joint Ventures.

	2017	Restated 2016
	Rs.	Rs.
Non-Current Assets	1,841,490,614	1,286,298,635
Current Assets	1,223,718,106	781,970,026
Non-Current Liabilities	(931,195,757)	(7,272,267)
Current Liabilities	(240,687,941)	(1,027,200,627)
Equity	1,893,325,022	1,033,795,767
Group's Carrying Amount of the Investment	871,662,502	516,897,884
Revenue	3,003,760,953	225,004,704
Cost of Sales	(2,593,647,449)	(117,251,953)
Administrative Expenses	(144,052,459)	(64,567,367)
Profit before Tax	266,061,045	43,185,384
Income Tax Expenses	(14,394,107)	(6,483,520)
Profit for the Year	251,666,938	36,701,864
Total Profit for the year	251,666,938	36,701,864
Group's Share of Profit for the Year	125,833,469	18,350,932
Other Comprehensive income	_	16,587,260
Group's Share of OCI for the Year	_	8,293,630

8.3 Investment In Joint Ventures Equity Reconciliation

	Rajarata Land Development Ltd.	Cultural Triangle Land Development Ltd.	Windsor Real Estate Ltd.	Fortune G-P Farms (Lanka) Ltd.	Fortune Agro Industries (Pvt) Ltd.	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Beginning Balance	7,610,816	4,264,276	208,161	182,705,448	322,109,183	516,897,884
Profit for the Period	5,614	(4,575)	114,735	45,749,187	79,968,508	125,833,469
Share Issue	_	_	32,793,490	_	200,000,000	232,793,490
Dividends Paid	_	_	(27,929)	(3,834,412)	_	(3,862,341)
Changes in Ownership	_	_	_	6,249,313	(6,249,313)	_
Ending Balance	7,616,430	4,259,701	33,088,457	230,869,536	595,828,377	871,662,502

09. Other Investments (Group/Company) Investments in Equity Securities

	No. of	Carrying Value	
Quoted	Shares	2017	2016
		Rs.	Rs.
Financial Assets Held-for-Trading			
Merchant Bank of Sri Lanka PLC	2,307	24,915	23,531
Mahaweli Reach Hotel PLC	3,500	66,500	79,100
Lanka Walltiles PLC	42	3,906	4,150
Blue Diamonds Jewellery Worldwide PLC	8,922	8,030	8,922
		103,351	115,703
Financial Instruments Available-for-Sale			
Amãna Bank PLC	343,000	1,200,500	1,852,200
		1,200,500	1,852,200
		1,303,851	1,967,903

10. Inventories

	Gro	Group		oany
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Broiler Meet and Eggs	67,010,472	49,148,404	56,313,849	43,172,966
Poultry Feed and Drugs	39,050,580	30,699,771	17,650,629	17,548,899
Sundry Stocks	50,049,934	43,883,812	31,879,373	25,790,506
	156,110,986	123,731,987	105,843,851	86,512,371

11. Biological Assets

	Group			Company	
	2017	Restated 2016	Restated 2015	2017	2016
	Rs.	Rs.	Rs.	Rs.	Rs.
Bearer Biological Assets					
Breeder Birds	304,176,008	251,364,402	204,318,664	79,006,365	52,799,833
Total Non-Current	304,176,008	251,364,402	204,318,664	79,006,365	52,799,833
Consumable Biological Assets					
Broiler Birds – Own Farms	57,350,592	52,074,745	48,126,222	21,769,848	18,502,252
Broiler Birds – Out Growers	28,459,938	48,421,736	43,127,444	28,459,938	48,421,736
Hatching Eggs	29,382,511	21,926,083	31,130,805	6,834,983	2,454,602
Total Current	115,193,041	122,422,564	122,384,471	57,064,769	69,378,590
	419,369,049	373,786,966	326,703,135	136,071,134	122,178,423

11.1 Bearer Biological Assets – Reconciliation of Changing Carrying Value

		Group			Company	
	2017	Restated 2016	Restated 2015	2017	2016	
	Rs.	Rs.	Rs.	Rs.	Rs.	
Net Book Value as at 1st April	251,364,402	204,318,664	134,265,244	52,799,833	53,072,743	
Net Additions	404,001,133	314,031,851	227,424,728	95,370,823	49,177,096	
Transferred to Cost of Sales and Fair Value Gain	(351,189,527)	(266,986,113)	(157,371,308)	(69,164,291)	(49,450,006)	
Net Book Value as at 31st March	304,176,008	251,364,402	204,318,664	79,006,365	52,799,833	

- 11.2 The measurement of fair value and the assumptions used have been disclosed in Note 29.1.1.
- 11.3 The explanation to the restatement and restatement reconciliation have been presented in Note 33.

12. Trade and Other Receivables

	Gro	up	Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Trade Receivables – Related Parties (Note 12.1)	_	_	49,836,039	83,386,806
- Others	435,292,110	318,759,919	302,260,448	216,890,420
Less: Allowance for Impairment – Others	(43,497,428)	(35,750,608)	(33,925,293)	(27,155,712)
	391,794,682	283,009,311	318,171,194	273,121,514
Other Debtors	46,506,649	46,779,820	46,506,649	46,914,251
Less: Allowance for Impairment – Other Debtors	(46,506,428)	(46,506,428)	(46,506,428)	(46,506,428)
	221	273,392	221	407,823
Advances and Prepayments	55,944,459	50,835,627	33,947,479	38,799,485
Loans to Company Officers	1,973,250	3,121,202	1,953,416	3,111,412
	449,712,612	337,239,532	354,072,310	315,440,234

12.1 Trade Dues Receivable from Related Parties

	Relationship	Group		Company	
		2017	2016	2017	2016
		Rs.	Rs.	Rs.	Rs.
Bairaha Foods (Pvt) Ltd.	Subsidiary	_	_	18,315,167	2,319,980
Nature's Best Industry Ltd.	Subsidiary	_	-	30,652,781	907,604
Hill Country Farms Ltd.	Subsidiary	_	_	868,091	439,352
Siyane Farms Ltd.	Subsidiary	_	_	_	79,719,870
		_	_	49,836,039	83,386,806

13. Amounts Due from Related Parties

	Relationship	Group		Comp	oany
		2017	2016	2017	2016
		Rs.	Rs.	Rs.	Rs.
Bairaha Foods (Pvt) Ltd.	Subsidiary	_	_	1,341,295	48,276,160
BF Lands Development Ltd.	Subsidiary	_	_	22,980,376	17,636,355
Golden Rooster Restaurants (Pvt) Ltd.	Subsidiary	_	_	2,099,924	2,041,424
Lanka Land Development (Pvt) Ltd.	Subsidiary	_	_	5,991	14,899,691
HCF Land (Pvt) Ltd.	Subsidiary	_	_	5,997	10,618,862
Siyane Farms Ltd.	Subsidiary	_	_	6,114,175	_
Nature's Best Industry Ltd.	Subsidiary	_	_	287,607	217,302,420
Hill Country Farms Ltd.	Subsidiary	_	_	_	59,437,087
Windsor Real Estate Ltd.	Joint Venture	441,410	33,159,700	441,410	33,159,700
Fortune Agro Industries (Pvt) Ltd.	Joint Venture	23,946,910	223,916,910	23,946,910	223,916,910
		24,388,320	257,076,610	57,223,685	627,288,609
Less: Allowance made for Amounts due from – Golden Rooster Restaurants (Pvt) Ltd.		_	_	(2,093,924)	(1,730,784)
		24,388,320	257,076,610	55,129,761	625,557,825

14. Stated Capital (Group/Company)

	2017	2016
	Rs.	Rs.
Fully-Paid Ordinary Shares	256,305,197	256,305,197
(16,000,000 Ordinary Shares)	256,305,197	256,305,197

14.1 Rights, Preference and Restrictions of Classes of Capital

The holders of ordinary shares has the right to receive dividends as declared from time to time and are entitled to one vote per share at the Annual General Meeting of the Company.

92

15. Reserves

	Group		Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Summary				
Revaluation Surplus (Note 15.1)	425,106,381	425,164,506	143,561,735	143,619,860
	425,106,381	425,164,506	143,561,735	143,619,860

15.1 Revaluation Surplus

	Gro	Group		pany
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
On Property, Plant & Equipment				
Balance as at the beginning of the Year	425,164,506	247,693,812	143,619,860	120,813,490
Revaluation Surplus During the Year	_	175,531,918	_	25,625,135
Deferred Tax Adjustment on Revaluation	_	(5,676,028)	_	(2,818,765)
Share of Other Comprehensive Income of Equity Accounted Investees	_	8,293,630	_	_
Deferred Tax Share of Equity Accounted Investments	_	(678,826)	_	_
Realised Surplus on Disposal Transferred to Retained Profit	(58,125)	_	(58,125)	_
Balance as at the end of the Year	425,106,381	425,164,506	143,561,735	143,619,860

15.2 Other Reserves

	Group		Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Balance as at the beginning of the Year	_	576,677	_	576,677
Transfer to Retained Earnings	_	(576,677)	_	(576,677)
Balance as at the end of the Year	_	_	_	-

16. Financing and Lease (IJARA) Payables

16.1 Group

		2017			2016	
	Amount Repayable within1 Year	Repayable Repayable	Total	Amount Repayable within 1 Year	Amount Repayable after1 Year	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Finance Leases - Ijara (Note 16.1.1)	903,364	1,806,728	2,710,092	5,593,192	2,947,020	8,540,212
Bank Loans (Note 16.1.2)	114,434,430	481,420,540	595,854,970	103,730,498	481,696,934	585,427,432
Bank Overdrafts (Note 26.2)	40,857,826	_	40,857,826	551,172	_	551,172
	156,195,620	483,227,268	639,422,888	109,874,862	484,643,954	594,518,816

Non-current lease liabilities are payable within five years.

16.1.1 Finance Leases - Ijara

	As at 01.04.2016	New Leases Obtained	Repayments	As at 31.032017
	Rs.	Rs.	Rs.	Rs.
Amãna Bank PLC	8,540,212	_	(5,830,120)	2,710,092
	8,540,212	_	(5,830,120)	2,710,092

	2017	2016
	Rs.	Rs.
Gross Liability	3,124,973	9,471,288
Finance Charges Allocated to Future Periods	(414,881)	(931,076)
Net Liability	2,710,092	8,540,212

Security:

Leased Assets on Finance Lease.

16.1.2 Bank Loans

	As at 01.04.2016	Loans Obtained	Repayments	As at 31.03.2017
	Rs.	Rs.	Rs.	Rs.
Amãna Bank PLC	507,216,991	40,374,000	(24,194,421)	523,396,570
MCB Bank Ltd Islamic Banking Unit	72,190,441	130,368,961	(133,541,002)	69,018,400
Hatton National Bank PLC – Al Najah	6,020,000	_	(2,580,000)	3,440,000
	585,427,432	170,742,961	(160,315,423)	595,854,970

Security:

Immovable Property, Plant & Machinery located at Ellakkala Estate in Pasyala and Dangaswewa Estate in Anamaduwa have been pledged against the loan facilities obtained from Amana Bank PLC.

Immovable Property, Plant & Machinery located at St. Catherine Estate in Dolosbage have been pledged against the loan facilities obtained from Hatton National Bank PLC – Al Najah.

16.2 Company

	2017		2016			
	Amount Amount Repayable Repayable within1 Year after1 Year	Total	Amount Repayable within 1 Year	Amount Repayable after1 Year	Total	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank Loans (16.2.1)	105,574,430	456,260,540	561,834,970	101,150,498	478,256,934	579,407,432
Bank Overdrafts (26.2)	40,080,708	_	40,080,708	_	_	_
	145,655,138	456,260,540	601,915,678	101,150,498	478,256,934	579,407,432

Non-current lease liabilities are payable within five years.

16.2.1 Bank Loans

	As at 01.04.2016	Loans Obtained	Repayments	As at 31.03.2017
	Rs.	Rs.	Rs.	Rs.
Amãna Bank PLC	507,216,991	8,974,000	(23,374,421)	492,816,570
MCB Bank Ltd Islamic Banking Unit	72,190,441	130,368,961	(133,541,002)	69,018,400
	579,407,432	139,342,961	(156,915,423)	561,834,970

Security

Immovable Property, Plant & Machinery located at Ellakkala Estate in Pasyala and Dangaswewa Estate in Anamaduwa have been pledged against the loan facilities obtained from Amana Bank PLC.

16.3 The table below provides details of the borrowings of the Group/Company.

Bank	Product Type	Rate	Maturity
Amana Bank PLC	Dimminishing Musharaka	6M SLIBOR + 3%	60 to 84 Months
	Dimminishing Musharaka	15%	60 Months
	Bank Overdrafts	6M SLIBOR + 3%	
MCB Bank – Islamic Unit	Dimminishing Musharaka	6M AWPLR + 1%	72 Months (6 Years)
	Local Murabaha	6M AWPLR + 1%	90 Days
	Diminishing Musharaka	16%	60 Months
Hatton National Bank PLC	Diminishing Musharaka	3M AWPLR + 2%	60 Months

17. Retirement Benefit Liability

	Grou	Group		any
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation – Gratuity				
Balance as at the beginning of the Year	46,749,916	42,167,472	40,427,290	37,556,366
Charge for the Year (Note 17.1)	8,962,265	8,252,965	7,270,776	6,315,845
Amounts Recognised in Other Comprehensive Income (Note 17.2)	(1,726,466)	(2,430,070)	(1,726,466)	(2,430,070)
Payments during the Year	(1,950,437)	(1,240,451)	(1,710,751)	(1,014,851)
Balance as at the end of the Year	52,035,278	46,749,916	44,260,849	40,427,290

17.1 Charge for the Year

	Group		Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Current Service Cost	4,313,127	4,497,329	2,621,638	2,560,209
Interest Cost on Benefit Liability	4,649,138	3,755,636	4,649,138	3,755,636
	8,962,265	8,252,965	7,270,776	6,315,845

17.2 Amounts Recognised in Other Comprehensive Income

	Grou	Group		any	
	2017 2016	2017 2016		2017 2016 2017	2016
	Rs.	Rs.	Rs.	Rs.	
Liability Experience Loss/(Gain) Arising during the Year	(35,729)	48,155	(35,729)	48,155	
Liability Gain due to Changes in Assumptions during the Year	(1,690,737)	(2,478,225)	(1,690,737)	(2,478,225)	
Total Amount Recognised in Other Comprehensive Income	(1,726,466)	(2,430,070)	(1,726,466)	(2,430,070)	

17.3 The Retirement Benefit Liability, of Bairaha Farms PLC, is valued by Mr. Piyal Goonatilleke, who is a fellow member of the Society of Actuaries (USA) and a member of the American Academy of Actuaries. Defined Liability is valued as of March 2017 and the principal assumptions used in the valuation is as follows:

Principal Actuarial Assumptions

		2017	2016
Discount Rate		12.6% p.a	11.5% p.a
Salary Increases		10% p.a	10% p.a
Staff Turnover	20 to 35 Years	9.40%	9.40%
	35 to 40 Years	6.25%	6.25%
	40 to 45 Years	3.75%	3.75%
	45 to 50 Years	1.75%	1.75%
	Over 55 Years	1%	1%

17.4 Sensitivity Analysis

Assumption	Change	Effect on PVDBO
	- %	%
Discount Rate	+1%	(1,385,546)
	-1%	1,529,067
Expected Salary Increase	+1%	2,287,653
	-1%	(2,119,452)

18. Trade and Other Payables

	Gro	Group		pany
	2017 2016 2017	2017 2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Trade Creditors – Related Parties (Note 18.1)	10,368,161	3,615,825	37,681,831	83,392,823
- Others	84,884,172	189,954,488	40,151,558	99,343,634
	95,252,333	193,570,313	77,833,389	182,736,457
Sundry Creditors Including Accrued Expenses	122,694,174	89,185,064	84,822,180	62,719,060
	217,946,507	282,755,377	162,655,569	245,455,517

18.1 Trade Dues Payable to Related Parties

	Relationship	Group		Company		
		2017	2016	2017	2016	
		Rs.	Rs.	Rs.	Rs.	
Bairaha Foods (Pvt) Ltd.	Subsidiary	_	_	192,458	403,632	
Nature's Best Industry Ltd.	Subsidiary	_	_	15,030,509	45,761,628	
Siyane Farms Ltd.	Subsidiary	_	_	12,599,342	23,245,587	
Hill Country Farms Ltd.	Subsidiary	_	_	3,237,486	13,981,976	
Fortune Agro Industries Ltd.	Joint Venture	6,622,036	_	6,622,036	_	
Fortune G-P Farms (Lanka) Ltd.	Joint Venture	3,746,125	3,615,825	_	_	
		10,368,161	3,615,825	37,681,831	83,392,823	

19. Dividends

	Group		Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
19.1 Dividends Payable (Unclaimed Dividends)	9,228,001	6,391,831	9,228,001	6,391,831
	9,228,001	6,391,831	9,228,001	6,391,831

19.2 Rs. 120,000,000/- dividend has been declared and paid for the financial year ended 31st March 2017, which is given below:

A final dividend of 2015/16 amounting to Rs. 64,000,000/- was paid on 10th June 2016.

An interim dividend of 2016/17 amounting to Rs. 56,000,000/- was paid on 16th November 2016.

20. Amounts Due to Related Parties

	Relationship	Group		Company	
		2017	2016	2017	2016
		Rs.	Rs.	Rs.	Rs.
Siyane Farms Ltd.	Subsidiary	_	_	_	479,499,738
Hill Country Farms Ltd.	Subsidiary	_	-	17,690,773	_
Bairaha Trading (Pvt) Ltd.	Subsidiary	_	-	4,936,864	6,455,938
		_	_	22,627,637	485,955,676

21. Other Operating Income

	Grou	ıp	Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Income from Other Investments – Quoted	503	189	503	189
Income from Other Investments – Subsidiaries	_	_	105,942,350	571,638
Income from Other Investments – Joint Ventures	_	_	3,862,412	3,451,270
Income from Other Investments – Associates	_	_	_	_
Rental Income from Investment Property – Related Parties	_	_	1,650,390	1,650,389
Profit on Disposal of Property, Plant & Equipment	(779,265)	_	(779,265)	_
Profit on Disposal of Shares	_	_	369,887,691	_
Reversal of Impairment	_	9,623,656	_	9,623,656
Miscellaneous Income	4,336,137	126,479	917,620	1,971,426
Exchange Gain	820,003	1,506,648	820,003	1,506,648
Sale of Vaccines	9,948,895	12,404,021	_	_
Sale of Agricultural Produce	7,242,103	5,983,321	_	_
Gain on Bargain Purchase of Joint Venture Company	_	24,977,664	_	_
	21,568,376	54,621,978	482,301,704	18,775,216

22. Finance Cost

	Group		Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Interest Expense on Overdrafts	3,265,702	1,144,976	3,257,578	1,138,722
Finance Charges on Lease Liabilities	1,047,963	2,240,504	_	_
Finance Charges on Fixed Loans	62,920,053	48,950,815	61,688,196	43,239,490
	67,233,718	52,336,295	64,945,774	44,378,212

23. Profit from Operating Activities

	Group		Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Stated after Charging/(Crediting)				
Production Overheads:				
Allowance for Weight Losses	3,676,501	7,376,934	3,676,501	7,376,934
Depreciation	143,692,901	132,863,399	74,216,237	64,689,667
Staff Cost (Including Following Retirement Benefit Plan Cost)	234,039,361	179,642,723	141,242,437	111,964,586
 Defined Benefit Plan Cost – Gratuity 	4,417,972	4,362,747	3,216,075	3,056,289
 Defined Contribution Plan Costs – EPF and ETF 	11,468,607	9,152,922	5,599,230	3,982,795
Administration Expenses:				
Directors' Emoluments	25,866,043	19,524,943	11,780,283	9,096,841
Legal Fees	482,749	245,056	482,749	245,056
Donations	2,663,922	3,475,624	1,400,842	2,209,284
Depreciation	4,598,796	4,366,402	4,479,375	3,023,636
Auditors' Remuneration	4,864,177	4,369,790	3,180,000	2,915,000
Staff Cost (Including Following Retirement Benefit Plan Cost)	27,834,849	21,578,820	16,835,048	12,612,494
- Defined Benefit Plan Cost - Gratuity	1,674,944	2,777,818	1,404,000	2,147,156
- Defined Contribution Plan Costs - EPF & ETF	3,805,067	3,353,965	2,434,519	2,140,294
Distribution Cost:				
Advertising Costs	27,847,900	23,477,323	27,847,900	23,477,323
Allowance for Impairment	7,746,821	2,039,338	6,769,581	_
Depreciation	10,367,162	9,343,025	9,123,729	8,657,045
Staff Cost (Including Following Retirement Benefit Plan Cost)	57,723,531	49,119,279	53,915,602	46,084,876
- Defined Benefit Plan Cost - Gratuity	1,112,400	1,112,400	1,112,400	1,112,400
- Defined Contribution Plan Costs - EPF & ETF	3,241,596	2,543,196	2,896,450	2,543,196

24. Income Tax Expense

	Group		Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
The Major Components of Income Tax Expense are as follows:				
Income Statement				
Current Income Tax				
Current Tax Expense on Ordinary Activities for the Year (Note 24.1)	98,648,105	55,748,012	43,415,325	17,168,114
Under Provision of Current Taxes in Respect of Prior Years	17,183,343	42,423	17,183,343	-
Tax on Dividend Income	11,011,240	_	10,985,486	_
	126,842,688	55,790,435	71,584,154	17,168,114
Deferred Income Tax				
Deferred Taxation Charge (Note 24.2)	34,403,495	18,385,945	25,629,872	4,533,347
Income Tax Expense Reported in the Income Statement	161,246,183	74,176,380	97,214,026	21,701,461

24.1 Reconciliation of Accounting Profit and Taxable Profit

	Group		Company	
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Accounting Profit before Tax from Operations	737,287,682	646,385,435	702,951,652	210,295,020
Disallowable Expenses	284,058,387	67,003,695	196,047,848	10,280,900
Tax Deductible Expenses	(698,698,542)	(142,954,812)	(610,475,235)	(18,626,989)
Tax Exempt Income	(9,869,768)	(22,930,251)	_	-
	312,777,759	547,504,067	288,524,265	201,948,931
Other Income	6,025,520	12,135,971	_	-
Tax Loss Utilised During the Year	(31,815,551)	(82,272,451)	_	(52,951,576)
Taxable Profit	286,987,728	477,367,587	288,524,265	148,997,355
Income Tax @ 10%	45,846,131	32,602,989	3,174,191	3,557,841
Income Tax @ 12%	19,686,993	17,168,114	19,686,993	13,610,273
Income Tax @ 28%	33,114,981	5,976,909	20,554,141	-
Current Tax Expense on Ordinary Activities for the Year	98,648,105	55,748,012	43,415,325	17,168,114
Tax Loss Brought Forward	43,126,156	123,020,853	_	52,951,576
Tax Loss for the Year	335,548	2,377,754	_	_
Tax Loss Utilised During the Year	(31,815,551)	(82,272,451)	_	(52,951,576)
Tax Loss Carried Forward	11,646,153	43,126,156	_	_

Nature's Best Industry Ltd. (fully-owned subsidiary of Bairaha Farms PLC) is a BOI Company which enjoys a 10 year tax holiday (w.e.f. 2011/12).

24.2 Deferred Tax Assets, Liabilities and Income Tax Relates to the following:

24.2.1 Group

	Statement of Financial Position		Statement of F	Profit or Loss	Other Comprehensive Income	
	2017	2016	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability						
Property, Plant & Equipment	120,734,652	86,384,555	(34,350,097)	(9,944,875)	_	-
Revaluation of Property, Plant & Equipment	4,469,262	5,676,028	1,206,766	_	_	(5,676,028)
	125,203,914	92,060,583				
Deferred Tax Assets						
Allowance for Bad and Doubtful Debts	(3,961,040)	(2,724,135)	1,236,905	129,619	_	-
Defined Benefit Plans	(5,748,425)	(4,734,425)	1,203,911	673,331	(189,911)	(267,308)
Finance Lease	_	219,375	219,375	(140,625)	_	_
Tax Losses Carried Forward	_	(3,920,355)	(3,920,355)	(9,103,395)	_	_
	(9,709,465)	(11,159,540)				
Deferred Income Tax Expense			(34,403,495)	(18,385,945)	(189,911)	(5,943,336)
Net Deferred Tax Liability	115,494,449	80,901,043				

24.2.1.1 Break up of Deferred Tax Charge on – Defined Benefit Plans

	Other Compreher	nsive Income
	2017	2016
	Rs.	Rs.
Deferred Tax Liability	1,203,911	673,331
Property, Plant & Equipment	(189,911)	(267,308)
Revaluation of Property, Plant & Equipment	1,014,000	406,023

24.2.2 Company

	Statement of Fina	ancial Position	Statement of P	Profit or Loss Other Comprehensive		nsive Income
	2017	2016	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability						
Property, Plant & Equipment	79,620,642	51,557,979	(28,062,663)	743,254	_	_
Revaluation of Property, Plant & Equipment	2,744,843	2,818,765	73,922	_	_	(2,818,765)
	82,365,485	54,376,744				
Deferred Tax Assets						
Allowance for Bad & Doubtful Debts	(3,961,040)	(2,715,571)	1,245,469	129,619	_	_
Defined Benefit Plans	(4,966,218)	(4,042,729)	1,113,400	278,266	(189,911)	(267,308)
Tax Losses Carried Forward	_	_	_	(5,684,486)		
	(8,927,258)	(6,758,300)				
Deferred Income Tax Expense			(25,629,872)	(4,533,347)	(189,911)	(3,086,073)
Net Deferred Tax Liability	73,438,227	47,618,444				

24.2.2.1 Break up of Deferred Tax Charge on – Defined Benefit Plans

	Other Comprehen	sive Income
	2017	2016
	Rs.	Rs.
Charge to Income Tax Expenses	1,113,400	278,266
Charge to Other Comprehensive Income	(189,911)	(267,308)
	923,489	10,958

25. Earnings Per Share

25.1 Basic Earnings per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

25.2 The following reflects the income and share data used in the Basic Earnings per Share computations.

	Group		Company	
	2017 2016		2017	2016
	Rs.	Rs.	Rs.	Rs.
Amounts Used as the Numerators:				
Net Profit	701,874,968	590,559,987	605,737,626	188,593,559
Net Profit Attributable to Ordinary Shareholders for Basic Earnings per Share	701,874,968	590,559,987	605,737,626	188,593,559

	Grou	Group		any
	2017	2017 2016		2016
	Number	Number	Number	Number
Number of Ordinary Shares Used as Denominators:				
Weighted Average Number of Ordinary Shares in issue Applicable to				
Basic Earnings per Share	16,000,000	16,000,000	16,000,000	16,000,000
Earnings per Share	16,000,000	16,000,000	16,000,000	16,000,000
	43.87	36.91	37.86	11.79

26. Cash and Cash Equivalents

26.1 Favourable Cash and Cash Equivalent Balance

	Group		Com	pany
	2017 2016		2017	2016
Components of Cash and Cash Equivalents	Rs.	Rs.	Rs.	Rs.
Cash and Bank Balances	377,070,160	327,261,204	112,962,666	149,947,177
	377,070,160	327,261,204	112,962,666	149,947,177

26.2 Unfavourable Cash and Cash Equivalent Balances

	Group		Comp	oany
	2017	2016	2017	2016
	Rs.	Rs.	Rs.	Rs.
Bank Overdrafts	(40,857,826)	(551,172)	(40,080,708)	_
Total Cash and Cash Equivalents for the Purpose of Cash Flow Statements	336,212,334	326,710,032	72,881,958	149,947,177

27. Commitments and Contingencies

Commitments

Capital commitments approved and contracted as at the reporting date, but not provided for in the financial statements for the Group & Company amounted to Rs. 5,786,493/- and Rs. 4,350,303/- respectively.

Contingencies (Group/Company)

Company has given Corporate Guarantee worth of Rs. 400 Mn to Amana Bank PLC and another Corporate Guarantee worth of Rs. 525 Mn to MCB Bank Ltd., on behalf of Fortune Agro Industries (Pvt) Ltd. for its working capital financing.

28. Assets Pledged

28.1 The following assets retained as security for liabilities.

Nature of Assets	Nature of Liability	Carrying Amo	unt Pledged	Included Under
		2016	2015	
		Rs.	Rs.	
Group				
Leased Assets	Charge over Leased	37,995,461	41,721,792	Property, Plant & Equipment
	Assets on Finance Leases			
	Liability			
		37,995,461	41,721,792	

28.2 Assets pledged on bank loans are disclosed under Note 16.1.2 & 16.2.1 for Group & Company respectively.

29. Fair Value of Assets and Liabilities

29.1 Fair Value of Assets and Liabilities Carried at Fair Value

A description of how fair values are determined for assets and liabilities that are recorded at fair value using valuation techniques is summarised below which incorporates the Group's estimate of assumptions that a market participant would make when valuing:

Property, Plant & Equipment

- Land have been valued according to the nature of the land, extent, location, accessibility, alternate user and present day market for similar land in such locations.
- Buildings have been valued at the current gross replacement cost and their site works less an allowance for all appropriate
 factors such as age, condition, functional and environmental obsolesce which result in the existing property being worthless than
 a new replacement.
- Other assets are valued on the Net Replacement Cost basis which is the value of the asset to the business or the 'deprival value' namely the price the owner would have to pay in the market to require the asset in its existing condition or to recreate it if he were deprived of its ownership.

Biological Assets - Consumable

The fair value of the consumable biological assets is substantially represented by formation cost, mainly due to the short life cycle of the birds and the fact that a significant share of the profits arises from the manufacturing process and not from the live birds.

Biological Assets – Bearer

The valuation model considers the present value of the net cash flows expected to be generated by breeder farming. The expected net cash flows are discounted using the IRR of respective farm.

Financial Assets Held-for-Trading

Financial assets held-for-trading consist of quoted equities. Quoted equities classified as fair value through profit or loss (FVTPL). FVTPL are valued using quoted market prices using active markets as at the reporting date.

Financial Instruments Available-for-Sale

Quoted equities classified as financial instruments available-for-sale, are valued using quoted market prices using active markets as at the reporting date.

29.1.1 Fair Value Measurement - Group

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

As at 31st March 2017 - Group

		Fair Value Measurement Using				
	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
	Rs.	Rs.	Rs.	Rs.		
Assets Measured at Fair Value						
Property, Plant & Equipment						
Freehold Land and Buildings	664,982,760			664,982,760		
Leasehold Buildings	15,058,973			15,058,973		
Poultry Sheds	473,019,534			473,019,534		
Furniture	13,140,332			13,140,332		
Motor Vehicles	109,168,081			109,168,081		
	1,275,369,680	_	_	1,275,369,680		
Biological Assets – Consumable	115,193,041	_	_	115,193,041		
Biological Assets – Bearer	304,176,008	_	_	304,176,008		
Financial Assets Held-for-Trading						
Quoted Shares	103,351	103,351	_	-		
Financial Instruments Available-for-Sale						
Quoted Shares	1,200,500	1,200,500	_	_		

As at 31st March 2016 - Group

		Fair Value Measu	rement Using	
	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Rs.	Rs.	Rs.	Rs.
Assets Measured at Fair Value				
Property, Plant & Equipment				
Freehold Land and Buildings	557,590,858			557,590,858
Leasehold Buildings	15,715,050			15,715,050
Poultry Sheds	392,928,300			392,928,300
Furniture	14,540,598			14,540,598
Motor Vehicles	82,124,590			82,124,590
	1,062,899,396	_	_	1,062,899,396
Biological Assets - Consumable	122,422,564	_	_	122,422,564
Biological Assets – Bearer	251,364,402	_	_	251,364,402
Financial Assets Held-for-Trading				
Quoted Shares	115,703	115,703	_	_
Financial Instruments Available-for-Sale				
Quoted Shares	1,852,200	1,852,200	_	

29.1.1.1 Level 3 Fair Value Measurement

Unobservable Inputs Used in Measuring Fair Value

The table below sets out information about significant unobservable inputs used in measuring financial instruments categorised as Level 3 in the fair value hierarchy as at 31st March 2017:

Type of Instrument	Fair Values as at 31st March 2017 Rs.	Valuation Technique	Significant Unobservable Inputs
Freehold Land and Buildings	664,982,760	Open Market Value plus Current Gross Replacement Cost	Estimated Price per Perch and Estimated Rate per Sq Ft.
Leasehold Buildings	15,058,973	Current Gross Replacement Cost	Estimated Rate per Sq Ft.
Poultry Sheds	473,019,534	Current Gross Replacement Cost	Estimated Rate per Sq Ft.
Furniture	13,140,332	Deprival Value	Estimated Replacement Cost Adjusted for Wear and Tear
Motor Vehicles	109,168,081	Deprival Value	Estimated Replacement Cost Adjusted for Wear and Tear
Biological Assets - Consumable	115,193,041	Formation Costs	Actual Costs Incurred Adjusted for Allowances
Biological Assets - Bearer	304,176,008	Discounted Cash Flows	Hatchability, Day-old Chick Market Price, Mortality and IRR of the farm

29.1.2 Fair Value Measurement - Company

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

As at 31st March 2017 - Company

		Fair Value Measurement Using				
	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
	Rs.	Rs.	Rs.	Rs.		
Assets Measured at Fair Value						
Property, Plant & Equipment						
Freehold Land and Buildings	92,538,891	_	_	92,538,891		
Leasehold Buildings	2,373,750	_	_	2,373,750		
Poultry Sheds	152,595,489	_	_	152,595,489		
Furniture	7,743,194	_	_	7,743,194		
Motor Vehicles	87,318,856	_	_	87,318,856		
	342,570,179	_	_	342,570,179		
Biological Assets – Consumable	57,064,769	_	_	57,064,769		
Biological Assets – Bearer	79,006,365	_	_	79,006,365		
Financial Assets Held-for-Trading						
Quoted Shares	103,351	103,351		_		
Financial Instruments Available-for-Sale						
Quoted Shares	1,200,500	1,200,500	_	_		
Assets for which Fair Values are Disclosed						
Investment Property	71,138,795	_	_	71,138,795		

		Fair Value Measu	rement Using	
	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Rs.	Rs.	Rs.	Rs.
Assets Measured at Fair Value				
Property, Plant & Equipment				
Freehold Land and Buildings	85,238,394	_	_	85,238,394
Leasehold Buildings	2,637,500	_	_	2,637,500
Poultry Sheds	128,987,876	_	_	128,987,876
Furniture	8,581,027	_	_	8,581,027
Motor Vehicles	56,422,388	_	_	56,422,388
	281,867,185	_	_	281,867,185
Biological Assets - Consumable	69,378,590	_	_	69,378,590
Biological Assets – Bearer	52,799,833			52,799,833
Financial Assets Held-for-Trading				
Quoted Shares	115,703	115,703		_
Financial Instruments Available-for-Sale				
Quoted Shares	1,852,200	1,852,200	_	_
Assets for which Fair Values are Disclosed				
Investment Property	73,393,343	_	_	73,393,343

29.2 Fair Value of Financial Instruments

Set out below is the comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the financial statements:

	Group			Company					
	2017		20	2016 20		017		2016	
	Carrying Amount	Fair Value							
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Financial Assets									
Trade and Other Receivables, Net	393,768,153	393,768,153	286,403,905	286,403,905	320,124,831	320,124,831	276,640,749	276,640,749	
Amounts Due from Related Parties	24,388,320	24,388,320	257,076,610	257,076,610	55,129,761	55,129,761	625,557,825	625,557,825	
Cash and Bank Balances	377,070,160	377,070,160	327,261,204	327,261,204	112,962,666	112,962,666	149,947,177	149,947,177	
Total Financial Assets	795,226,633	795,226,633	870,741,719	870,741,719	488,217,258	488,217,258	1,052,145,751	1,052,145,751	
Financial Liabilities									
Trade and Other Payables	217,946,507	217,946,507	216,498,544	216,498,544	162,655,569	162,655,569	182,736,456	182,736,456	
Amounts Due to Related Parties	_	_	_	_	22,627,637	22,627,637	485,955,676	485,955,676	
Financing and Lease (Ijara) Payables	639,422,888	639,422,888	594,518,816	594,518,816	601,915,678	601,915,678	579,407,432	579,407,432	
Total Financial Liabilities	857,369,395	857,369,395	811,017,360	811,017,360	787,198,884	787,198,884	1,248,099,564	1,248,099,564	

Fair Value of Financial Assets and Liabilities not Carried at Fair Value

The following, describes the methodologies and assumptions used to determine the fair values for those financial instruments which are not already recorded at fair value in the financial statements:

Assets and Liabilities for which Fair Value Approximates Carrying Value

For financial assets and financial liabilities that have a short-term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values. This assumption is applied to cash and cash equivalents, trade and other receivables, amounts due from and to related parties and trade and other payables.

Financing and Lease (Ijara) Payables for which periodical interest is paid are also considered to be carried at fair value in the books since the original financing rate does not differ materially from the current market rate.

29.3 Analysis of Financial Instruments by Measurement Basis - Group

Financial assets and liabilities in the tables below are split into categories in accordance with LKAS 39:

As at 31st March 2017	Fair Value through Profit or Loss	Held-to-Maturity	Available-for-Sale	Loans and Receivable	Total
Financial Assets					
Other Investments	103,351		1,200,500		1,303,851
Trade and Other Receivables	_	_	_	393,768,153	393,768,153
Amounts Due from Related Parties	_	_	_	24,388,320	24,388,320
Cash and Bank Balances				377,070,160	377,070,160
Total Financial Assets	103,351	_	1,200,500	795,226,633	796,530,484
Financial Liabilities					
Trade and Other Payables	_	_	_	217,946,507	217,946,507
Dividends Payable	_	_	_	9,228,001	9,228,001
Financing & Lease (Ijara) Payables				639,422,888	639,422,888
Total Financial Liabilities	_	_	_	866,597,396	866,597,396
As at 31st March 2016	Fair Value through Profit or Loss	Held-to-Maturity	Available-for-Sale	Loans and Receivable	Total
Financial Assets					
Other Investments	115,703	_	1,852,200		1,967,903
Trade and Other Receivables		_		286,403,905	286,403,905
Amounts Due from Related Parties	_	_		257,076,610	257,076,610
Cash and Bank Balances	_	_	_	327,261,204	327,261,204
Total Financial Assets	115,703	_	1,852,200	870,741,719	872,709,622
Financial Liabilities					
Trade and Other Payables	_	_	_	282,755,377	282,755,377
Dividends Payable	_	_	_	6,391,831	6,391,831
Financing & Lease (Ijara) Payables	_	_	_	594,518,816	594,518,816
Total Financial Liabilities	_	_	_	883,666,024	883,666,024

29.3 Analysis of Financial Instruments by Measurement Basis - Company

	•		=		
As at 31st March 2017	Fair Value through Profit or Loss	Held-to-Maturity	Available-for-Sale	Loans and Receivable	Total
Financial Assets					
Other Investments	103,351	_	1,200,500	_	1,303,851
Trade and Other Receivables	_	_	_	320,124,831	320,124,831
Amounts Due from Related Parties	_	_	_	55,129,761	55,129,761
Cash and Bank Balances				112,962,666	112,962,666
Total Financial Assets	103,351	_	1,200,500	488,217,258	489,521,109
Financial Liabilities					
Trade and Other Payables	_	_	_	162,655,569	162,655,569
Dividends Payable	_	_	_	9,228,001	9,228,001
Amounts Due to Related Parties	_	_	_	22,627,637	22,627,637
Financing & Lease (Ijara) Payables				601,915,678	601,915,678
Total Financial Liabilities	_	_	_	796,426,885	796,426,885
As at 31st March 2016	Fair Value through Profit or Loss	Held-to-Maturity	Available-for-Sale	Loans and Receivable	Total
Financial Assets					
Other Investments	115,703	_	1,852,200	_	1,967,903
Trade and Other Receivables	_	_	_	276,640,749	276,640,749
Amounts Due from Related Parties	_	_	_	625,557,825	625,557,825
Cash and Bank Balances	_	_	_	149,947,177	149,947,177
Total Financial Assets	115,703		1,852,200	1,052,145,751	1,054,113,654
Financial Liabilities					
Trade and Other Payables	_	_	_	245,455,517	245,455,517
Dividends Payable	_	_	_	6,391,831	6,391,831
Amounts Due to Related Parties	-	_	_	485,955,676	485,955,676
Financing & Lease (Ijara) Payables	_	_	_	579,407,432	579,407,432
Total Financial Liabilities	_	_	_	1,317,210,456	1,317,210,456
·	<u> </u>	-			

30. Risk Management

30.1 Introduction

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables, amounts due from related parties and cash and short-term deposits that arrive directly from its operations. The Group is exposed to credit risk, liquidity risk and market risk.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include investments in equity securities. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.

30.2 Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities. Company evaluates the credit worthiness of the customer before the appointment. Further it takes a refundable deposits from day-old chicks customer, bank guarantee from its broiler chicken distributors and performs periodical debtors review and thereby assess the individual debtors' status.

30.2.1 The following table shows the overdue amounts for the financial assets categories:

	Group			
As at 31st March 2017	Neither Past due nor Impaired			Overdue
	Rs.	Rs.	Rs.	Rs.
Carrying Amount				
Trade and Other Receivables	166,682,506	196,419,084	155,664,161	143,386,076
Cash and Cash Equivalents	377,070,160	_	112,962,666	_
Amounts Due from Related Parties	24,388,320	_	55,129,761	_
	568,140,986	196,419,084	323,756,588	143,386,076

30.2.1.1 Age Analysis of Trade Receivables

		Group							
		Past due but not Impaired							
	Not Past due	Less than 30 Days	31 to 60 Days	61 to 90 Days	More than 91 Days	Impaired	Total		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
Trade Receivables Net – 2017	166,682,506	143,607,888	30,729,366	10,338,377	11,743,453	28,693,092	391,794,682		
Trade Receivables Net - 2016	73,256,908	95,245,994	27,270,103	6,514,117	59,150,960	21,571,230	283,009,311		

		Company							
		Past due but not Impaired							
	Not Past due	Less than 30 Days	31 to 60 Days	61 to 90 Days	More than 91 Days	Impaired	Total		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
Trade Receivables Net – 2017	155,664,161	100,198,055	27,367,247	9,021,190	6,799,584	19,120,957	318,171,194		
Trade Receivables Net – 2016	122,367,279	53,417,170	12,430,958	1,077,262	70,852,510	12,976,334	273,121,512		

30.2.2 Exposure to Credit Risk

The following table shows the maximum exposure and net exposure to credit quality by class of financial assets:

Group			Company		
As at 31st March 2017	Gross Net Exposure Exposure		Gross Exposure	Net Exposure	
	Rs.	Rs.	Rs.	Rs.	
Carrying Amount					
Trade and Other Receivables	393,768,153	393,768,153	320,124,831	320,124,831	
Cash and Cash Equivalents	377,070,160	377,070,160	112,962,666	112,962,666	
Amounts Due from Related Parties	24,388,320	24,388,320	55,129,761	55,129,761	
	795,226,633	795,226,633	488,217,258	488,217,258	

30.3 Liquidity Risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by monitoring and managing its cash requirements to ensure access to sufficient funds to meet operational and investing requirements. The primary source of liquidity is cash generated from operations and supplemented by credit facilities.

30.3.1 Maturity Analysis of Financial Assets and Financial Liabilities

An analysis of financial assets and financial liabilities based on the remaining period at the reporting date to the respective contractual maturity dates are as follows:

	Group						
		2017					
	Within 12 Months	After 12 Months	Total as at 31.03.2017	Within 12 Months	After 12 Months	Total as at 31.03.2016	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Assets							
Trade and Other Receivables, Net	393,768,153	_	393,768,153	286,403,905	_	286,403,905	
Amounts Due from Related Parties	24,388,320	_	24,388,320	257,076,610	_	257,076,610	
Cash and Bank Balances	377,070,160	_	377,070,160	327,261,204	_	327,261,204	
Total Assets	795,226,633	_	795,226,633	870,741,719		870,741,719	
Liabilities							
Trade and Other Payables	217,946,507	_	217,946,507	282,755,377	_	282,755,377	
Amounts Due to Related Parties	_	_	_	_	_	-	
Financing and Lease (Ijara) Payables	156,195,620	483,227,268	639,422,888	109,874,862	484,643,954	594,518,816	
Total Liabilities	374,142,127	483,227,268	857,369,395	392,630,239	484,643,954	877,274,193	
Net	421,084,506	(483,227,268)	(62,142,762)	478,111,480	(484,643,954)	(6,532,474)	

	Company						
		2017		2016			
	Within 12 Months	After 12 Months	Total as at 31.03.2017	Within 12 Months	After 12 Months	Total as at 31.03.2016	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Assets							
Trade and Other Receivables, Net	320,124,831	_	320,124,831	276,640,749	_	276,640,749	
Amounts Due from Related Parties	55,129,761	_	55,129,761	625,557,825	_	625,557,825	
Cash and Bank Balances	112,962,666	_	112,962,666	149,947,177	_	149,947,177	
Total Assets	488,217,258	_	488,217,258	1,052,145,751	_	1,052,145,751	
Liabilities							
Trade and Other Payables	162,655,569	_	162,655,569	245,455,517	_	245,455,517	
Amounts Due to Related Parties	22,627,637	_	22,627,637	485,955,676	_	485,955,676	
Financing and Lease (Ijara) Payables	145,655,138	456,260,540	601,915,678	101,150,498	478,256,934	579,407,432	
Total Liabilities	330,938,344	456,260,540	787,198,884	832,561,691	478,256,934	1,310,818,625	
Net	157,278,914	(456,260,540)	(298,981,626)	219,584,060	(478,256,934)	(258,672,874)	

31. Related Party Disclosures

31.1 Transactions with Related Entities

Nature of Transactions	Gro	oup	Company	
	2017 2016		2017	2016
	Rs.	Rs.	Rs.	Rs.
31.1.1 Subsidiaries				
Sales	_	_	392,780,455	316,442,017
Purchases	_	_	802,858,624	772,799,988
Rent Income	_	_	1,650,390	1,650,389
Rent Expenses	_	_	420,000	420,000
Hatching Fees	_	_	27,729,796	24,391,635
Dividend Income	_	_	105,942,350	571,638
Purchase of Shares	_	_	274,841,770	_
Disposal of Shares	_	_	423,887,691	_
Expenses Incurred	_	_	132,608,672	112,347,946
Collection	_	_	491,929,366	538,920,442
Settlement	_	_	850,385,991	1,051,190,980
31.1.2 Joint Ventures				
Purchases	26,297,129	32,678,787	26,297,129	32,678,787
Dividend Income	3,862,412	3,451,270	3,862,412	3,451,270
Purchase of Shares	232,793,490	356,070,800	232,793,490	356,070,800
Expenses Incurred	422,409	116,500	422,409	116,500
Collection	5,000,000	_	5,000,000	_
Settlement	31,360,757	123,653,018	31,360,757	123,653,018

31.2 Transactions with Key Management Personnel

The Key Management Personnel of the Company are the members of its Board of Directors. Transactions with close family members of Key Management Personnel are also taken in to account in the transactions with Key Management Personnel.

Nature of Transactions	Grou	Group		Company		
	2017	2016	2017	2016		
	Rs.	Rs.	Rs.	Rs.		
(a) Transactions with Key Management Personnel or Their Close Family Members						
Rent of Premises Owned by Key Management Personnel	1,462,000	1,584,000	1,462,000	1,584,000		
(b) Key Management Personnel Compensation						
Short-term Employee Benefits	25,866,043	19,524,943	11,780,283	9,096,841		

31.3 Trade dues Receivable from Related Parties, Amounts due from Related Parties, Trade dues Payable to Related Parties and Amounts due to Related Parties as at the reporting date are disclosed in Notes 12.1, 13, 18.1 and 20 respectively.

31.4 Terms and Conditions of Transactions with the Related Companies

Outstanding balances at the year-end relating to the related companies are unsecured, interest free and all related-party dues are on demand. There have been no guarantees provided or received for any related party receivables or payables for the year ended 31st March 2016. The Group has not recorded any impairment of receivables relating to amounts owed by related parties (2015/16 – Rs. Nil).

32. Events Occurring after the Reporting Date

A second interim dividend of Rs. 4/- per share was declared on 27th April 2017 and paid on 23rd May 2017.

33. Explanation to the Restatement

Pursuant to the amendments made to the LAKS 41 which was effective for the annual financial reporting periods beginning on or after 1st January 2016. When these amendments become effective, previously effective local ruling which allowed bearer animals to be measured under LKAS 16 is withdrawn. As a result, the bearer biological assets have been measured at fair value as opposed to the previously adopted cost model. Accordingly the Group decided to fair value it's bearer biological assets for the year ended 31st March 2017 by restating the earliest period presented as required by LKAS 8 – 'Accounting Policies, Changes in accounting estimates and Errors'. Accordingly, the amounts presented as at 1st April 2015 and 31st March 2016 are restated as follows,

The Company did not have any bearer laying batches for the previous two year ends (31st March 2016 and 1st April 2015), Accordingly the Company figures have not been restated.

Reconciliation of Equity as at 1st April 2015

	Note	Audited as at 2015	Remeasurements	Restated as at 2015
		Rs.	Rs.	Rs.
Non-Current Assets				
Biological Assets – Bearer	Α	145,493,928	58,824,736	204,318,664
		145,493,928	58,824,736	204,318,664
Current Assets				
Biological Assets - Consumable	В	143,576,435	(21,191,964)	122,384,471
		143,576,435	(21,191,964)	122,384,471
Total Assets		289,070,363	37,632,772	326,703,135
EQUITY AND LIABILITIES				
Equity				
Retained Earnings	С	1,462,284,493	37,632,772	1,499,917,265
Total Equity		1,462,284,493	37,632,772	1,499,917,265

Note

- A. Fair value gain on valuation of parent birds amounting to Rs. 58,824,736/- was adjusted in the Group.
- B. Reduction in hatching eggs valuation due to the fair valuation of breeder birds amounting to Rs. 21,191,964/- was adjusted in the Group.
- C. Net impact of the above A & B amounting to Rs. 37,632,772/- was adjusted in the Group.

Reconciliation of Equity as at 31st March 2016

	Note	Audited as at 2016	Remeasurements	Restated as at 2016
		Rs.	Rs.	Rs.
ASSETS				
Non-Current Assets				
Investments in Joint Ventures	Α	506,883,216	10,014,668	516,897,884
Biological Assets - Bearer	В	184,084,777	67,279,625	251,364,402
		690,967,993	77,294,293	768,262,286
Current Assets				
Biological Assets – Consumable	С	150,137,174	(27,714,610)	122,422,564
		150,137,174	(27,714,610)	122,422,564
Total Assets		841,105,167	49,579,683	890,684,850
EQUITY AND LIABILITIES				
Equity				
Retained Earnings	D	1,969,474,246	49,579,683	2,019,053,929
Total Equity		1,969,474,246	49,579,683	2,019,053,929

Note

- A. Share of Net Asset of Equity Accounted Investees has increase by Rs. 10,014,668/- due to its fair value gain on valuation of parent birds was adjusted in the Group.
- B. Fair value gain on valuation of parent birds amounting to Rs. 67,279,625/- was adjusted in the Group.
- C. Reduction in hatching eggs valuation due to the fair valuation of breeder birds amounting to Rs. 27,714,610/- was adjusted in the Group.
- D. Net impact of the above A,B & C amounting to Rs. 49,579,683/- was adjusted in the Group.

Reconciliation of Profit for the Year for the Year Ended 31st March 2016

	Note	Audited as at 2016	Remeasurements	Restated as at 2016
		Rs.	Rs.	Rs.
Cost of Sales	А	(2,898,281,253)	1,932,243	(2,896,349,010)
Share of Profit from Joint Venture Companies	В	8,336,264	10,014,668	18,350,932
Earning per Share – Basic		36.16	0.75	36.91

Note

- A. Net Impact arising on fair value gain on valuation of parent birds and reduction in hatching eggs valuation due to the fair valuation of breeder birds amounting to Rs. 1,932,243/- was adjusted in the Group.
- B. Share of Profit of Equity Accounted Investees has increase by Rs. 10,014,668/- due to its fair value gain on valuation of parent birds was adjusted in the Group.

Statement of Cash Flows

There is no material impact on the Statement of Cash Flows.

Annexes

Investor Information

20 Major Shareholders of the Company

	Name of Shareholder	No. of Shares as at 31.03.2017	%	No. of Shares as at 31.03.2016	%
1.	Mr. M.N.M. Yakooth	1,701,867	10.637	1,701,867	10.637
2.	Mr. M.N.M. Mubarak	1,660,908	10.381	1,660,908	10.381
3.	Mr. M.N.M. Kamil	1,603,924	10.025	1,603,924	10.025
4.	Mr. M.N.M. Ilyas	1,532,559	9.578	1,532,559	9.578
5.	Employees' Trust Fund Board	1,199,922	7.500	1,199,922	7.500
6.	Mr. M.Y.M. Riyal	824,305	5.152	824,305	5.152
7.	Mrs. F.S. Imran	612,047	3.825	612,047	3.825
8.	Seylan Bank PLC/Sashimaal Ruhash Fernando	337,560	2.110	NIL	NIL
9.	Mrs. A.W.M.S. Rafeeka	300,000	1.875	300,000	1.875
10.	Sandwave Limited	288,755	1.805	135,000	0.844
11.	Waldock Mackenzie Ltd./Hi-Line Trading (Pvt) Ltd.	152,807	0.955	152,807	0.955
12.	Bank of Ceylon No. 01 Account	128,523	0.803	94,245	0.589
13.	Elgin Investments Ltd.	126,206	0.789	108,596	0.679
14.	Mr. R. Pestonjee	119,691	0.748	119,691	0.748
15.	Mr. A.C.M. Reyaz	105,419	0.659	25,335	0.158
16.	Mr. R.A. Rishard	105,168	0.657	160,050	1.000
17.	Mr. M.M. Salahudeen	100,200	0.626	100,200	0.626
18.	People's Leasing & Finance PLC/Hi Line Trading (Pvt) Ltd.	95,339	0.596	107,445	0.672
19.	ADL Equities Limited/M.A.M. Arafath Akram	93,698	0.586	NIL	NIL
20.	Venture Partners (Private) Ltd.	90,000	0.563	90,000	0.563
		11,178,898	69.868	10,528,901	65.806
	Others	4,821,102	30.132	5,471,099	34.194
	Total	16,000,000	100.000	16,000,000	100.000

Share Distribution

Shareholding as at 31st March 2017.

From		То	No. of Holders	No. of Shares	%
1	_	1,000	2,939	645,406	4.03
1,001	-	10,000	414	1,363,744	8.52
10,001	-	100,000	103	3,090,989	19.32
100,001	_	1,000,000	12	3,200,681	20.01
Over	-	1,000,000	5	7,699,180	48.12
			3,473	16,000,000	100.00

Categories of Shareholders

	No. of Holders	No. of Shares	%
Local Individuals	3,277	11,512,285	71.95
Local Institutions	167	3,924,662	24.53
Foreign Individuals	24	116,682	0.73
Foreign Institutions	5	446,371	2.79
	3,473	16,000,000	100.00

Public Holding

The percentage of shares held by the public being 63.42%, comprising of 3,468 shareholders.

Directors' & CEO's Shareholding as at 31st March 2017

	No. of Shares	%
Deshamanya Prof. M.T.A. Furkhan		
(Resigned 22.07.2016 and Appointed 28.07.2016)	61,700	0.386
Mr. Yakooth Naleem	1,701,867	10.637
Mr. Kamil Naleem	1,603,924	10.025
Mr. Mubarak Naleem	1,660,908	10.381
Mr. Riyal Yakoob	824,305	5.152
Deshamanya C.P. de Silva (Resigned w.e.f. 12.07.2016)	30,000	0.187
Mr. Ilyas Naleem (Deceased 21.12.2016)	1,532,559	9.578
Mr. C.L. De Silva (Appointed w.e.f. 30.08.2016)	NIL	NIL

Share Prices for the Year

No. of Shares Traded during the Year

As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
198.00 (19.10.2016)	240.50 (21.10.2015)
145.50 (01.04.2016)	107.00 (07.05.2015)
160.20	144.00
	Rs. 198.00 (19.10.2016) 145.50 (01.04.2016)

3,560,812

3,560,812

632,913,943.30

Share Trading

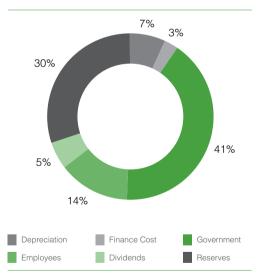
Value of Sha	Value of Shares Traded during the Year (Rs.)				
No. of Transa	6,897				
		No. of Transaction (Trade Volume)	Share Volume (No. of Shares Traded)	Turnover Volume (Value of Shares)	
01.04.2016	30.06.2016	2,309	1,080,874	184,683,111.10	
01.07.2016	30.09.2016	2,489	1,502,264	270,829,948.60	
01.10.2016	31.12.2016	1,264	657,999	123,839,649.10	
01.01.2017	31.03.2017	835	319,675	53,561,234.50	

6,897

Value Added Statement

	31st March 2017 31st		Restated 31st March 2016	
	Rs. '000	%	Rs. '000	%
Revenue	5,115,430		4,440,259	
Less: Cost of Materials and Services Purchased	(2,806,188)		(2,667,885)	
Value Added	2,309,242		1,772,374	
To Employees as Remuneration	319,598	13.84	250,341	14.12
To Government as Taxes	941,876	40.79	660,564	37.27
To Providers of Capital				
Finance Cost on Borrowings	67,234	2.91	52,336	2.95
Dividends to Shareholders	120,000	5.20	72,000	4.06
Retained in the Business as				
Depreciation	158,659	6.87	146,573	8.27
Reserves	701,875	30.39	590,560	33.32
	2,309,242	100.00	1,772,374	100.00

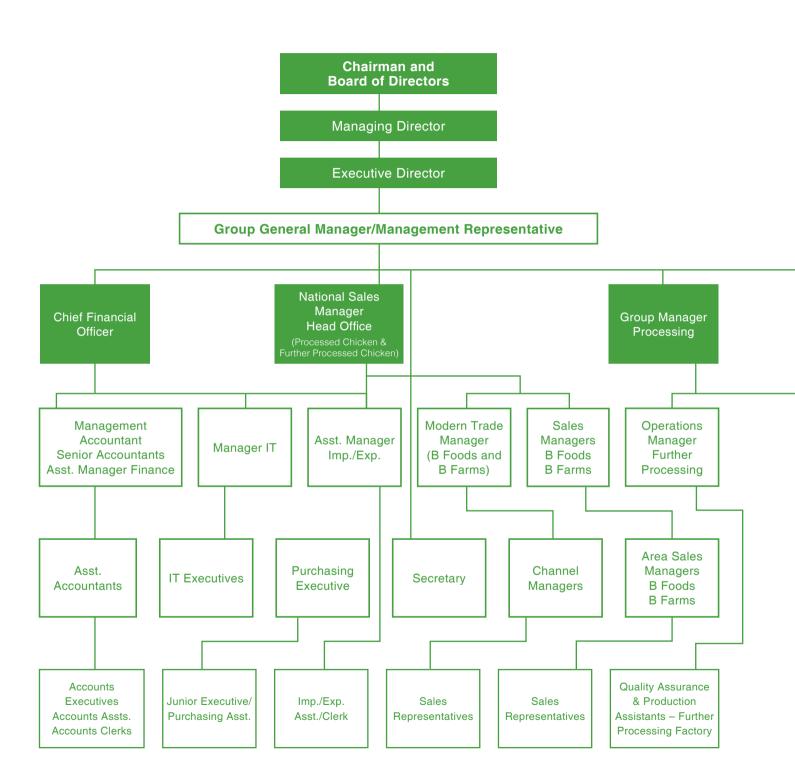
Value Distributed

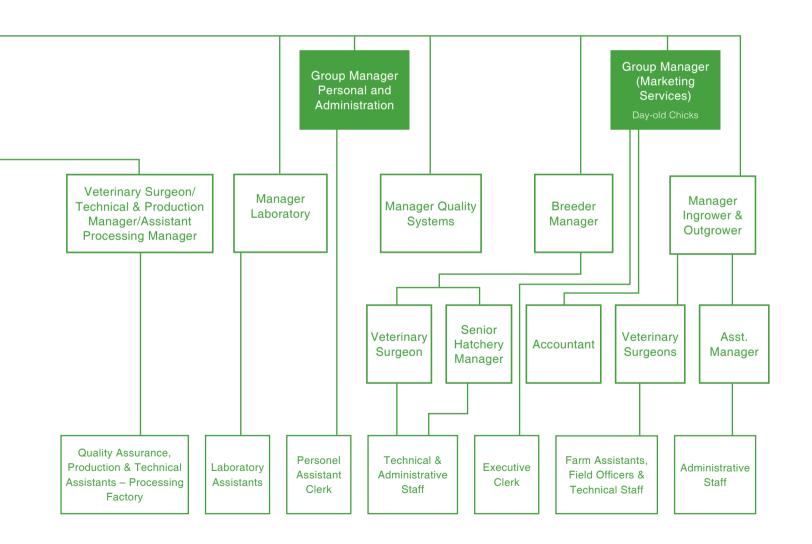


Five Year Summary

Year ended 31st March	2017	Restated 2016	2015	2014	2013
_	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Statement of Drafit or Loca and Other Comprehensive Income					
Statement of Profit or Loss and Other Comprehensive Income Revenue	4,363,614	3,889,942	3,357,117	3,054,083	2,917,526
Profit before Taxation	737,288	646,385	172,984	131,208	
Profit/(Loss) from Associate Companies	737,200	040,363	20,303	27,811	164,067 19,795
Profit/(Loss) from Joint Venture Companies	125,833	18,351	(125)	75	19,793
Taxation (Charge)/Reversal	(161,246)	(74,176)	(33,609)	(21,252)	(22,380
Profit after Taxation	701,875	590,560	159,553	137,842	161,482
	701,675	590,560	,	137,042	101,402
Minority Interest	885	179.771	- 4 415		- (00)
Other Comprehensive Income		- ,	4,415	(8,551)	(62
Total Comprehensive Income	702,760	770,331	163,968	129,291	161,420
	2017	Restated 2016	Restated 2015	2014	2013
-	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Statement of Financial Position					
Property, Plant & Equipment	2,047,086	1,781,355	1,552,833	1,520,654	1,391,296
Intangible Assets	3,370	4,126	4,939	4,733	4,401
Investments	872,966	518,866	115,176	95,051	66,400
Biological Assets - Bearer	304,176	251,364	204,319	134,265	128,560
	3,227,598	2,555,711	1,877,267	1,754,703	1,590,657
Current Assets	1,122,475	1,167,732	935,169	776,178	761,644
Less: Current Liabilities	(418,053)	(412,587)	(458,974)	(462,545)	(412,999
Net Current Assets	704,422	755,145	476,195	313,633	348,645
Total Assets Less: Current Liabilities	3,932,020	3,310,856	2,353,462	2,068,336	1,939,302
Less:					
Long-Term Liabilities	(483,227)	(484,644)	(254,492)	(158,847)	(153,338
Deferred Liabilities	(167,530)	(127,651)	(98,739)	(90,625)	(70,395
Net Assets	3,281,263	2,698,561	2,000,231	1,818,864	1,715,569
Equity					
Stated Capital	256,305	256,305	256,305	256,305	256,305
Revaluation Reserves	425,106	425,164	247,694	247,928	249,924
Other Reserves	(1,077)	(1,962)	(3,685)	(8,101)	451
Revenue Reserves	2,600,929	2,019,054	1,499,917	1,322,732	1,208,889
	3,281,263	2,698,561	2,000,231	1,818,864	1,715,569

Organisational Structure





About this Report

Report Structure

This is our first integrated Annual Report. The Report includes financial and non-financial information related to Bairaha Farms PLC's main businesses, key functions and strategic investments. It also provides material information which relates to the Company's strategy, governance, performance and sustainability in the context of creating value over time.

Format

This Annual Report is produced in print and PDF versions. The latter is available on our website – www.bairaha.com. Our integrated Report, under the theme 'The Results that Speak' illustrates the financial and non-financial highlights of 2016/17. It also provides a glimpse into our journey as the pioneer chicken processing Company in the Island and how we are gearing up to meet the challenges of 2017 and the future.

Report Boundary

The overall boundary of this Annual Report comprises of the Bairaha Farms PLC and its subsidiaries:

- Bairaha Farms PLC
- Siyane Farms Ltd.
- Hill Country Farms Ltd.
- Bairaha Foods (Pvt) Ltd.
- Nature's Best Industries

Compliance

This integrated Annual Report covers the 12 months period from 1st April 2016 to 31st March 2017 and is consistent with our usual annual reporting cycle for financial and sustainability reporting. The latter is in accordance with the core criteria of GRI G4 guidelines.

There are no significant changes from previous reporting periods in the scope and aspect boundaries. The last published report covered the 12 months period ended 31st March 2016. There were no restatements of information provided in previous Reports. Updates on progress of continuing activities and initiatives are given in the Annual Report as necessary and references may be made to past information for clarity. The information contained in this Report, as in the past, is in compliance with all applicable laws, regulations and standards.

Contact

We welcome your comments, queries and suggestions. Please channel these to:

Mr. Ahamed Zahiri Chief Financial Officer 2nd Floor, No. 407, Galle Road, Colombo 03.

Telephone: +94 11 2 575 255 Telefax: +94 11 2 575 256 Website: www.bairaha.com

E-mail: corporateoffice@bairaha.com

GRI Index

This report contains 'Standard Disclosures from the GRI G4 Sustainability Reporting Guidelines'. This is the Organisation's first attempt to comply with the guidelines and hence is not in accordance with core or comprehensive criteria.

Index No.	Description	Page	Explanation
General	Standard Disclosures		
Strategy a	and Analysis		
G4-1	Most senior decision-maker's statement	10	
	tional Profile		
G4-3	Name of the Organisation	Inner	
U4-3	Ivanie of the Organisation	Back Cover	
G4-4	Primary brands, products and services	28 and 29	
G4-5	Location of the organisation's headquarters	Inner Back Cover	
G4-6	Countries where the organisation operates	_	Sri Lanka
G4-8	Markets served	24	
G4-9	Scale of the reporting organisation	9 and 13	
G4-10	Total workforce by employment type, age, gender and region	31 and 32	
G4-12	Organisation's supply chain		
G4-13	Changes during the reporting period regarding size, structure or ownership	14	
dentified	Material Aspects and Boundaries		
G4-17	List of all entities included in the organisation's consolidation financial statements	67	
G4-18	Process of defining the report content	122	
G4-19	List of all material aspects identified in the process for defining report content	124 and 125	
G4-20	Aspect boundary within the organisation	122	
G4-21	Aspect boundary outside the organisation	122	
G4-22	Restatements of previous information	122	
G4-23	Significant changes to the scope and boundary from previous reporting periods	122	
Stakeholo	der Engagement		
G4-24	List of stakeholder groups engaged by the organisation	23 to 42	
Report Pr	rofile		
G4-28	Reporting period	122	
G4-29	Date of most recent previous report	122	
G4-30	Reporting cycle	122	
G4-31	Contact point regarding the report	122	
G4-32	Compliance with GRI G4 guidelines	122	
G4-33	Policy and current practice with regard to external assurance	_	Not Obtained
Governan	ice		
G4-34	Governance structure of the organisation	120 and 121	
Specific	Standard Disclosures		
	Economic		
	conomic Performance		
G4-EC1	Economic value generated and distributed	118	
G4-EC3	Coverage of the organisation's defined benefit plan obligations	75	
	direct Economic Impacts		
G4-EC7	Development and impacts of infrastructure investments and services supported	38	
		30	
	Occurement Practices	20	
G4-EC9	Proportion of spending on local suppliers at significant location of operation	39	

Index No.	Description	Page	Explanation
Category:	Environmental		
Aspect: En	pergy		
G4-EN6	Reductions in energy consumption	40	
Aspect: Bio	odiversity		
G4-EN12	Significant impacts of activities, products and services on biodiversity in protected areas	42	
Aspect: En	nissions		
G4-EN19	Reduction of GHG emissions	40	
Aspect: Eff	fluents and Waste		
G4-EN23	Total weight of waste by type and disposal method	40	
Aspect: Pro	oducts and Services		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	42	
Category:	Social		
• •	pry: Labour Practices and Decent Work		
Aspect: En	nployment		
G4-LA1	Number and rates of new employee hires and employee turnover	33	
G4-LA2	Benefits provided to full-time employees	36	
G4-LA3	Return to work and retention rates after parental leave	36	
Aspect: Oc	cupational Health and Safety		
G4-LA8	Health and safety topics covered in formal agreements with trade unions	36	
Aspect: Tra	aining and Education		
G4-LA9	Average hours of training	34	
G4-LA10	Programmes for skills management	34	
Aspect: Div	versity and Equal Opportunity		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category by gender, age and other indicators of diversity	32	
Category:	Social		
	pry: Society		
_	cal Communities		
G4-SO1	Engagement with local community	37 to 39	
G4-SO3	Operations assessed for risks related to corruption	54 and 55	
Category:	Social		
	pry: Product Responsibility		
Aspect: Cu	istomer Health and Safety		
G4-PR1	Product and service categories for which health and safety impacts are assessed for improvement	26	
Aspect: Pro	oduct and Service Labelling		
G4-PR5	Customer satisfaction surveys	26	

Notice of Meeting

NOTICE IS HEREBY given that the Forty-Second Annual General Meeting of Bairaha Farms PLC will be held at the Crystal Ballroom, Taj Samudra Hotel, 25, Galle Face Centre Road, Colombo 03, at 11.30 a.m. on Thursday, the 27th of July 2017 for the following purposes:

- 1. To receive and consider the Annual Report of the Board of Directors on the Affairs of the Company and the financial statements for the year ended 31st March 2017 and the Report of the Auditors thereon.
- 2. To re-elect as a Director Mr. Riyal Yakoob, who retires by rotation in terms of Articles 87 and 88 of the Articles of Association of the Company.
- 3. To pass the ordinary resolution set out below to re-appoint Desamanya Prof. M.T.A. Furkhan who is 82 years of age, as a Director of the Company;
 - 'IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Desamanya Prof. M.T.A. Furkhan who is 82 years of age and that he be and is hereby re-appointed a Director of the Company in terms of Section 211 of the Companies Act No. 07 of 2007.
- 4. To re-elect as a Director Mr. C.L. de Silva, who retires in terms of Article 94 of the Articles of Association of the Company.
- 5. To authorise the Directors to determine donations for the ensuing year.
- 6. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.

By Order of the Board, Bairaha Farms PLC

(Sad.)

P W Corporate Secretarial (Pvt) Ltd.

Director/Secretaries

19th June 2017 Colombo

Notes

- 1. A member is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member of the Company.
- 2. A Form of Proxy is enclosed herewith for this purpose.
- 3. The instrument appointing a proxy must be deposited at the Registered Office of the Company, 2nd Floor, No. 407, Galle Road, Colombo 03 not less than forty-eight hours before the time fixed for the Annual General Meeting. The envelope in which the Proxy Form is enclosed must be marked with the words 'Annual General Meeting' on the top left hand corner of the envelope and the envelope must be addressed to Secretaries, Bairaha Farms PLC, 2nd Floor, No. 407, Galle Road, Colombo 03.
- 4. Shareholders/Proxy holders attending the Annual General Meeting are requested to bring their National Identity Cards and post the Attendance Slip (Business Reply Card) enclosed herewith to the Company to reach them not less than forty-eight hours before the time fixed for the Annual General Meeting.

Notes

Form of Proxy

I/We	*								
	of								
	being a Shareholder/s* of Bairaha Farms PLC hereby appoint:								
(1)	of								
	or failing him,								
(2) Chairman of the Company or failing him one of the Directors of the Company as my/our* proxy to represent, speak and vote for me/us* and on my/our* behalf at the Forty-Second Annual General Meeting of the Company to be held at the Crystal Ballroom, Taj Samudra Hotel, 25, Galle Face Centre Road, Colombo 03, at 11.30 a.m. on Thursday, the 27th of July 2017 and at any adjournment thereof and at every poll which may be taken in consequence thereon.									
		For	Against						
1.	To re-elect as a Director Mr. Riyal Yakoob, who retires by rotation in terms of Articles 87 and 88 of the Articles of Association.								
2.	To re-appoint Desamanya Prof. M.T.A. Furkhan who is 82 years of age as a Director of the Company pursuant to the provisions of the Companies Act No. 07 of 2007.								
3.	To re-elect as a Director Mr. C.L. de Silva, who retires in terms of Article 94 of the Articles of Association of the Company.								
4.	To authorise the Directors to determine donations as they think fit during the year ending 31st March 2018 and up to the date of the next Annual General Meeting.								
5.	To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.								
Two	itness my/our* hands this								
Sign	ature of Shareholder/s*								

Notes:

- 1. A proxy need not be a member of the Company.
- 2. Instructions as to completion of Form of Proxy appear overleaf.

В	aiı	rah	а	Farm	ıs	PL	С
Δ	nni	ual	R	enort	20	16	17

Annexes > Form of Proxy

Instructions for Completion

- 1. This Form of Proxy must be deposited at the Registered Office, 2nd Floor, No. 407, Galle Road, Colombo 03 not less than forty-eight hours before the time fixed for the Meeting. The envelope in which the Proxy Form is enclosed must be marked with the words 'Annual General Meeting' on the top left-hand corner of the envelope and the envelope must be addressed to Secretaries, Bairaha Farms PLC, 2nd Floor, No. 407, Galle Road, Colombo 03.
- 2. In perfecting the Form of Proxy please ensure that all details are legible.
- 3. If you wish to appoint a person other than the Chairman (or failing him, one of the Directors) as your proxy please insert the relevant details.
- 4. Please indicate with an 'X' in the space provided how your proxy is to vote on each resolution. If no indication is given, the proxy in his/her discretion will vote as he/she thinks fit.
- 5. In the case of a Company/Corporation the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
- 6. In the case of a proxy signed by an Attorney, the original Power of Attorney must be deposited at the Registered Office for registration.
- 7. In the case of joint holders the Form of Proxy must be signed by the first holder.

Corporate Information

Company Registration Number

PQ 122

Registered Office

2nd Floor, No. 407, Galle Road, Colombo 3.

Telephone: +9411 2575255 Telefax: +9411 2575256 Website: www.bairaha.com

E-mail: corporateoffice@bairaha.com

Directors

Desamanya Prof. M.T.A. Furkhan – Chairman Mr. Yakooth Naleem – Managing Director/ Chief Executive Officer

Mr. Riyal Yakoob – Executive Director
Mr. Kamil Naleem – Executive Director
Mr. Mubarak Naleem – Executive Director
Mr. C.L. de Silva – Director

Auditors

Messrs Ernst & Young, Chartered Accountants, No. 201, De Saram Place, Colombo 10.

Secretaries and Registrars

P W Corporate Secretarial (Pvt) Ltd. No. 3/17, Kynsey Road, Colombo 8.

Telephone: +9411 4640360

Main Bankers

- Amãna Bank PLC No. 480, Galle Road, Colombo 3.
- Bank of Ceylon Corporate Branch,
 No. 04, Bank of Ceylon Mawatha,
 Colombo 1.
- MCB Bank Ltd.
 8, Leyden Bastian Road,
 Colombo 1.



This Annual Report is Carbon Neutral

This Bairaha Farms PLC annual report has been produced by Smart Media The Annual Report Company, a certified carbon neutral organisation. Additionally, the greenhouse gas emissions resulting from activities outsourced by Smart Media in the production of this annual report, including the usage of paper and printing, are offset through verified sources.





www.smart.lk

www.carbonfund.org



www.bairaha.com



Address: 2nd Floor

407, Galle Road Colombo 03 Sri Lanka

Tel : +94-112-57-5255 Fax : +94-112-57-5256 Email : corporateoffice@bairaha.com