

DEMAND MET EXCELLENCE... YIELDED SUCCESS

2010 was an excellent year, in which Bairaha met the strong demand for chicks and chicken products with an attention to excellence in our own productivity and efficiency in operations.

BAIRAHA





ABOUT BAIRAHA

Bairaha Group is a vertically integrated poultry operation and it enjoys the No. 1 position as the leading producer of most sought after 'Bairaha' broiler day-old-chicks.

CONTENTS

FINANCIAL HIGHLIGHTS	3
CHAIRMAN'S REVIEW	4
CHIEF EXECUTIVE OFFICER'S REVIEW	6
DIRECTORS' PROFILES	12
HUMAN RESOURCES	16
CORPORATE SOCIAL RESPONSIBILITY	17
CORPORATE GOVERNANCE	20
REPORT OF THE AUDIT COMMITTEE	23
REPORT OF THE REMUNERATION COMMITTEE	24
OUR JOURNEY	26
THE BAIRAHA FAMILY	29
RISK MANAGEMENT	30
FINANCIAL REPORTS	33
STATEMENT OF DIRECTORS' RESPONSIBILITIES	34
ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY	35
INDEPENDENT AUDITOR'S REPORT	38
BALANCE SHEET	39
INCOME STATEMENT	40
STATEMENT OF CHANGES IN EQUITY	41
CASH FLOW STATEMENT	42
NOTES TO THE FINANCIAL STATEMENTS	43
INVESTOR INFORMATION	70
VALUE ADDED STATEMENT	72
FIVE YEAR SUMMARY	73
NOTICE OF MEETING	74
ENCLOSED FORM OF PROXY	
INNER BACK COVER - CORPORATE INFORMATION	

VISION

To continue to be the pre-eminent supplier of quality animal protein and related products at affordable prices to supplement the nutritional requirements of a growing nation.

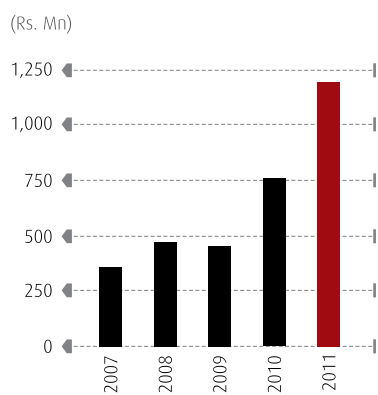
MISSION

To be a world-class organisation that works with integrity and honesty, building lasting business relationships, continuously seeking opportunities for growth and creating an environment that develops, motivates and rewards all employees by providing consistent returns for all its stakeholders.

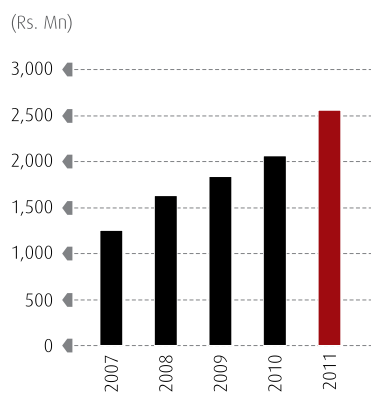
FINANCIAL HIGHLIGHTS

	2011	Group 2010
Group Revenue (Rs. '000)	2,554,762	2,064,259
Group Profit/(Loss) before Finance Cost (Rs. '000)	595,187	185,289
Group Profit/(Loss) before Taxation (Rs. '000)	584,576	154,181
Group Taxation (Charge)/Reversal (Rs. '000)	(103,166)	(20,420)
Total Value Added (Rs. '000)	1,144,705	612,126
Total Revenue to Government (Rs. '000)	431,976	303,356
Shareholders' Funds (Rs. '000)	1,197,276	760,640
Retained Earnings (Rs. '000)	701,674	263,727
Earnings/(Loss) per Share - Basic (Rs.)	30.37	8.38
Market Price per Share as at 31st March (Rs.)	401.00	34.00
Return on Equity (%)	40.59	17.63

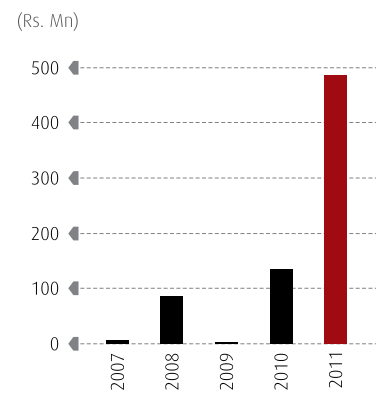
SHAREHOLDERS' FUNDS



TURNOVER



PROFITABILITY



Bairaha Group reports highest ever profit...

CHAIRMAN'S REVIEW

Dear Shareholder,

A YEAR OF HISTORIC ACHIEVEMENT

In my message to you last year, I mentioned that, whilst the Company and the Group had performed exceedingly well, considering the very challenging environment at the time, we were also looking forward to a period of stability and consolidation of growth, as the industry was expected to prosper and grow in tandem with the rising demand for chicken, fuelled by growth in the economy. I am pleased to inform you that the expected growth and prosperity did indeed materialise and the year of reporting has been one of historic achievement, with your Group recording its highest-ever profit of Rs. 486 Mn and our shares reaching their highest-ever price point on the Colombo Bourse.

AREAS OF OPPORTUNITY

The poultry industry is traditionally cyclical, where times of adversity are succeeded by years of plenty in an ongoing cycle which the industry has learnt to cope with. In a peaceful Sri Lanka, we are gradually beginning to see the fruits of economic growth materialise, which augurs well for the coming years.

It is quite evident from our experience that there is a direct correlation between disposable income of the consumer and chicken consumption. If the disposable income of the average consumer goes up due to the increase in the per capita income and wider re-distribution of income, the Poultry Industry will most definitely benefit from such developments.

The increasing tempo of national development is also an encouraging factor. Increase in Foreign Direct Investments (FDI) as well as increase in Government funding of various development projects will also help to improve consumption of poultry products, provided these measures also lead to wider re-distribution of income among the population.

Last year we saw the customers in the North and the East increasingly contributing to the general demand for poultry products and now we see that the trend continued during the year under review.

For obvious reasons, the tourism sector is a key benefactor, not only of the country, but also of the poultry industry. The continued growth in tourism arrivals is a heartening sign.

ON A CAUTIONARY NOTE

Poultry feed is a key component of our production cycle and keeping its cost in optimal balance in order to generate adequate margins is a perennial pursuit.

There is an increase in demand for raw material used for animal feed production and the various disasters that have occurred around the world have contributed somewhat to an increase in price of various raw materials as a consequence of the subsequent adverse affects to crops in major producing countries.

Locally too, the recent floods in the country have adversely affected crops, thus leading to a drop in production of feed raw material.

A MACRO VIEW OF THE LOCAL INDUSTRY

Being of a cyclical nature, the poultry business is characterised by the ebbs and flows of demand, where a flat market can experience sudden surges in demand. The local Poultry Industry was unable to meet the surge in demand in the short-term, which resulted in an increase in the price of both chicken and broiler day-old chicks (DOC). One contributory factor among many was the high price of fish that prevailed during the period under review, which resulted in consumers turning to chicken as an alternative.

SEIZING OPPORTUNITIES

The year threw up a bonanza in terms of demand for poultry products. The Bairaha Group's ability to consolidate its production base

and significantly increase its efficiencies and control of its operations and production allowed it to make maximum use of this opportunity to meet demand with its own premium products.

Our Broiler and Out Grower farms performed exceedingly well to contribute to the overall outstanding performance of the Group. With Turnover and Profitability reaching historic highs, we were able to pay an Interim Dividend of 20% as well as to pay additional incentives to staff in the form of bonuses.

FUTURE DIRECTION

We are confident that the current conditions prevailing in the country will support the growth of the poultry industry. Therefore, with a careful evaluation of the projected growth of the Sri Lankan economy and the expected surge in per capita income, Bairaha will look to increase its production of Day Old Chicks by 15% to 20%.

We are also looking to better manage our production and supply processes, with a view to passing on benefits to the consumer and farmer and making chicken and DOCs available at reasonable prices.

IN APPRECIATION

On your behalf and mine, I wish to place on record my sincere appreciation and heartfelt thanks for the yeoman support, co-operation and unstinted effort rendered to your Company and the Group by my colleagues on the Board, the Chief Executive Officer, Mr. Yakooth Naleem, the Executive Director, Mr. Riyal Yakoob and to each and every member of our staff.

I also thank our loyal customers and suppliers, without whose support and partnership our endeavours would be in vain.

(Sgd.)

DESAMANYA PROF. M. T. A. FURKHAN
Chairman

24th May 2011



The Group has recorded an equally impressive 24% growth in revenue and 263% increase in profit in the year under review compared with the previous year.

CHIEF EXECUTIVE OFFICER'S REVIEW

The year 2010/2011 was one of unprecedented achievement and success for Bairaha. The Group was able to leverage to advantage, the unfolding favourable environment for the industry to post its best ever results to date.

AN OUTSTANDING FINANCIAL PERFORMANCE

The Group recorded a turnover of Rs. 2,555 Mn for the year under review compared to Rs. 2,064 Mn reported in the previous year. The Group also reported an impressive Rs. 486 Mn net profit for the period under review compared to Rs. 134 Mn in the previous year. The Group has recorded an equally impressive 24% growth in revenue and 263% increase in profit in the year under review compared with the previous year.

The share price of Bairaha Farms PLC hit an all time high of Rs. 525/-.

As at 31st March 2011, the closing share price of Bairaha Farms PLC. was Rs. 401/-.

FROM AN OPERATIONAL PERSPECTIVE

We firmly believe that a successful year is not merely measured by posting exemplary results. A good year enables the Group to embark on exciting new projects whilst developing ongoing initiatives all of which allow us to place an enhanced Bairaha product offering before the customer. In turn, we are able to grow shareholder returns thus perpetuating a healthy and mutually profitable business cycle for the customer, the Group, our shareholders and the wider stakeholder community.

BROILER FARMS

Our Broiler Farms have performed outstandingly well as have the Contract Farms with a few exceptions, in line with our projections and expectations. Details in regard

to the expansion of the broiler farm by setting-up a new farm are given below in the section on New Initiatives.

EXPORTS CONTINUE APACE

Fortune G-P Farms (Lanka) Ltd., which is an associate company of Bairaha Farms PLC, continued to export quality Broiler Breeder Parent Chicks as in the previous year. The Company also expects to receive more export orders in the next Financial Year as well. This is a significant achievement for the Company and the country. The earnings from exports exceeded Rs. 10.0 Mn in the year under review.

Those exports the Company had already executed, demonstrate that the Company's production facility and its Quality Management Systems are on par with those of any other exporting country including those from Europe and USA.

It is important to note that we are undertaking these exports with the approval of our principal based in the USA, who has supplied us with their premium line of Grand Parent Breeder Chicks.

MARKETING AND BRAND BUILDING

In line with our marketing, advertising and brand building strategies, the Group has continued with above and below the line initiatives such as the placement of outdoor hoardings at strategic locations around the country.

In addition, the Group has undertaken advertising campaigns in both TV and the Print Media and also leveraged the synergies to be had from important events such as television exposure during the Cricket World Cup 2011.

NEW INITIATIVES

Several developments over the year under review are noteworthy. Here are some of them.

A NEW BROILER FARM IN PUTTALAM

Bairaha Farms PLC, entered into an agreement with the BOI in December 2010, to set up a large scale state-of-the-art Broiler Farm in a 48-acre plot of land located in the Puttalam District. This Project is being set up under a newly incorporated wholly-owned subsidiary company of Bairaha Farms PLC, named Nature's Best Industry Ltd.

Nature's Best Industry Ltd., will enjoy a 10-year tax holiday from its first year of making profit or not later than two years from the date of commencement of commercial operation, whichever comes first.

This farm will be constructed in line with the prevailing norms and standards of other reputable poultry companies in the world. The size of each poultry house will be much bigger, and the specifications of these buildings will be technically more advanced to enable us to maintain more outstandingly high levels of hygiene and cleanliness than currently possible across many farms operating in Sri Lanka at present.

The expected investment in the first year will be nearly Rs. 120 Mn and the total additional investments in the second and third years will be Rs. 240 Mn.

We estimate that this project will progressively increase our broiler birds production capacity by about 15-20 percent per year over the next three years. Accordingly, depending on market conditions the turnover of the Group is also expected to increase from sale of chicken meat in those years. We expect to 'harvest' the first batch of birds from the new farm by August/September 2011.





Newly incorporated Nature's Best Industry signs the agreement with the BOI



Cooked Bairaha products

Once the farm is in operation, Bairaha Farms PLC will be able to further consolidate its position in the branded chicken market. Hence, in doing so, Bairaha Farms will be in a position to make available more packeted, branded broiler chicken in the market whilst also being able to comply with the Government stipulated maximum retail price.

NEW PRODUCTS

The Group has seen tremendous growth in the market for its new product, Marinated Chicken, which being pre-cooked could be eaten after just a few minutes of heating up.

In tandem with new product development and its marketing strategies, Bairaha also continued with its cookery demonstration programmes for housewives.

ONGOING AUTOMATION INITIATIVES

The Group is continuing to introduce the necessary automation to its production processes, thus strategically maximising productivity of labour and increasing efficiencies whilst improving the quality of our products.

CULTIVATION OF MAIZE

Bairaha Farms PLC holds a minority stake in Golden Grains (Pvt) Ltd., which is engaging in cultivation of maize as well as paddy.

In the year in progress, the quantity of the harvest of Maha crop and sale in April/May 2011 is expected to be nearly three times more than the quantity sold in the previous Financial Year, despite the adverse consequences of heavy rains and flooding in areas where maize and paddy cultivation were undertaken. If the flooding did not adversely affect the crops, the production would have been even higher. It is only in the long term that Bairaha Farms PLC could expect to get a return but in the short and medium terms

this project is beneficial in enabling us to procure some raw materials required for feed production by our suppliers.

QUALITY ASSURANCE

Bairaha always endeavours to maintain its Quality Management System by obtaining the relevant accreditations from the Sri Lanka Standards Institution.

The Group has been accredited with the ISO 9001:2008 Quality Management System and the chicken processing factory have also been accredited with ISO 22000:2005 Food Safety Management System.

Our wholly-owned subsidiary company, Bairaha Foods (Pvt) Ltd., which manufactures value added meat products, has been certified with HACCP Food Safety Management System besides ISO 9001.

OUR 'BADGES OF HONOUR'

We are justifiably proud that our enterprise has been rewarded for its high standards during the year under review. Here are some of the accolades we were proud to receive:

Bairaha Farms PLC was bestowed with the 'Gold Award' for the year 2010 in the category of 'Importer, Distributor and Retailer' by the Sri Lanka-Malaysia Business Council.

Automation, improving efficiencies and processes...



Bairaha participated at the St. Bridget's Fiesta



Export of parent breeder chicks

Bairaha Farms PLC received the 'Bronze Award' for the year 2010 in the category of 'Manufacturer and Exporter of Household and Consumables' by the Sri Lanka-Malaysia Business Council.

The Sri Lanka Veterinary Association presented Bairaha Farms PLC with a memento in June 2010 for extending continuous support to them to improve Animal Production and Health in Sri Lanka.

Bairaha Farms PLC was awarded a Certificate of Compliance in the Food & Beverage Sector in the Annual Report Competition organised by The Institute of Chartered Accountants of Sri Lanka in December 2010 for the Financial Year 2009/2010.

OUTLOOK FOR THE FUTURE

The Group is continuing to expand its broiler production base of Day Old Chicks (DOC), and also continue to improve and expand facilities at the Chicken Processing Factory to meet the anticipated surge in demand in the event expected increase in the per capita income also leads to a wider re-distribution of income, specially among the middle and lower class segments of the population. However, presently there appears to be a somewhat slackening in demand, especially for broiler day-old chicks due to increased production by the industry resulting in lower prices. This situation is expected to continue in the short term until the industry corrects this imbalance.

The Group will explore in the long term, the possibilities of marketing its products to customers and farmers at very competitive prices by improving efficiencies, production processes and by expanding the marketing mix.

ACKNOWLEDGEMENTS

I conclude with an expression of my heartfelt thanks and special appreciation to our Chairman, Professor M.T.A. Furkhan for his support and guidance through every step of our journey through the years.

I thank the Board of Directors for their stewardship of the Group and the support they have extended to me at all times.

A special 'Thank You' to all staff - our success is truly your success and would not have been achieved without your enterprise and passion.

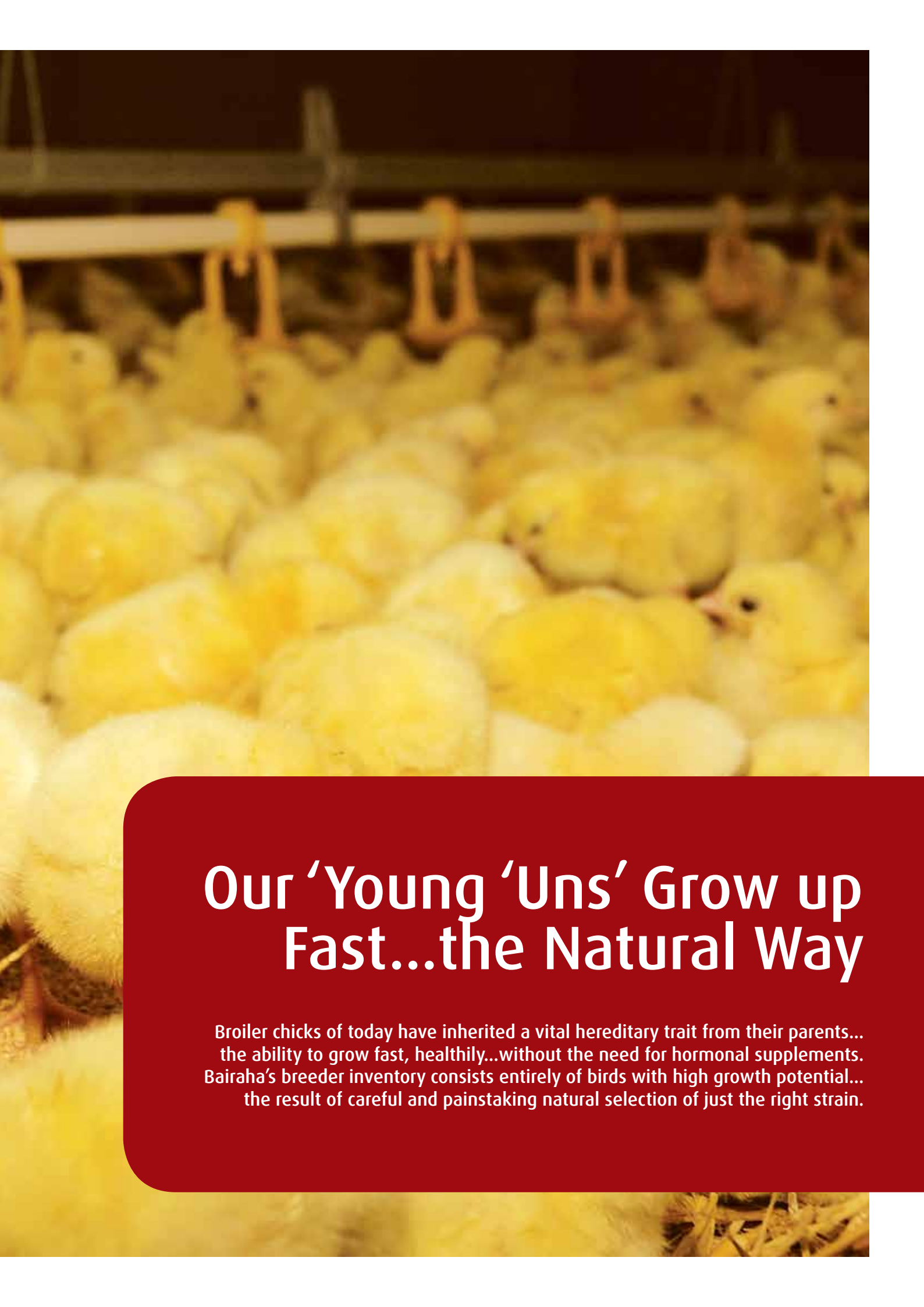
To all our shareholders, customers, distributors and suppliers, my sincere gratitude for your support and loyalty - you are truly full partners in our success this year.

Thank you

(Sgd.)
YAKOOTH NALEEM
CEO

24th May 2011





Our 'Young 'Uns' Grow up Fast...the Natural Way

Broiler chicks of today have inherited a vital hereditary trait from their parents... the ability to grow fast, healthily...without the need for hormonal supplements. Bairaha's breeder inventory consists entirely of birds with high growth potential... the result of careful and painstaking natural selection of just the right strain.

DIRECTORS' PROFILE



DESAMANYA PROF. M.T.A. FURKHAN

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, FCCS, J. Dip. MA, FCIS and FCPA (Aust.). He has been elected twice as President of CIMA Sri Lanka, President, CIMA New South Wales, Australia, Institute of Chartered Secretaries, Institute of Management Services, 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 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 academe. While being a regular Lecturer in Accountancy and Management subjects, he has held the position of Professor of Management Accounting of the University of Sri Jaywardenepura, 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 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 was later conferred the title of Desamanya in 2005.

DESAMANYA CHARITHA P. DE SILVA

Desamanya Charitha P. de Silva is presently Chairman of ID Lanka Ltd. and the Institute for the Development of Commercial Law and Practice.

He was among other things a former Chairman of the Securities and Exchange Commission of Sri Lanka, the Ceylon Chamber of Commerce, The Employers' Federation of Ceylon, Sri Lanka



Left to Right

Ilyas Naleem

Riyal Yakoob

Yakoob Naleem

Desamanya Prof. M.T.A. Furkhan

Desamanya Charitha P. de Silva

Deshabandu Nowfel Saly Jabir

Kamil Naleem

Mubarak Naleem

Business Development Centre, Sri Lanka National Council of the International Chamber of Commerce, The Asian Leasing Association, Aitken Spence & Co. Ltd. and Lanka ORIX Leasing Co. Ltd.

He pioneered the Equipment Leasing Industry in Sri Lanka in 1980. He was awarded The Order of the Rising Sun Gold and Silver Star by the Japanese Government in 1988. This is the highest Honour awarded to any Sri Lankan. He was awarded the Honour of Desamanya by the Sri Lankan Government in 1998.

DESHABANDU NOWFEL SALY JABIR

Deshabandu Nowfel Saly Jabir has been a Director of Bairaha Farms PLC since the year 1994. He is involved in the Gem and Jewellery Industry and promoted Sri Lanka as a major Gem and Jewellery Trading Centre. He is presently the Chairman of Nowgems Jewellers (Pvt) Ltd.

He has been associated with business in Engineering where he served as the Chairman of ETA Melco Engineering Co. and the Hospitality Industry as a former Board Member of Confifi Hotel Holdings, Riverina Hotel and Eden Resort and Spa.

Deshabandu N.S. Jabir is presently the Vice-President of the Moors Islamic Cultural Home. He served his motherland in the capacity of the

Ambassador to the Kingdom of Saudi Arabia (1998-2001). He had also served as the Special Commissioner for the Beruwala Urban Council and also as the Chairman and Board of Governors at Zahira College. In 1998, H.E. The President honoured him with the title of Deshabandu in recognition of his services to the Nation on the economic, social and cultural fronts.

YAKOOTH NALEEM

Mr. Yakoob 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 (formally known as the Victoria University of Manchester) of the United Kingdom. He has also been a Director of the All Island Poultry Association since 2003.

RIYAL YAKOOB

Mr. Riyal Yakoob is the Executive Director of the Company. He worked as a Senior Assistant Accountant of Bairaha for 7 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.

ILYAS NALEEM

Mr. Ilyas Naleem originally worked in the Company as an Executive Director from 1981 to 1983. Since then, he continues to be a Director without taking active participation in the Company's activities. He is engaged in the Gem Trade on his private capacity. He was also educated in the United Kingdom and has a Diploma in Business Studies awarded by the Business Language School of London in association with the Centre for Economics and Political Studies.

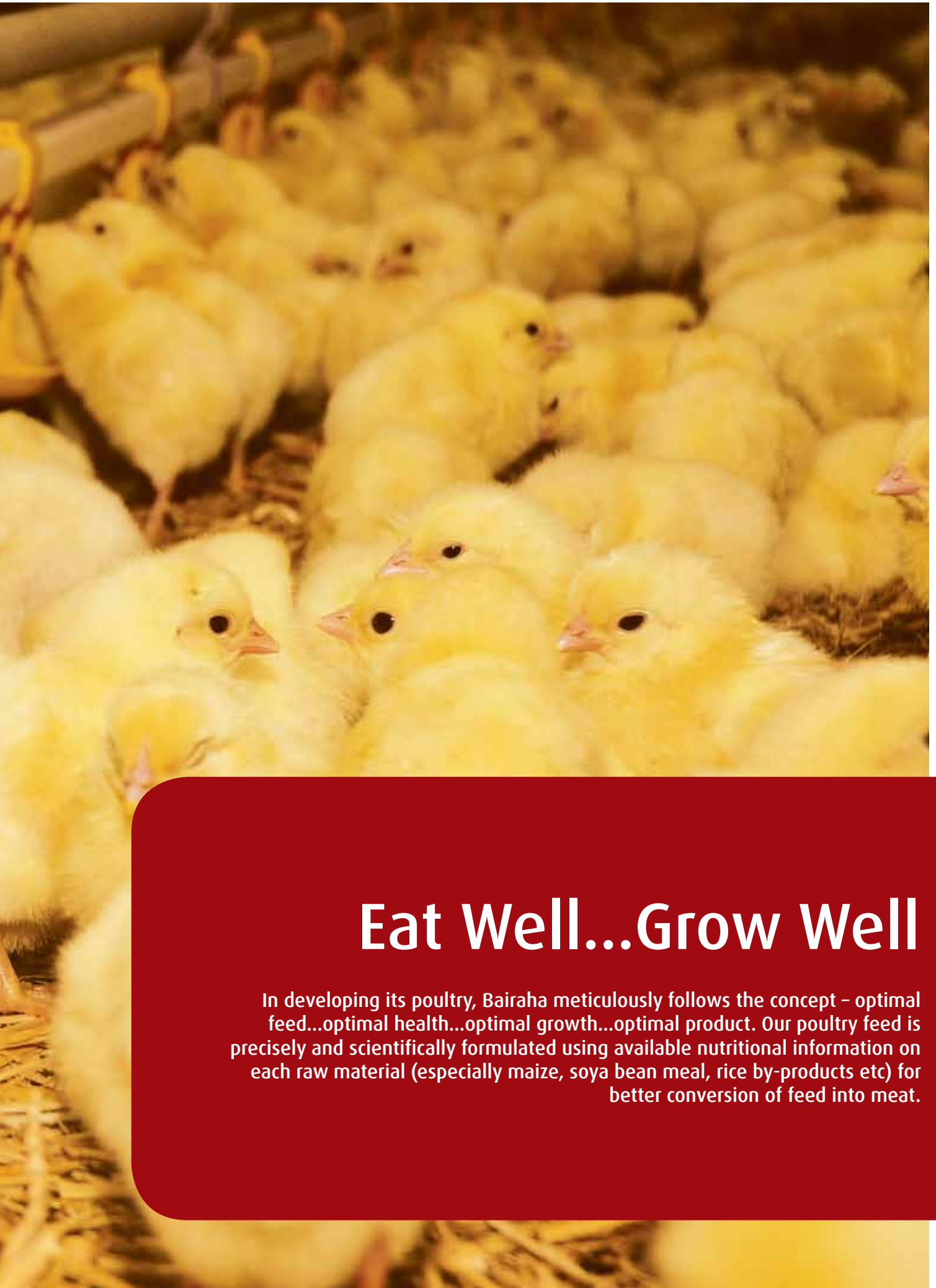
KAMIL NALEEM

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

MUBARAK NALEEM

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.





Eat Well...Grow Well

In developing its poultry, Bairaha meticulously follows the concept - optimal feed...optimal health...optimal growth...optimal product. Our poultry feed is precisely and scientifically formulated using available nutritional information on each raw material (especially maize, soya bean meal, rice by-products etc) for better conversion of feed into meat.

HUMAN RESOURCES



General Manager of Bairaha Farms PLC accepts an Award to the Company from the Malaysian Business Council



Training on Hatchery Management conducted for the management staff by an expert from USA

Recruiting dedicated staff and providing a comprehensive training is imperative for a diverse business operation such as ours.

As needed, training is provided to management staff by local and foreign resource personnel. During the year, Executive Directors, Senior Managers and a selected number of other executives of the Bairaha Group were given training on Internal Auditing of Quality Systems by an expert in ISO Quality Management Systems.

We were also able to provide training during the year to our management staff on Hatchery Management by a specialist from Cobb Europe.

The operational managers of the Group conducted various in-house training programmes for the junior staff, especially for those working in farms and the hatchery. Besides internal training, external training has been provided to our management staff to enhance their performance. The Managing Director participated in an in-house training programme including farm visits in the UK, organised by Cobb Europe. Our Microbiologist in-charge of the laboratory was provided overseas training in India and Indonesia on Microbiological and Eliza Testing.

Since we are an ISO certified company, it is of utmost importance that our staff is competent, capable and suitably skilled to perform their tasks.

The Board has taken every possible measure to improve the remuneration of staff. In recognition of the contribution of staff in generating the highest ever Group profit, the Board paid them additional bonuses in the year under review.

CORPORATE SOCIAL RESPONSIBILITY



Assistance provided to Wathupitiwela Base Hospital Foundation to purchase 24 trolleys and to install air-conditioners for the eye clinic



Provided financial assistance to concrete a rural road in Attanagalla

As a responsible corporate citizen, we are mindful of our obligations to the community and environment we operate in. As mentioned in the previous annual reports, providing quality, hygienic products to customers remains our primary social responsibility. We also continue to take appropriate measures to conduct our operations in a manner that is environmental friendly. The Company has continued to commit millions of Rupees of investments for each breeder farm and hatchery to meet the requirements of the Central Environmental Authority in regard to the treatment of waste water originating from these activities.

We demonstrated our commitment to assist the community by engaging in various corporate social responsibility projects during the year.

As a part of our efforts to boost the rural income levels, we continued to support the 'Out-Grower Scheme' commonly known as the 'buy back system', with the poultry farmers in several districts. We successfully set up an excellent out-grower scheme in the Horana area.

In our endeavour to support the localities we operate in, we concreted a rural road in Attanagalla at the request of the residents of the area. Further, in response to a request made by Ven. Dr. Pannila Ananda Thero, the Chairman of the Wathupitiwela Base Hospital Foundation, we provided financial assistance to obtain 24 trolleys to distribute medical supplies to in-patients of the hospital and also air conditioned the eye clinic of the same hospital.

We also continued to provide internship training programmes to both undergraduates and diploma holders passing out from Universities and Vocational Training Institutes.

As in every year, we provided assistance during the April New Year to organise various competitions with people in those areas where our farms and factories are located.





It Looks Good... Tastes Good... IS Good!!!

Bairaha's drive for excellence across its production chain ensures that our end product is an optimum one...not just succulent to the taste, but one with more meat, less fat...wholesome and rich in protein...and just plain healthy to eat!

CORPORATE GOVERNANCE

Corporate Governance is the system by which companies are controlled and managed.

The Board is entrusted by the shareholders with the responsibility to manage the Company. 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. We believe that our commitment to Corporate Governance practices would generate distinct advantages for our business by building and maintaining the confidence of our stakeholders, and in particular the shareholders.

This Report sets out below the Company's corporate governance process.

I. 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. Among other things, it has taken responsibility for the following:

- Formulating the strategies of the Company towards achieving 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;
- 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; and

- Approving the Interim Quarterly financial statements as well as the Annual Accounts and dividends

II. BOARD COMPOSITION, INDEPENDENCE AND ATTENDANCE AT BOARD MEETINGS

The Board comprises eight Directors. Of these, four are Non-Executives and the others including the Chief Executive Officer are Executive Directors. The Board has determined that three of the four Non-Executive Directors should be Independent Directors.

The Board of Directors is of the view that the period of service as a Board member exceeding nine years rendered by Desamanya Prof. M.T.A. Furkhan, Desamanya C.P. de Silva and Deshabandu N.S. Jabir has not compromised their independence and objectivity in their role as Directors. The Independent Directors have submitted a declaration confirming their independence in accordance with Section 7 of the CSE Listing Regulations on Corporate Governance. Names of these Directors are given below and their profiles can be found on pages 12 and 13. Details of Directors' shareholdings in the Company are given on page 36.

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

Name of the Director	Status	Attendance
Desamanya Prof. M.T.A. Furkhan	Non-Executive	8/11
Mr. Yakooth Naleem	Executive	11/11
Desamanya C.P. de Silva	Non-Executive	10/11
Deshabandu N.S. Jabir	Non-Executive	11/11
Mr. Riyal Yakoob	Executive	11/11
Mr. Ilyas Naleem	Non-Executive	10/11
Mr. Kamil Naleem	Executive	9/11
Mr. Mubarak Naleem	Executive	11/11

III. ROLE OF THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER, AND THE MANAGEMENT

The posts of Chairman and Chief Executive 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 are responsible for leading and managing the business within the authorities delegated by the Board. Apart from the responsibilities of the Chairman and 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 implementing 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.

IV. 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. She advises the Chairman and the Board on all corporate

governance matters, Board procedures and compliance with applicable rules and regulations.

V. BOARD SUB-COMMITTEES

(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 four Non-Executive Directors, three of whom are Independent. The Audit Committee is chaired by Desamanya C.P. de Silva, a Fellow of The Institute of Chartered Accountants of Sri Lanka.

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 it to the Board for adoption.

The detailed Report of the Audit Committee is available on page 23.

(B) REMUNERATION COMMITTEE

The Remuneration Committee consists of four Non-Executive Directors, three of whom with the exception of Mr. Ilyas Naleem are Independent. Desamanya Prof. M.T.A. Furkhan is the Chairman of the Remuneration Committee and other members of the Remuneration Committee are Desamanya C.P. de Silva, Deshabandu N.S. Jabir and Mr. Ilyas Naleem.

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.
3. Fees and allowances for Non-Executive Directors.

For more information on Remuneration Committee, please refer to page 24.

VI. GOING CONCERN

The Directors are satisfied to adopt the concept of a 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.

VII. RELATIONS WITH SHAREHOLDERS

The Company always 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
Chief Executive Officer

24th May 2011

REPORT OF THE AUDIT COMMITTEE

The primary function of the Audit Committee (the 'Committee') is to assist the Board of Directors in fulfilling its oversight responsibilities. 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 four Non-Executive Directors three of whom are Independent. It is chaired by Desamanya C.P. de Silva, who is an Independent Director and is also a member of a recognised professional accounting body. The other members of the Audit Committee are:

- Desamanya Prof. M.T.A. Furkhan, who is an Independent Director and also a member of a recognised professional accounting body;
- Deshabandu Nowfel S. Jabir, is the other Independent Director.
- Mr. Ilyas Naleem, is a Non-Executive Director.

MEETINGS

The Audit Committee held seven meetings during the year under review. The Chief Executive Officer, Executive Director and the Chief Financial Officer also attend these meetings on invitation.

INTERNAL AUDIT FUNCTION

The Committee reviewed the Company's systems and procedures to assess the effectiveness of the Internal Financial Controls

that have been put in place to provide reasonable assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation. The Internal Audit function has been outsourced to Messrs BDO Partners, Chartered Accountants. The Internal Auditors carry out the audits as per a scheduled programme approved by the Audit Committee.

Generally, the audits are carried out on a quarterly basis. Based on the audit findings and recommendations of the Internal Auditors, the Audit Committee after discussing with the management recommends to the Board the implementation of those recommendations that are considered to be practical and necessary. The Audit Committee has approved 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. The Committee discussed matters relating to the final accounts with the External Auditors on 24th May 2011 and at the subsequent Board meeting held 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 2012 subject to the approval of the shareholders at the Annual General Meeting.

(Sgd.)

DESAMANYA C.P. DE SILVA

Chairman

Audit Committee

24th May 2011

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee consists of four Non-Executive Directors and three of whom except Mr. Ilyas Naleem are Independent. Desamanya Prof. M.T.A. Furkhan is the Chairman of the Remuneration Committee and other members of the Remuneration Committee are Desamanya C.P. de Silva, Deshabandu N.S. Jabir and Mr. Ilyas Naleem.

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 Chief Executive Officer and Executive Directors.
3. 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 competitors 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 just to retain experienced and qualified staff, but also to

attract such staff to manage an expanding organisation. Besides making recommendations to the Board in relation to the remuneration of Directors and Executives, the Committee had also taken note of the prevailing escalating cost of living and has accordingly made recommendations to the Board to make appropriate revision to the salaries of hundreds of non-executive staff as well.

(Sgd.)

DESAMANYA PROF. M.T.A. FURKHAN
Chairman,
Remuneration Committee

24th May 2011

BFL share
price reached
an all time
high of
Rs.

525

OUR JOURNEY

1975
OCTOBER

Bairaha Farms PLC (formerly known as M.I.M. Naleem Hajjar & Co. Ltd.) was incorporated on the 17th October 1975.

1976
DECEMBER

Broiler Parent Breeding Farms and a hatchery were started at Katana and subsequently another breeder farm was established at Kondagahamulla. Commercial Broiler Farm operations commenced in a 65-acre site at Pasyala in 1980 and a state-of-the-art Chicken Processing Factory equipped with advanced and sophisticated plant and machinery imported from Europe was also set up in the same year. This was the first modern and large scale chicken processing factory in the country and it was also equipped with a modern freezing and cold-storage facility. Commercial Layer and Breeder operations were extended to sites at Kottaramulla and Thummodera respectively, and the Kottaramulla Farm was later converted into a major Parent Breeder Farm.

1986
AUGUST

Bairaha Farms (BF) pioneered and inaugurated a Contract Growing Scheme in Gampaha, Puttalam and Kurunegala Districts enabling farmers to grow and supply Live Broiler Birds to the Company. Today, there are hundreds of such contract farmers, located in several districts.

1994
FEBRUARY

BF became a Public Company.

OCTOBER

BF went for the Initial Public Offering (IPO) and the shares were over-subscribed by more than 2.04 times on the opening day itself of the public share issue.

1999
OCTOBER

Bairaha Foods (Pvt) Ltd., a fully owned subsidiary of BFL, commenced the test production and marketing a range of high quality, wholesome pre-cooked poultry meat products.

2000
APRIL

A major Breeder Farm of the Company located at Kottaramulla, in the Puttalam District, was upgraded and converted into an automated farm.

2001
MAY

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.

OCTOBER

Bairaha Group was awarded the internationally recognised ISO 9002 Certificate for Quality Management Systems. In addition, Bairaha chicken processing and pre-cooked meat manufacturing factories were also simultaneously awarded the internationally acclaimed HACCP Food Safety Certificates.

2002
MAY

For the second successive year Bairaha Farms Ltd. was awarded a Certificate of Compliance for the Annual Report for the year 2000/01 in the category of Food & Beverage Companies in the Annual Report Competition organised by The Institute of Chartered Accountants of Sri Lanka.

JUNE/JULY

Bairaha Farms Ltd. divested its shareholding in Nutrena (Pvt) Ltd.

AUGUST

The Breeder Farm at Pasyala was upgraded by introducing evaporating cooling system.

2003

MAY

For the third successive year Bairaha Farms Ltd. was awarded a Certificate of Compliance for the Annual Report for the year 2001/02 in the category of Food & Beverage Companies in the Annual Report Competition organised by The Institute of Chartered Accountants of Sri Lanka.

OCTOBER

Katana property was sold to a property developer.

NOVEMBER

The first batch of breeder birds was housed in the new farm in the Kandy District.

2004

MAY

The ISO Quality Management System was assessed and upgraded in accordance with requirements of ISO 9001:2000 and certification was also granted. Re-certification was awarded for the revised HACCP system as well.

JULY

A historic and landmark agreement was signed between Bairaha Farms Ltd. and Hybro B.V. of Netherlands at the Headquarters of Hybro in Boxmeer, Netherlands to set up a joint venture Grand Parent Broiler Breeder Project in Sri Lanka.

OCTOBER

The first batch of Grand Parent Chicks were imported by the joint venture company, namely, Fortune G-P Farms (Lanka) Ltd.

DECEMBER

The Company was presented with a Certificate of Recognition for the Annual Report for the year 2003/04 in the Annual Report Competition organised by The Institute of Chartered Accountants of Sri Lanka.

2005

JUNE

The first batches of Parent Chicks were hatched and the first external sale was executed.

DECEMBER

The Institute of Chartered Accountants of Sri Lanka presented the Company with a Certificate of Recognition for the Annual Report for the year 2004/05 in the Annual Report Competition.

2006

MAY

BFL was awarded the prestigious ISO 22000:2005 by the SLSI.

DECEMBER

BFL was once again awarded 'Certificate of Recognition' for its Annual Report for the year 2005/06 by The Institute of Chartered Accountants of Sri Lanka.

2007

MARCH

The Company was awarded the Third place for running the best poultry breeder farm in the National Livestock Award presented by the Ministry of Livestock Development.

JULY

BFL was bestowed with the Silver Award in the National Agribusiness Award, in the Large-Scale category, by the National Agribusiness Council.

SEPTEMBER

The Company was bestowed with the 'Silver Award' for the year 2007 in the category of Importer, Distributor and Retailer by the Sri Lanka-Malaysia Business Council.

NOVEMBER

Mr. Yakooth Naleem was awarded both National and Western Province Merit Awards in the Extra Large Category in the Sri Lankan Entrepreneur of the Year 2006 Competition, organised by the Federation of Chamber of Commerce and Industry of Sri Lanka.

The Institute of Chartered Accountants of Sri Lanka presented the Company the Certificate of Recognition for the Annual Report for the financial year 2006/07.

Bairaha Group reports highest ever turnover and profit of Rs. 2.6 Bn and Rs. 486 Mn, respectively.

2008

FEBRUARY

The Faculty of Agriculture of the University of Peradeniya presented the Company with a memento in appreciation of the close co-operation that exists between the two institutions.

The Company established another Breeder Farm in Hiripitiya in the Kurunegala District.

JULY

Received GOLD AWARD in the Manufactures and Exporters of Household Consumable Product Category at the 4th Annual Sri Lanka-Malaysian Business Awards (2008) organised by the Sri Lanka-Malaysia Business Council.

AUGUST

Highest DOC production and sale in the history of the Group. Received GOLD AWARD in the Producer/Processor - Large category at the Agribusiness Awards 2008 organised by the National Agribusiness Council.

NOVEMBER

The Institute of Chartered Accountants of Sri Lanka presented the Company with the Certificate of Recognition, in the Food & Beverage sector, for the Annual Report for the financial year 2007/08 in the Annual Report competition.

2009

AUGUST

Bairaha Farms PLC was adjudged the winner of the Silver Award in the category of Manufacturers and Consumer Products awarded by the Sri Lanka-Malaysia Business Council.

- Bairaha Farms PLC was adjudged the joint winner of the Bronze Award in the category of Retailers of Finished Products awarded by the Sri Lanka-Malaysia Business Council.
- Fortune G-P Farms (Lanka) Ltd. was awarded the Gold Award in the Medium category for Input Supplier (Poultry) awarded by the National Agribusiness Council at the Agri-Business Awards 2009.

NOVEMBER

- Fortune G-P Farms (Lanka) Ltd. exported two consignments of Broiler Breeder Parent chicks to Nepal. This company is a member of the Bairaha Group. Fortune G-P Farms (Lanka) Ltd. is the largest of the two companies in

Sri Lanka which produces Broiler Breeder Parent chicks.

- Bairaha Farms PLC won the Bronze Award of the Annual Report in the Food & Beverage sector in the Annual Report Award Competition 2009 organised by The Institute of Chartered Accountants of Sri Lanka.

2010

MARCH

Bairaha Group becomes the largest and leading producer of broiler day-old-chicks.

JUNE

- Bairaha Farms PLC was adjudged the winner of the Gold Award in the category of Importer/Distributor/Retailer of finished products and semi finished products awarded by the Sri Lanka-Malaysia Business Council at the 6th Annual Sri Lanka - Malaysia Business Awards - 2010.
- Bairaha Farms PLC was adjudged the winner of the Bronze Award in the category of Manufacturers and Exporters of Household and Consumable awarded by the Sri Lanka-Malaysia Business Council at the 6th Annual Sri Lanka-Malaysia Business Awards - 2010.
- Appreciation award received by the Sri Lanka Veterinary Association
- First export of Cobb 500 parent chicks for the year on 26th June 2010 to Nepal

DECEMBER

- Bairaha Farms PLC was awarded a Certificate of Compliance in the Food & Beverage Sector for the Financial Year 2009/10 in the Annual Report Competition organised in December 2010 by The Institute of Chartered Accountants of Sri Lanka
- Bairaha Farms PLC signed an agreement with the BOI to set up a large scale state-of-the-art Broiler Farm.

2011

JANUARY

Bairaha Farms PLC share price reached an all time high of Rs. 525/-.

MARCH

Market capitalisation of Bairaha Farms PLC reached Rs. 6.4 Bn.

THE BAIRAHA FAMILY

BAIRAHA FARMS PLC

Bairaha Farms PLC (BFPLC) is the holding company and it directly owns and manages a large-scale state-of-the-art chicken processing factory. It also owns and operates three modern breeder farms and provides essential Eliza and Bacteriological Laboratory services both to Bairaha Group and the poultry industry.

HILL COUNTRY FARMS LTD.

Hill Country Farms Ltd. operates a large-scale breeder farm and a hatchery for the production of broiler day-old-chicks.

BAIRAHA FOODS (PVT) LTD.

Bairaha Foods (Pvt) Ltd. is engaged in the manufacture of a range of value-added, pre-cooked meat products.

SIYANE FARMS LTD.

Its principal activity is breeding of poultry for the production of broiler day-old-chicks.

FORTUNE G-P FARMS (LANKA) LTD.

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

BF LANDS DEVELOPMENT LTD.

HCF LAND DEVELOPMENT LTD.

LANKA LAND DEVELOPMENT LTD.

RAJARATA LAND DEVELOPMENT LTD.

CULTURAL TRIANGLE LAND DEVELOPMENT LTD.

These five companies are engaged in providing support services to the Group by purchasing and then leasing agricultural lands to the Group for setting up poultry projects.

BAIRAHA TRADING (PVT) LTD.

Our subsidiary company, Bairaha Trading (Pvt) Ltd., is the trading arm of the Group. Bairaha has been the authorised local distributor for 'Antec' range of disinfectants from DuPont for many years, and these products have been distributed and marketed by this company.

NATURE'S BEST INDUSTRY LTD.

The Company has signed an Agreement with the BOI to set-up a large scale, state-of-the-art Broiler Farm in a land located in Anamaduwa in the Puttalam District. This land is 48 acres in extent and this project is being set-up by Nature's Best Industry Ltd., which is a newly incorporated wholly-owned subsidiary company of Bairaha Farms PLC.

This farm is being constructed in line with the prevailing norms and standards of other reputable poultry companies in the world. The size of each of the poultry house will be much bigger and the specifications of these buildings will be technically more advanced to enable us to maintain outstanding hygiene and cleanliness than possible with farms currently operating in Sri Lanka.

RISK MANAGEMENT

The purpose of the risk-management function is not to protect the Company from all risks which is an impossible task, but to assess the risks inherent in various actions of the Group and based on this assessment, recommend the steps needed to reduce the risks or avoid them altogether.

SUPPLY-SIDE RISKS

Supply-side risks include, among other things, the purchase of quality poultry feed, which is mainly depended on the inputs used in its manufacture as well as on the quality of breeder chicks that the Company purchases.

Poor quality feed could result in poor performance by both breeding birds as well as the broilers. In order to minimise problems arising from poor quality feed, the Company has been buying feed from more than one feed supplier.

The risks associated with the availability of locally-produced raw materials for feed manufacture can be regarded as moderate, because Sri Lanka is becoming nearly self-sufficient in maize production. More rice by-products are also becoming available for feed production as a result of additional land being brought under paddy cultivation. By making available adequate supplies of locally-produced raw materials for feed production as well as having the option of importing alternative raw materials, the risk faced by the feed producer in regard to raw materials quality and availability is minimised.

In regard to the risk associated with the purchase of parent chicks, this risk is being controlled and mitigated by the fact that we buy these chicks from our associate company, Fortune G-P Farms (Lanka) Ltd., which has the best facilities of the only two grand-parent breeding company operating in Sri Lanka. The

Company also has the option of importing the parent breeder chicks directly from its principal's facilities located in numerous countries including USA, United Kingdom, Netherlands and New Zealand.

MARKET RISK

Market risk for the Group continues to come largely from fierce competition in a limited market, with the inevitable consequences of undercutting and a price war. Though it is not possible for Bairaha to avoid completely this generally negative type of competition, the perceived value of our brand could not be compromised solely by aggressive price-cutting. The competitors do not have the leverage to engage in aggressive price wars against the Company since we are also vertically integrated.

We closely monitor market risk through wholesale-price comparisons. Furthermore, we reduce market risk by introducing new products considered to be value-for-money while continuing aggressively to promote our high value, ready-to-eat products. The work undertaken last year on the re-design of all our existing product packages is still continuing and this should help to further strengthen our brand.

REGULATORY AND LEGAL RISKS

Your Company also faces potential risks of non-compliance with the Inland Revenue Act, CSE Rules and other applicable laws and regulations. High legal expenses, fines and penalties, inquiries by the tax and regulatory authorities 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 both Internal and External Auditors. Auditors from the SLSI regularly assess

our compliance with food safety and quality-management standards. The fact that we are accredited with ISO 9001 and ISO 22000 provide some assurance with regard to our food safety and quality management systems.

FINANCIAL RISKS

Foreign exchange risk is not a major concern to us since the Company does not regularly import substantial quantities of any items that would create a risk in regard to the foreign exchange transactions.

We are satisfactorily managing financial risks relating to borrowing and interest rates by effectively limiting our exposure to debt while also having facilities with more than one financial institution.

OPERATIONAL RISK

Poor performance by out-growers is one of the main operational risk faced by the Company. When out-growers' due balances rise excessively, the Company is compelled to provide for increased provisions for bad and doubtful debts, which in turn affects profitability and cash flow.

We manage this very salient operational risk faced by everybody in the industry through periodic evaluation and monitoring of out-growers' performance. Frequent defaulters are, over time, weeded out and the shortfall taken up by the Company's or Group's own broiler farms or by new growers.

NATURAL DISASTERS, WEATHER CONDITIONS AND DISEASES

Farming traditionally has been at the mercy of the weather. Droughts, floods, storms etc., could cause crop and livestock losses while

an unusually good growing season can end up in a price war. Geophysical disasters, though less common, 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. Unfortunately our livestock is not covered with insurance against poultry diseases, since this type of coverage is not available. The Company and the Group is minimising the risk associated with contagious poultry diseases by having our farms, both parent breeder and broiler, being located in numerous separate locations but in a few districts. The Company has minimised the hot environmental weather having an impact on production and productivity by having artificially-cooled and ventilated houses to maintain a stable and comfortable environment for the birds.

Market
capitalisation of
Bairaha Farms PLC.
reached

Rs.

6.4

Bn

FINANCIAL REPORTS

- 34 Statement of Directors' Responsibilities
- 35 Annual Report of the Board of Directors on the Affairs of the Company
- 38 Independent Auditor's Report
- 39 Balance Sheet
- 40 Income Statement
- 41 Statement of Changes in Equity
- 42 Cash Flow Statement
- 43 Notes to the Financial Statements

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 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

24th May 2011

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 2011.

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 pre-cooked 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 pre-cooked meats including chicken sausages, chicken meat balls, chicken sandwich slices and marinated chicken;
- Importing and distributing, as the exclusive local agent, the world-renowned 'Antec' brand disinfectants from DuPont Animal Health Solutions of USA;
- 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 39 to 69.

SUMMARISED FINANCIAL RESULTS

	31st March 2011 Rs. '000	31st March 2010 Rs. '000
Group		
Revenue	2,554,762	2,064,258
Net Profit for the Year	485,946	134,148
Retained Earnings	701,674	263,727

AUDITOR'S REPORT

The Report of the Auditors on the financial statements of the Company is given on page 38.

ACCOUNTING POLICIES

The accounting policies adopted by the Company in the preparation of financial statements are given on pages 43 to 49 which are consistent with those of the previous year.

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 12 and 13.

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*)*
Desamanya C.P. de Silva*
Deshabandu N.S. Jabir*
Mr. Ilyas Naleem
* *Independent Director*

A resolution for the reappointment of Desamanya Prof. M.T.A. Furkhan, who reached the age of 70 years on 18th March 2005, will be proposed at the Annual General Meeting in terms of Section 211 of the Companies Act No. 07 of 2007.

A resolution for the re-appointment of Desamanya C.P. de Silva, who reached the age of 70 years on 30th September 1998 will be proposed at the Annual General Meeting in terms of Section 211 of the Companies Act No. 07 of 2007.

A resolution for the re-appointment of Deshabandu N.S. Jabir, who reached the age of 70 years on 24th July 2008 will be proposed at the Annual General Meeting in terms of Section 211 of the Companies Act No. 07 of 2007.

In accordance with Articles 87 and 88 of the Articles of Association of the Company, Mr. Mubarak Naleem retires by rotation and, being eligible, is recommended 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 2011 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 21 to the financial statements on page 65.

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 34.

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 paid and payable for the year under review are Rs. 804,150/- and Rs. 784,690/- respectively.

The Auditors have also provided tax compliance services during the year and the fee payable in this regard amounts to Rs. 290,000/-.

The Auditors have expressed their willingness to continue in office. A resolution to reappoint 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:

As at	No of Shares	
	31.03.2011	31.03.2010
Directors		
Desamanya Prof. M.T.A. Furkhan	50,000	nil
Mr. Yakooth Naleem	1,691,111	1,691,111
Mr. Riyal Yakoob	810,933	810,933
Desamanya C.P. de Silva	30,000	45,000
Deshabandu N.S. Jabir	10,000	45,000
Mr. Ilyas Naleem	1,641,600	1,641,600
Mr. Kamil Naleem	1,641,608	1,649,708
Mr. Mubarak Naleem	1,649,317	1,649,317

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 per the Listing Rules of the Colombo Stock Exchange on pages 70 and 71 under Investor Information.

PUBLIC HOLDING

42.62% of the issued shares of the Company are in the hands of the public.

EMPLOYEE SHARE OWNERSHIP PLAN

The Company had an Employee Share Ownership Plan Trust (ESOP), beneficiaries of which were all grades of staff. Bairaha Farms PLC's shares that were allocated to this Trust were done before the Company went for an IPO. This ESOP Trust also subsequently bought additional Bairaha Farms PLC's shares utilizing the money from the dividends that accrued to the Trust. The entitled employees, who were in the services of the Company from the year 2001 to 2003 were issued the balance remaining shares amounting to 374,179 with the approval of the Securities and Exchange Commission.

RESERVES

The movements of reserves during the year are given under the Statement of Changes in Equity on page 41.

CAPITAL EXPENDITURE

The total capital expenditure during the year amounted to Rs. 149.4 Mn compared to Rs. 53.9 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

The final dividend of Rs. 1.00 per share for the financial year 2009/10 was paid on 31st August 2010. An interim dividend of Rs. 2.00 per share for year 2010/11 was paid to the shareholders on the 4th January 2011.

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 balance sheet date have been paid or, where relevant provided for.

DONATIONS

The Company has made donations for charitable purposes amounting to Rs. 1,588,561/- (2010 - Rs. 369,930/-) for the year ended 31st March 2011.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the balance sheet date, which would require adjustment to, or disclosure in the financial statements.

CORPORATE GOVERNANCE

Corporate governance practices and principles with respect to the management and operations of the Company are set out on pages 20 and 32 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 as well as a Remuneration 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

Desamanya C.P. de Silva - *Chairman*
Desamanya Prof. M.T.A. Furkhan
Deshabandu N.S. Jabir
Mr. Ilyas Naleem

REMUNERATION COMMITTEE

Desamanya Prof. M.T.A. Furkhan - *Chairman*
Desamanya C.P. de Silva
Deshabandu N.S. Jabir
Mr. Ilyas Naleem

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the 'Grand Ballroom', Galadari Hotel, No. 64, Lotus Road, Colombo 01 at 11.30 a.m. on Tuesday the 12th July 2011. The Notice of the Annual General Meeting appears on page 74.

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

24th May 2011
Colombo

INDEPENDENT AUDITOR'S REPORT



Chartered Accountants

201 De Saram Place
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BAIRAHA FARMS PLC

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Bairaha Farms PLC ("Company"), the consolidated financial statements of the Company and its subsidiaries, which comprise the balance sheets as at 31 March 2011, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

SCOPE OF AUDIT AND BASIS OF OPINION

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

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

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

OPINION

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2011 and the financial statements give a true and fair view of the Company's state of affairs as at 31 March 2011 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at 31 March 2011 and the profit and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, these financial statements also comply with the requirements of Sections 151(2) and 153(2) to 153(7) of the Companies Act No. 07 of 2007.

(Sgd.)

ERNST & YOUNG
Chartered Accountants

24 May 2011
Colombo

BALANCE SHEET

As at 31st March		2011 Rs.	Group 2010 Rs.	2011 Rs.	Company 2010 Rs.
	Note				
ASSETS					
Non-Current Assets					
Property, Plant & Equipment, Net	4	732,867,812	626,838,014	406,335,389	375,037,714
Intangible Assets	5	4,170,048	3,579,307	4,170,048	3,579,307
Investments in Subsidiaries	6.1	-	-	106,940,050	106,940,050
Investments in Joint Ventures	6.2	-	-	2,895,000	2,895,000
Investments in Associates	7	17,981,918	13,445,582	15,162,700	15,162,700
Other Investments	8	1,246,998	873,623	1,246,998	873,623
		756,266,776	644,736,526	536,750,185	504,488,394
Current Assets					
Inventories	9	235,549,744	214,988,676	129,361,341	71,565,247
Trade & Other Receivables, Net	10	309,741,133	266,233,027	285,289,487	200,402,879
Income Tax Receivable		-	170,075	-	-
Amounts Due from Related Parties	11	39,647,232	66,434,522	126,522,242	134,226,581
Cash & Bank Balances	24	238,072,111	45,792,055	130,512,571	25,084,133
		823,010,220	593,618,355	671,685,641	431,278,840
Total Assets		1,579,276,996	1,238,354,881	1,208,435,826	935,767,234
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	12	256,305,197	256,305,197	256,305,197	256,305,197
Revaluation Surplus	13	238,719,678	240,031,043	125,760,027	127,071,392
Other Reserves	13	576,677	576,677	576,677	576,677
Retained Earnings		701,674,110	263,727,580	375,931,984	104,464,608
Total Equity		1,197,275,662	760,640,497	758,573,885	488,417,874
Non-Current Liabilities and Deferred Income					
Interest-Bearing Loans & Borrowings	14	14,464,080	47,289,649	14,464,080	46,536,858
Deferred Tax Liabilities	22.2	29,093,603	9,605,113	23,831,779	9,796,930
Retirement Benefit Liability	15	17,636,544	15,889,055	15,903,011	14,429,276
		61,194,227	72,783,817	54,198,870	70,763,064
Current Liabilities					
Trade & Other Payables	16	240,622,799	349,368,711	212,672,300	237,197,660
Dividends Payable	17	5,822,175	1,635,881	5,822,175	1,635,881
Amounts Due to Related Parties	18	-	-	128,932,316	89,264,357
Income Tax Payable		42,767,495	8,817,719	16,641,642	4,565,423
Interest-Bearing Loans & Borrowings	14	31,594,638	45,108,256	31,594,638	43,922,975
		320,807,107	404,930,567	395,663,071	376,586,296
Total Equity and Liabilities		1,579,276,996	1,238,354,881	1,208,435,826	935,767,234

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.)

YAKOOTH NALEEM
Managing Director

(Sgd.)

RIYAL YAKOOB
Executive Director

The accounting policies and notes on pages 43 through 69 form an integral part of the financial statements.

24th May 2011
Colombo

INCOME STATEMENT

Year ended 31st March	Note	Group		Company	
		2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Revenue	3	2,554,762,455	2,064,258,834	1,835,824,412	1,584,104,551
Cost of Sales		(1,772,994,536)	(1,683,447,823)	(1,332,204,942)	(1,306,289,089)
Gross Profit		781,767,919	380,811,011	503,619,470	277,815,462
Other Operating Income	19	18,464,267	7,398,546	28,757,426	2,154,965
Distribution Costs		(93,781,036)	(111,901,834)	(70,736,050)	(92,210,726)
Administrative Expenses		(108,253,613)	(88,117,077)	(62,601,380)	(47,432,848)
Other Operating Expenses		(3,010,623)	(2,901,435)	(2,849,102)	(2,755,035)
Finance Cost	20	(10,610,860)	(31,107,586)	(10,240,168)	(29,022,370)
Profit before Tax	21	584,576,054	154,181,625	385,950,196	108,549,448
Profit/(Loss) from Associate Companies		4,536,336	386,475	-	-
Income Tax Expense	22	(103,165,860)	(20,419,757)	(66,482,820)	(24,065,884)
Profit for the Year		485,946,530	134,148,343	319,467,376	84,483,564
Attributable to:					
Equity Holders of the Parent		485,946,530	134,148,343	319,467,376	84,483,564
Minority Interest		-	-	-	-
		485,946,530	134,148,343	319,467,376	84,483,564
Earnings per Share - Basic	23	30.37	8.38		

The accounting policies and notes on pages 43 through 69 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31st March 2011

	Note	Stated Capital Rs.	Revaluation Surplus Rs.	Other Reserves Rs.	Retained Earnings Rs.	Total Rs.
GROUP						
Balance as at 01st April 2009		256,305,197	60,453,133	576,677	137,579,237	454,914,244
Surplus on Revaluation of Property, Plant & Equipment		-	195,784,301	-	-	195,784,301
Deferred Tax Reversal on Revaluation Surplus		-	(16,206,391)	-	-	(16,206,391)
Dividends		-	-	-	(8,000,000)	(8,000,000)
Net Profit for the Year		-	-	-	134,148,343	134,148,343
Balance as at 01st April 2010		256,305,197	240,031,043	576,677	263,727,580	760,640,497
Realised Revaluation Surplus on Property, Plant & Equipment		-	(1,311,365)	-	-	(1,311,365)
Dividends		-	-	-	(48,000,000)	(48,000,000)
Net Profit for the Year		-	-	-	485,946,530	485,946,530
Balance as at 31st March 2011		256,305,197	238,719,678	576,677	701,674,110	1,197,275,662
COMPANY						
Balance as at 01st April 2009		256,305,197	60,453,133	576,677	27,981,044	345,316,051
Surplus on Revaluation of Property, Plant & Equipment		-	75,115,298	-	-	75,115,298
Deferred Tax Reversal on Revaluation Surplus		-	(8,497,039)	-	-	(8,497,039)
Dividends		-	-	-	(8,000,000)	(8,000,000)
Net Profit for the Year		-	-	-	84,483,564	84,483,564
Balance as at 01st April 2010		256,305,197	127,071,392	576,677	104,464,608	488,417,874
Realised Revaluation Surplus on Property, Plant & Equipment		-	(1,311,365)	-	-	(1,311,365)
Dividends		-	-	-	(48,000,000)	(48,000,000)
Net Profit for the Year		-	-	-	319,467,376	319,467,376
Balance as at 31st March 2011		256,305,197	125,760,027	576,677	375,931,984	758,573,885

The accounting policies and notes on pages 43 through 69 form an integral part of the financial statements.

CASH FLOW STATEMENT

Year ended 31st March		Group		Company	
	Note	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Cash Flows from/(used in) Operating Activities					
Net Profit/(Loss) before Income Tax Expense		584,576,054	154,181,625	385,950,196	108,549,448
Adjustments for -					
Allowance for Weight Loss		10,879,743	1,500,000	10,879,743	1,500,000
Allowance Written Back for Decline in Value of Quoted Investments		(509,851)	-	(509,851)	-
Depreciation	21	40,615,781	45,759,558	30,685,195	32,521,393
Revaluation Deficit on Property, Plant & Equipment		-	1,951,225	-	172,352
Realised Revaluation Surplus on Disposal of Property, Plant & Equipment		(1,311,365)	-	(1,311,365)	-
Intangible Asset Amortisation	5	389,259	230,938	389,259	230,938
Change Over of Finance Lease		(228,868)	-	(228,868)	-
Income from Investments	19	(7,207)	(2,168)	(14,616,991)	(523,419)
(Profit)/Loss on Sale of Property, Plant & Equipment	19	(1,845,463)	23,817	(916,852)	23,817
(Profit)/Loss on Disposal of Shares		64,931	-	64,931	-
Finance Cost	20	10,610,860	31,107,586	10,240,168	29,022,370
Provision for Defined Benefit Plans	15	3,007,589	2,889,750	2,674,435	2,388,346
Provision for Bad & Doubtful Debts	21	10,161,108	46,891,180	9,681,520	45,954,495
Operating Profit before Working Capital Changes		656,402,571	284,533,511	432,981,520	219,839,740
(Increase)/Decrease in Inventories		(31,440,811)	3,011,751	(68,675,837)	35,672,103
(Increase)/Decrease in Trade & Other Receivables		(53,669,214)	(39,248,840)	(94,568,128)	(18,530,728)
Increase/(Decrease) in Related Company Balances (Net)		26,787,290	(18,813,493)	47,372,298	(11,585,625)
Increase/(Decrease) in Trade & Other Payables		(108,745,910)	(12,231,763)	(24,525,357)	(45,640,002)
Cash Generated from Operations		489,333,926	217,251,166	292,584,496	179,755,488
Finance Costs Paid	20	(10,610,860)	(31,107,586)	(10,240,168)	(29,022,370)
Defined Benefit Plan Costs Paid	15	(1,260,100)	(876,492)	(1,200,700)	(825,830)
Income Tax Paid		(49,557,519)	(10,733,424)	(40,371,752)	(10,191,345)
Net Cash Flows from/(used in) Operating Activities		427,905,447	174,533,664	240,771,876	139,715,943
Cash Flows from/(used in) Investing Activities					
Acquisition of Property, Plant & Equipment	4	(149,426,744)	(53,881,432)	(63,457,032)	(49,559,432)
Acquisition of Intangible Assets	5	(980,000)	(2,160,727)	(980,000)	(2,160,727)
Investment in Shares		(1,000,000)	-	(1,000,000)	-
Proceeds from Sale of Property, Plant & Equipment		4,626,627	163,393	2,391,013	163,393
Proceeds from Disposal of Shares		1,071,544	-	1,071,544	-
Dividend Received	21	7,207	2,168	14,616,991	523,419
Net Cash Flows from/(used in) Investing Activities		(145,701,366)	(55,876,598)	(47,357,484)	(51,033,347)
Cash Flows from/(used in) Financing Activities					
Dividend Paid	17	(43,813,706)	(10,069,485)	(43,813,706)	(10,069,485)
Proceeds from Interest-Bearing Loans & Borrowings	14	6,975,000	79,311,929	6,975,000	79,311,929
Repayment of Interest-Bearing Loans & Borrowings	14	(40,348,021)	(132,840,979)	(40,348,021)	(118,338,229)
Principal Payment under Finance Lease Liabilities	14	(11,708,531)	(10,637,754)	(9,770,459)	(8,191,511)
Net Cash Flows from/(used in) Financing Activities		(88,895,258)	(74,236,289)	(86,957,186)	(57,287,296)
Net Increase/(Decrease) in Cash & Cash Equivalents		193,308,823	44,420,776	106,457,206	31,395,300
Cash & Cash Equivalents at the beginning of the Year	24	44,763,288	342,512	24,055,366	(7,339,934)
Cash & Cash Equivalents at the end of the Year	24	238,072,111	44,763,288	130,512,571	24,055,366

The accounting policies and notes on pages 43 through 69 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 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 No. 407, Galle Road, Colombo 03.

SUBSIDIARY COMPANIES

Hill Country Farms Ltd.
Bairaha Foods (Pvt) Ltd.
BF Lands Development Ltd.
HCF Land Development Ltd.
Lanka Land Development Ltd.
Golden Rooster Restaurants (Pvt) Ltd.
Siyane Farms Ltd.
Bairaha Trading (Pvt) Ltd.
Natures Best (Pvt) Ltd.

The principal places of business of Hill Country Farms Ltd. and Bairaha Foods (Pvt) Ltd. are situated at Batadole Road, Ellakkala, Pasyala and Ellalamulla, Pasyala respectively. All the other company's principal places of their business are at the same place where the registered office is situated.

ASSOCIATE COMPANIES

Confifi Aquaculture Ventures (Pvt) Ltd.
Fortune G-P Farms (Lanka) Ltd.

JOINT VENTURES

Rajarata Land Development Ltd.
Cultural Triangle Land Development Ltd.

1.2 PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

The main activity of the Group, centres around integrated poultry farming. The subsidiaries and related companies in the Group support and complement the activities of Bairaha Farms PLC, which is the holding company.

Within the purview of integrated poultry farming, the activities covered range from breeding of poultry, production of broiler day-old-chicks, processing and marketing of its own brand of Bairaha broiler chicken and cut-ups, and marketing of a diverse range of products required by the livestock sector, specially the Antec range of disinfectants from the United Kingdom. Bairaha Farms PLC being the pioneer quality packeted chicken processor owns and manages a large-scale state-of-the-art chicken processing, freezing and cold-storage complex.

1.3 DATE OF AUTHORISATION FOR ISSUE

The financial statements of Bairaha Farms PLC and subsidiary companies, for the year ended 31st March 2011 were authorised for issue by the Board of Directors on 24th May 2011.

2.1 BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Sri Lankan Rupees. The preparation and presentation of these financial statements are in compliance with the Companies Act No. 07 of 2007.

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 Bairaha Farms PLC and its subsidiaries, associates and joint ventures have been prepared in accordance with Sri Lanka Accounting Standards (SLAS).

2.1.3 GOING CONCERN

The Directors have made an assessment of the Company'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 accounting policies have been consistently applied by the Group, and except for the changes in accounting policies discussed more fully in Note 2.2 are consistent with those used in the previous year.

2.1.5 BASIS OF CONSOLIDATION

(a) The consolidated financial statements include the results, assets and liabilities of the Company and its subsidiaries as at 31st March. The financial statements of the subsidiaries are prepared for the same reporting year as the Company.

(b) All Intra-Group balances; transactions and profits & losses are eliminated on consolidation. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

(c) Minority interest represents the portion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the balance sheet; separately from the Company's shareholders' equity.

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

JUDGMENTS

In the process of applying the Company's accounting policies, management is required to make judgments, apart from those involving estimations, which may have significant effects on the amounts recognised in the financial statements. Further, management is required to consider key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year. The respective carrying amounts of such assets and liabilities are given in related notes to the financial statements. The key items as such are discussed below:

DEFERRED TAX ASSETS

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

REVIEW OF IMPAIRMENT OF ASSETS

The Group determined whether assets had been impaired by performing an impairment test. This requires an estimation of the 'value in use' of the cash-generating units. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate present value of those cash flows. This valuation requires the Company to make estimates about expected future cash flows and discount rates, and hence they are subject to uncertainty.

IMPAIRMENT LOSSES ON TRADE AND OTHER RECEIVABLES

Company reviews its trade and other receivables at each reporting date to assess whether an allowance for impairment should be recorded in the financial statements. Judgment by the management is required in the estimation of these amounts and such estimations are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below. The respective carrying amounts of assets and liabilities are given in related notes to the financial statements.

DEFINED BENEFIT PLANS

The defined benefit obligation and the related charge for the year is 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 15.

INVENTORY

The Company reviews its inventory at each reporting date to assess whether an allowance for such assets should be recorded in the income statement. In particular judgment by management is required in the estimation of the amount and the timing of future cash flows when determining the level of allowance required. Such estimates are based on a number of assumptions and actual results may differ, resulting in future changes to the allowance.

USEFUL LIVES OF PROPERTY, PLANT & EQUIPMENT

The Company reviews the assets' residual values, useful lives and methods of depreciation at each reporting date. Judgment by the management is exercised in the estimation of these values, rates, methods.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.4.1 FOREIGN CURRENCY TRANSLATION

The financial statements are presented in Sri Lankan Rupees, which is the Company'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 balance sheet 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 income statement.

2.4.2 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 balance sheet 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 balance sheet 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 goodwill amortisation 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 the 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 balance sheet 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 balance sheet date.

(C) SALES TAXES

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities, in which case the sales tax is recognised as a part of the cost of the asset or part of expense items as applicable, and receivable and payable that are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the balance sheet.

2.4.3 BORROWING COSTS

Borrowing costs are recognised as expenses in the period in which they are incurred.

2.4.4 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 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:

2.4.4.1 LIVESTOCK

Livestock represents the growing birds and the laying birds. Growing birds are valued at prime cost incurred up to the commencement of laying period. Laying birds are valued at prime cost less amortisation. The amortisation is calculated by using egg production based specific rates on cost after making due allowances for carcass value, in order to write off such costs over the laying period of the birds.

2.4.4.2 BROILER MEAT AND EGGS

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.

Eggs are valued at prime cost together with an appropriate proportion of overheads on weighted average basis.

2.4.4.3 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.

2.4.4.4 TRADING INVENTORIES

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

2.4.5 TRADE AND OTHER RECEIVABLES

Trade receivables are stated at the amounts they are estimated to realise net of provisions for bad and doubtful debts.

Other receivables and dues from related parties are recognised at cost less provision for bad and doubtful receivables.

2.4.6 CASH & CASH EQUIVALENTS

Cash & cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash & cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities, i.e., three months or less from the date of acquisitions are also treated as cash equivalents.

2.4.7 PROPERTY, PLANT & EQUIPMENT

(A) COST & 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.

When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous increment relating to that asset, in which case it

is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to accumulated profits on retirement or disposal of the asset.

(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 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.

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

2.4.8 LEASES

(A) FINANCE LEASES - WHERE THE COMPANY IS THE LESSEE

Property, plant & equipment on finance leases, which effectively transfer to the Company 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 Company 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 income statement.

(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 income statement on a straight line basis over the lease term.

2.4.9 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 income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised.

A summary of the policies applied to the Company’s intangible assets is as follows:

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

2.4.10 INVESTMENTS

(A) CURRENT INVESTMENTS

Current investments are stated at market value or the lower of cost and market value.

When current investments are stated at lower of cost and market value, carrying amount is determined on an aggregate portfolio basis in total.

The cost of an investment is the cost of acquisition inclusive of brokerage, fees, duties and bank fees.

Unrealised gains and losses on current investments carried at market value, i.e., reduction to market value and reversals of such reductions required to reflect current investments at the lower of cost and market value, are credited or charged to the income statement.

(B) LONG-TERM INVESTMENTS

Long-term investments are stated at cost.

The cost of the investment is the cost of acquisition inclusive of brokerage fees, duties and bank fees.

The carrying amount of long-term investments is reduced to recognise a decline other than temporary in the value of investments, determined on an individual investment basis.

(C) ASSOCIATE COMPANY INVESTMENT

Investments in associate companies are accounted for on the equity method, whereby the share of profit of the associates attributable to the Company is accounted for as income and the value of the investment (which was initially recognised at cost) is adjusted by a like amount.

An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

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

(D) JOINT VENTURE INVESTMENT

The Company’s interest in joint ventures is accounted for by proportionate consolidation, which involves recognising a proportionate share of the joint venture’s assets, liabilities, income and expenses with similar items in the Company’s financial statements on a line-by-line basis.

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

2.4.11 IMPAIRMENT OF ASSETS

The Company 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 Company makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell 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 income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognised in equity 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 Company 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 income statement 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.

2.4.12 RETIREMENT BENEFIT OBLIGATIONS

(A) DEFINED BENEFIT PLAN - GRATUITY

Gratuity is a post-employment benefit plan. Provisions have been made for retirement gratuities from the first year of service for all employees in conformity with SLAS 16. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service. The Company is liable to pay gratuity in terms of relevant statute. In order to meet this liability, a provision is carried forward in the balance sheet. Up to 31st March 2008, provisions had been made based on a half-month's salary of the last month of the financial year of all employees for each completed year of service, commencing from the first year of service.

Based on the Sri Lanka Accounting Standard 16 (Revised 2006) - 'Employee Benefit', the Company has adopted actuarial valuation method for employee benefit liability calculation as at 31st March 2008. An actuarial valuation is carried out every three years to ascertain the full liability. The last such valuation is carried out by a qualified actuary as at 31st March 2010.

For Group companies other than Bairaha Farms PLC, the liability ascertained based on a half-month's salary of the last month of the financial year of all employees for each completed year of service, commencing from the first year of service. The resulting difference between brought forward provision at the beginning of an year and the carried forward provision at the end of an year is dealt within the income statement.

The principal assumptions, which have the most significant effects on the valuation, are the rate of discount, rate of increase in salary, rate of turnover at the selected ages, rate of disability, death benefits and expenses.

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 Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.4.13 PROVISIONS

Provisions are recognised when the Company 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.

2.4.14 REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

(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 Company 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.

(C) DIVIDENDS

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

(D) RENTAL INCOME

Rental income is recognised on accrual basis.

(E) 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 income statement, 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.

2.1.6 EFFECT OF SRI LANKA ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET EFFECTIVE

(A) The following standards have been issued by The Institute of Chartered Accountants of Sri Lanka:

- Sri Lanka Accounting Standard 44 - Financial Instruments: Presentation (SLAS 44)
- Sri Lanka Accounting Standard 45 - Financial Instruments: Recognition and Measurement (SLAS 45)
- Sri Lanka Accounting Standard 39 - Share Based Payments (SLAS 39)

The effective date of SLAS 44, 45 and 39 was changed during the year to be effective for financial periods beginning on or after 01st January 2012. These three standards have been amended and forms a part of the new set of financial reporting standards mentioned under Note (b) below:

(B) Following the convergence of Sri Lanka Accounting Standards with the International Financial Reporting Standards, the Council of The Institute of Chartered Accountants of Sri Lanka has adopted a new set of financial reporting standards that would apply for financial periods beginning on or after 01st January 2012. The application of these financial reporting standards is substantially different to the prevailing standards.

3. REVENUE

Year ended 31st March	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Summary				
Gross Value of Sales	2,903,061,498	2,347,194,727	2,094,655,256	1,806,520,931
Less: Value Added Tax	(304,406,546)	(244,555,383)	(217,468,865)	(186,666,505)
Nation Building Tax	(43,802,280)	(38,255,481)	(41,350,954)	(35,744,229)
Turnover Tax	(90,217)	(125,029)	(11,025)	(5,646)
Revenue	2,554,762,455	2,064,258,834	1,835,824,412	1,584,104,551

4. PROPERTY, PLANT & EQUIPMENT

4.1 GROUP

4.1.1 GROSS CARRYING AMOUNTS

	Balance as at 01.04.2010 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Balance as at 31.03.2011 Rs.
At Cost/Valuation				
Land	168,402,774	9,446,975	-	177,849,749
Buildings	107,615,219	4,280,524	-	111,895,743
Buildings on Leasehold Lands	9,255,000	-	-	9,255,000
Poultry Sheds	126,333,401	13,152,869	-	139,486,270
Plant & Machinery	63,076,835	47,140,820	-	110,217,655
Equipments	87,984,358	21,809,861	(182,288)	109,611,931
Furniture & Fittings	3,337,118	904,091	-	4,241,209
Motor Vehicles	15,179,000	20,865,413	(2,810,000)	33,234,413
Computer Equipment	2,028,564	1,255,764	-	3,284,328
	583,212,269	118,856,317	(2,992,288)	699,076,298
Assets on Finance Leases				
Land	1,250,000	-	-	1,250,000
Motor Vehicles	5,650,000	-	-	5,650,000
Equipments	2,001,105	-	(2,000,000)	1,105
Plant & Machinery	21,924,026	-	-	21,924,026
Computer Equipment	488,503	-	-	488,503
	31,313,634	-	(2,000,000)	29,313,634
Total Value of Depreciable Assets	614,525,903	118,856,317	(4,992,288)	728,389,932

4.1.2 IN THE COURSE OF CONSTRUCTION

	Balance as at 01.04.2010 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Balance as at 31.03.2011 Rs.
Capital Work-in-Progress	12,312,111	45,723,296	(13,152,869)	44,882,538
Total Gross Carrying Amount	626,838,014	164,579,613	(18,145,157)	773,272,470

4.1.3 DEPRECIATION

	Balance as at 01.04.2010 Rs.	Charge for the year/ Transfers Rs.	Disposals/ Transfers Rs.	Balance as at 31.03.2011 Rs.
At Cost/Valuation				
Buildings	-	3,291,455	-	3,291,455
Buildings on Leasehold Land	-	636,750	-	636,750
Poultry Sheds	-	8,369,176	-	8,369,176
Plant & Machinery	-	7,868,180	-	7,868,180
Equipments	-	12,721,367	(4,780)	12,716,587
Furniture & Fittings	-	363,966	-	363,966
Motor Vehicles	-	4,436,653	(206,343)	4,230,310
Computer Equipment	-	735,832	-	735,832
	-	38,423,378	(211,123)	38,212,255
Assets on Finance Leases				
Motor Vehicles	-	-	-	-
Equipments	-	-	-	-
Plant & Machinery	-	2,192,403	-	2,192,403
Computer Equipment	-	-	-	-
	-	2,192,403	-	2,192,403
Total Depreciation	-	40,615,781	(211,123)	40,404,658

4.1.4 NET BOOK VALUES

	Balance as at 31.03.2011 Rs.	Balance as at 31.03.2010 Rs.
At Cost/Valuation		
Land	177,849,749	168,402,774
Buildings	108,604,288	107,615,219
Buildings on Leasehold Land	8,618,250	9,255,000
Poultry Sheds	131,117,094	126,333,401
Plant & Machinery	102,349,475	63,076,835
Equipments	96,895,345	87,984,358
Furniture & Fittings	3,877,243	3,337,118
Motor Vehicles	29,004,103	15,179,000
Computer Equipment	2,548,496	2,028,564
	660,864,043	583,212,269
Assets on Finance Leases		
Land	1,250,000	1,250,000
Motor Vehicles	5,650,000	5,650,000
Equipments	1,105	2,001,105
Plant & Machinery	19,731,623	21,924,026
Computer Equipment	488,503	488,503
	27,121,231	31,313,634
In the Course of Construction		
Capital Work-in-Progress	44,882,538	12,312,111
Total Carrying Amount of Property, Plant & Equipment	732,867,812	626,838,014

4.1.5 GROUP

The following assets were revalued on 31st March 2010 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 2010. 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.

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:

Class of Assets	Cost Rs.	Cumulative Depreciation if Assets were Carried at Cost Rs.	Net Carrying Amount 2011 Rs.	Net Carrying Amount 2010 Rs.
Land	49,259,921	-	49,259,921	49,259,921
Buildings	77,582,655	21,997,700	55,584,955	57,914,764
Buildings on Leasehold Lands	11,667,021	4,088,745	7,578,276	8,744,978
Poultry Sheds	102,394,440	39,935,194	62,459,246	68,627,585
Plant & Machinery	181,401,726	153,249,991	28,151,735	46,291,908
Equipments	185,772,098	135,894,263	49,877,834	73,099,347
Furniture & Fittings	10,006,781	7,839,099	2,167,681	3,168,359
Motor Vehicles	20,239,285	19,514,078	725,207	3,759,583
Computer Equipment	10,765,244	11,316,664	(551,420)	2,139,891

Assets on Finance Leases

Land	1,258,014	-	1,258,014	1,258,014
Motor Vehicles	6,726,087	4,197,580	2,528,507	3,536,916
Equipments	2,501,730	2,501,730	-	1,105
Plant & Machinery	30,490,708	8,803,253	21,687,455	24,736,526

4.1.6 During the financial year, the Group acquired property, plant & equipment to the aggregate value of Rs. 149,426,744/- (2010 - Rs. 53,881,432/-). Cash payments amounting to Rs. 149,426,744/- (2010 - Rs. 53,881,432/-) was paid during the year for purchases of property, plant & equipment.

4.1.7 Finance leases of which the lease period has lapsed have been transferred into the relevant class of assets under 'Cost' as the ownership of the assets had transferred to the Company during the year.

4.1.8 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 & Machinery	Over 10 Years
Equipments	Over 8 Years
Furniture & Fittings	Over 10 Years
Motor Vehicles	Over 6.67 Years
Computer Equipment	Over 4 Years
Neon Sign Boards	Over 10 Years

4.2 COMPANY

4.2.1 GROSS CARRYING AMOUNTS

	Balance as at 01.04.2010 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Balance as at 31.03.2011 Rs.
At Cost/Valuation				
Land	10,560,938	-	-	10,560,938
Buildings	94,642,500	4,222,524	-	98,865,024
Buildings on Leasehold Land	5,130,000	-	-	5,130,000
Poultry Sheds	85,818,400	13,152,869	-	98,971,269
Plant & Machinery	56,378,831	19,934,370	-	76,313,201
Equipment	70,952,918	11,753,181	(28,225)	82,677,874
Furniture & Fittings	2,946,451	693,441	-	3,639,892
Motor Vehicles	12,404,000	12,673,024	(1,560,000)	23,517,024
Computer Equipment	1,967,539	1,255,764	-	3,223,303
	340,801,577	63,685,173	(1,588,225)	402,898,525
Assets on Finance Leases				
Plant and Machinery	21,924,026	-	-	21,924,026
	21,924,026	-	-	21,924,026
Total Value of Depreciable Assets	362,725,603	63,685,173	(1,588,225)	424,822,551
4.2.2 IN THE COURSE OF CONSTRUCTION				
Capital Work-in-Progress	12,312,111	12,924,728	(13,152,869)	12,083,970
Total Gross Carrying Amount	375,037,714	76,609,901	(14,741,094)	436,906,521

4.2.3 DEPRECIATION

	Balance as at 01.04.2010 Rs.	Charge for the year/ Transfers Rs.	Disposals/ Transfers Rs.	Balance as at 31.03.2011 Rs.
At Cost/Valuation				
Buildings	-	2,900,605	-	2,900,605
Buildings on Leasehold Land	-	513,000	-	513,000
Poultry Sheds	-	5,938,276	-	5,938,276
Plant & Machinery	-	6,004,037	-	6,004,037
Equipment	-	9,784,718	(1,470)	9,783,248
Furniture & Fittings	-	313,129	-	313,129
Motor Vehicles	-	2,440,577	(112,593)	2,327,984
Computer Equipment	-	598,450	-	598,450
	-	28,492,792	(114,063)	28,378,729
Assets on Finance Leases				
Plant & Machinery	-	2,192,403	-	2,192,403
	-	2,192,403	-	2,192,403
Total Depreciation	-	30,685,195	(114,063)	30,571,132

4.2.4 NET BOOK VALUES

	Balance as at 31.03.2011 Rs.	Balance as at 31.03.2010 Rs.
At Cost/Valuation		
Land	10,560,938	10,560,938
Buildings	95,964,419	94,642,500
Buildings on Leasehold Land	4,617,000	5,130,000
Poultry Sheds	93,032,993	85,818,400
Plant & Machinery	70,309,164	56,378,831
Equipment	72,894,626	70,952,918
Furniture & Fittings	3,326,763	2,946,451
Motor Vehicles	21,189,040	12,404,000
Computer Equipment	2,624,853	1,967,539
	374,519,796	340,801,577
Assets on Finance Leases		
Plant & Machinery	19,731,623	21,924,026
	19,731,623	21,924,026
In the Course of Construction		
Capital Work-in-Progress	12,083,970	12,312,111
Total Carrying Amount of Property, Plant & Equipment	406,335,389	375,037,714

4.2.5 Company

The fair value of property, plant & equipment was determined by means of a revaluation during the financial year 2010 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 2010. 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:

Class of Assets	Cost Rs.	Cumulative Depreciation if Assets were Carried at Cost Rs.	Net Carrying Amount 2011 Rs.	Net Carrying Amount 2010 Rs.
Land	6,273,718	-	6,273,718	6,273,718
Buildings	61,153,496	18,933,733	42,219,763	44,054,552
Buildings on Leasehold Lands	5,770,279	2,596,626	3,173,653	3,750,681
Poultry Sheds	48,055,422	21,196,596	26,858,826	29,753,731
Plant & Machinery	151,803,733	127,390,202	24,413,531	39,593,904
Equipments	131,420,919	93,780,624	37,640,295	54,067,910
Furniture & Fittings	9,032,822	7,104,664	1,928,158	2,831,440
Motor Vehicles	15,786,584	15,727,010	59,574	2,426,379
Computer Equipment	10,643,194	10,643,194	-	2,139,891
Assets on Finance Leases				
Plant & Machinery	30,490,708	8,803,253	21,687,455	24,736,526

4.2.6 During the financial year, the Company acquired property, plant & equipment to the aggregate value of Rs. 63,457,032/- (2010 - Rs. 49,559,432/-). Cash payments amounting to Rs. 63,457,032/- (2010 - Rs. 49,559,432/-) was paid during the year for purchases of property, plant & equipment.

5. INTANGIBLE ASSETS (GROUP/COMPANY)

5.1 SUMMARY

	Computer Software Rs.	Total Rs.
Cost		
As at 01st April 2010	3,881,963	3,881,963
Acquired during the Period	980,000	980,000
As at 31st March 2011	4,861,963	4,861,963
Amortisation		
As at 01st April 2010	302,656	302,656
Amortisation for the Year	389,259	389,259
As at 31st March 2011	691,915	691,915
Net Book Value		
As at 01st April 2010	3,579,307	3,579,307
As at 31st March 2011	4,170,048	4,170,048

5.2 Intangible assets acquired during the year amounted to Rs. 980,000/- and the cash payment amounted to Rs. 980,000/-.

6. INVESTMENT IN SUBSIDIARIES AND JOINT VENTURES

6.1 SUBSIDIARIES

	Country of Incorporation	Holding %	Cost 2011 Rs.	Directors' Valuation* 2011 Rs.	Cost 2010 Rs.	Directors' Valuation* 2010 Rs.
Non-Quoted						
Hill Country Farms Ltd.	Sri Lanka	100	54,000,000	176,331,259	54,000,000	124,906,260
Bairaha Foods (Pvt) Ltd.	Sri Lanka	100	3,750,000	7,098,843	3,750,000	17,663,742
Lanka Land Development Ltd.	Sri Lanka	100	2,100,000	13,129,368	2,100,000	13,125,946
HCF Land Development Ltd.	Sri Lanka	100	5,300,000	7,531,433	5,300,000	7,758,639
BF Lands Development Ltd.	Sri Lanka	100	10,540,000	63,885,017	10,540,000	63,843,793
Golden Rooster Restaurants (Pvt) Ltd.	Sri Lanka	100	2,000,000	-	2,000,000	-
Siyane Farms Ltd.	Sri Lanka	100	35,000,050	256,417,711	35,000,050	158,331,482
Total Non-Quoted Investments in Subsidiaries			112,690,050	524,393,631	112,690,050	385,629,862
Allowance for Decline in Value other than Temporary			(5,750,000)		(5,750,000)	
Total Carrying Value of Investments in Subsidiaries			106,940,050		106,940,050	

* Directors' Valuation of Shares is on Net Assets Basis.

6.1.1 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.

6.2 JOINT VENTURES

	Carrying Value 2011 Rs.	Holding % 2011	Carrying Value 2010 Rs.	Holding % 2010
Rajarata Land Development Ltd.	1,495,000	50	1,495,000	50
Cultural Triangle Land Development Ltd.	1,400,000	50	1,400,000	50
	2,895,000		2,895,000	

6.2.1 Rajarata Land Development Ltd. and Cultural Triangle Land Development Ltd. hold lands on behalf of the Group.

6.2.2 COMPANY SHARE OF FINANCIAL DETAILS OF JOINT VENTURES:

	2011 Rs.	2010 Rs.
Long-Term Assets	2,909,648	2,909,648
Current Assets	171,015	159,344
Current Liabilities	119,904	115,984
Income	75,000	75,000
Expense	67,249	69,916

7. INVESTMENTS IN ASSOCIATES

	Holding %		Group Carrying Value		Company Carrying Value	
	2011	2010	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Non-Quoted						
Confifi Aquaculture Ventures (Pvt) Ltd.	24	24	-	-	1,789,949	1,789,949
Fortune G-P Farms (Lanka) Ltd.	39.54	39.54	17,981,918	13,445,582	15,162,700	15,162,700
Total Non-Quoted Investment in Associates			17,981,918	13,445,582	16,952,649	16,952,649
Allowances for Decline in Value other than Temporary			-	-	(1,789,949)	(1,789,949)
Total Carrying Value of the Investment in Associates			17,981,918	13,445,582	15,162,700	15,162,700
Directors' Valuation*			17,981,918	13,445,582	17,981,918	13,445,582

* Directors' Valuation of Shares is on Net Assets Basis.

7.1 Confifi Aquaculture Ventures (Pvt) Ltd. has been incurring continuous losses and the Group's share of these losses were recognised till the carrying amount of the investment became nil (by 31st March 2004) and discontinued including further losses. The financial statements of Confifi Aquaculture Ventures (Pvt) Ltd. are not available and as a result unable to ascertain the summarised financial information. Full provision has been made for the above investment in the Company accounts.

7.2 FORTUNE G-P FARMS (LANKA) LTD.

The Group has a 39.54% interest in Fortune G-P Farms (Lanka) Ltd., which is involved in the breeding of Grand Parent Birds in Sri Lanka.

Fortune G-P Farms (Lanka) Ltd. is a public entity that is not listed on any public exchange. The following table illustrates summarised financial information of the Group's investment in Fortune G-P Farms (Lanka) Ltd.:

	2011 Rs.	2010 Rs.
Share of the Associate's Balance Sheet:		
Current Assets	26,670,076	34,869,342
Non-Current Assets	30,810,448	31,986,248
Current Liabilities	(34,823,825)	(50,103,115)
Non-Current Liabilities	(4,674,781)	(3,306,893)
Net Assets	17,981,918	13,445,582
Share of the Associate's Revenue and Profit:		
Revenue	54,605,381	46,276,646
Profit/(Loss)	4,536,336	386,475
Carrying Amount of the Investment	17,981,918	13,445,582

8. OTHER INVESTMENTS (GROUP/COMPANY)

INVESTMENTS IN EQUITY SECURITIES

	No. of Shares	Carrying Value 2011 Rs.	Market Value Rs.	Carrying Value 2010 Rs.	Market Value Rs.
Quoted					
Investments with Non-Related Parties					
Dankotuwa Porcelain PLC	-	-	-	900,000	157,500
Merchant Bank of Sri Lanka PLC	2,307	357,000	106,583	357,000	43,256
Royal Ceramics PLC	-	-	-	60,949	124,300
Mahaweli Reach Hotel PLC	3,500	123,931	119,000	123,931	77,000
Lanka Walltiles PLC	42	1,712	7,140	1,712	2,625
Blue Diamonds Jewellery Worldwide PLC	8,922	10,310	14,275	10,310	7,138
Vanik Incorporation PLC	6,200	394,358	-	394,358	-
Eden Hotel Lanka PLC	-	-	-	175,527	253,125
Total Investments in Quoted Equity Securities		887,311	246,998	2,023,787	664,944
Less: Allowance for Decline in Value		(640,313)	-	(1,150,164)	-
		246,998	-	873,623	-
Non-Quoted					
Amana Bank Ltd.	200,000	1,000,000	-	-	-
		1,246,998	-	873,623	-

9. INVENTORIES

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Livestock	117,308,232	126,746,650	58,646,515	34,194,501
Broiler Meat & Eggs	66,529,449	58,475,337	49,771,969	21,848,664
Poultry Feed & Drugs	20,876,598	15,394,990	9,337,826	7,220,390
Sundry Stocks	30,456,700	13,901,686	11,605,031	8,301,692
Trading Stocks	378,765	470,013	-	-
	235,549,744	214,988,676	129,361,341	71,565,247

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Trade Receivables - Related Parties (10.1)	-	-	24,406,616	6,129,236
- Others	219,699,796	194,735,758	180,934,795	140,491,375
Less: Allowance for Doubtful Debts - Others	(10,721,125)	(26,360,917)	(4,861,504)	(20,980,884)
	208,978,671	168,374,841	200,479,907	125,639,727
Due from Outgrowers	98,015,230	183,650,699	98,015,230	183,650,699
Less: Allowance for Doubtful Debts - Outgrowers	(24,490,678)	(118,728,448)	(24,490,678)	(118,728,448)
	73,524,552	64,922,251	73,524,552	64,922,251
Other Debtors	55,758,642	60,807,674	47,951,128	48,452,208
Less: Allowance for Doubtful Debts - Other Debtors	(47,769,536)	(47,769,536)	(47,769,536)	(47,769,536)
	7,989,106	13,038,138	181,592	682,672
Advances and Prepayments	14,584,754	16,962,797	6,439,386	6,223,229
Loans to Company Officers	4,664,050	2,935,000	4,664,050	2,935,000
	309,741,133	266,233,027	285,289,487	200,402,879

10.1 TRADE DUES RECEIVABLE FROM RELATED PARTIES

Relationship	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Trade Dues Receivable from Related Companies				
Bairaha Foods (Pvt) Ltd.	-	-	24,406,616	6,129,236
	-	-	24,406,616	6,129,236

11. AMOUNTS DUE FROM RELATED PARTIES

Relationship	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Hill Country Farms Ltd.	-	-	12,457,730	43,829,489
Bairaha Foods (Pvt) Ltd.	-	-	23,965,608	28,340,797
BF Lands Development Ltd.	-	-	3,902,713	6,012,349
Golden Rooster Restaurants (Pvt) Ltd.	-	-	1,684,576	1,641,976
Lanka Land Development Ltd.	-	-	14,359,925	14,314,447
Confifi Aquaculture Ventures (Pvt) Ltd.	1,448,948	1,448,948	1,448,948	1,448,948
Bairaha Trading (Pvt) Ltd.	-	-	2,536,261	2,058,852
HCF Land (Pvt) Ltd.	-	-	5,951,851	
Natures Best Industries Ltd.	-	-	49,328,655	
Fortune G-P Farms (Lanka) Ltd.	39,647,232	66,434,522	36,365,299	62,059,047
	41,096,180	67,883,470	152,001,566	159,705,905
Less: Allowance made for Amounts due from				
- Bairaha Foods (Pvt) Ltd.	-	-	(22,476,919)	(22,476,919)
- Golden Rooster Restaurants (Pvt) Ltd.	-	-	(1,553,457)	(1,553,457)
- Confifi Aquaculture Ventures (Pvt) Ltd.	(1,448,948)	(1,448,948)	(1,448,948)	(1,448,948)
	39,647,232	66,434,522	126,522,242	134,226,581

12. STATED CAPITAL (GROUP/COMPANY)

	2011 Rs.	2010 Rs.
Fully-Paid Ordinary Shares	256,305,197	256,305,197
(16,000,000 Ordinary Shares)	256,305,197	256,305,197

12.1 RIGHTS, PREFERENCE AND RESTRICTIONS OF CLASSES OF CAPITAL

The holders of ordinary shares confer their 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.

13. RESERVES

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Summary				
Revaluation Surplus (13.1)	238,719,678	240,031,043	125,760,027	127,071,392
	238,719,678	240,031,043	125,760,027	127,071,392

13.1 REVALUATION SURPLUS

On Property, Plant & Equipment				
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Balance as at the beginning of the Year	240,031,043	60,453,133	127,071,392	60,453,133
Revaluation Surplus during the Year	-	195,784,301	-	75,115,298
Deferred Tax (Charge/Reversal)	-	(16,206,391)	-	(8,497,039)
Realised Surplus on Disposal Transferred to Retained Profit	(1,311,365)	-	(1,311,365)	-
Balance as at the end of the Year	238,719,678	240,031,043	125,760,027	127,071,392

13.2 The above revaluation surplus consists of net surplus resulting from the revaluation of property, plant & equipment as described in Notes 4.1.5 and 4.2.5. The unrealised amount cannot be directly distributed to shareholders.

13.3 OTHER RESERVES

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Balance as at the beginning of the Year	576,677	576,677	576,677	576,677
Additions during the Year	-	-	-	-
Balance as at the end of the Year	576,677	576,677	576,677	576,677

14. INTEREST BEARING LIABILITIES

14.1 GROUP

	Amount Repayable within 1 Year Rs.	2011 Amount Repayable after 1 Year Rs.	Total Rs.	Amount Repayable within 1 Year Rs.	2010 Amount Repayable after 1 Year Rs.	Total Rs.
Finance Leases (14.1.1)	8,986,305	1,436,302	10,422,607	10,245,356	12,114,650	22,360,006
Bank Loans (14.1.2)	22,608,333	13,027,778	35,636,111	33,834,133	35,174,999	69,009,132
Bank Overdrafts (25.2)	-	-	-	1,028,767	-	1,028,767
	31,594,638	14,464,080	46,058,718	45,108,256	47,289,649	92,397,905

Non-current lease liabilities are payable within 5 years.

14.1.1 FINANCE LEASES

	As at 01.04.2010 Rs.	New Leases Obtained Rs.	Repayments Rs.	Adjustments Rs.	As at 31.03.2011 Rs.
Muslim Commercial Bank (MCB)	1,716,719	-	(1,716,719)	-	-
Lanka ORIX Leasing Company (LOLC)	20,421,934	-	(9,770,459)	(228,868)	10,422,607
The Finance Company PLC	221,353	-	(221,353)	-	-
	22,360,006	-	(11,708,531)	(228,868)	10,422,607
	2010 Rs.				2011 Rs.
Gross Liability	28,489,251				12,070,282
Finance Charges Allocated to Future Periods	(6,129,245)				(1,647,675)
Net Liability	22,360,006				10,422,607

Security:

Leased Assets on Finance Lease Liabilities.

14.1.2 BANK LOANS

	As at 01.04.2010 Rs.	Loans Obtained Rs.	Repayments Rs.	As at 31.03.2011 Rs.
Bank of Ceylon	6,994,231	-	(6,994,231)	-
Hatton National Bank (HNB)	4,000,000	-	(4,000,000)	-
Amana Investments Ltd.	58,014,901	6,975,000	(29,353,790)	35,636,111
	69,009,132	6,975,000	(40,348,021)	35,636,111

Security:

Immovable properties located at Kandalanda Estate in Bopagama, Urupola have been pledged against the loan facility obtained from the Bank of Ceylon. This property is owned by Siyane Farms Ltd. which is a wholly-owned subsidiary of the Company.

Immovable properties located at Ganeshan Estate in Kottaramulla have been pledged against the short-term facilities obtained from the Bank of Ceylon.

Immovable properties located at St. Catherine Estate in Dolosbage, Kandy have been pledged against the loan facility obtained from Hatton National Bank (HNB). This property is owned by Siyane Farms Ltd. which is a wholly-owned subsidiary of the Company.

Immovable property, plant & machinery located at Ellalamulla Estate in Pasyala have been pledged against the loan facilities obtained from Amana Investments Ltd.

14.2 COMPANY

	Amount Repayable within 1 Year Rs.	2011 Amount Repayable after 1 Year Rs.	Total Rs.	Amount Repayable within 1 Year Rs.	2010 Amount Repayable after 1 Year Rs.	Total Rs.
Finance Leases (14.2.1)	8,986,305	1,436,302	10,422,607	9,060,075	11,361,859	20,421,934
Bank Loans (14.2.2)	22,608,333	13,027,778	35,636,111	33,834,133	35,174,999	69,009,132
Bank Overdrafts (25.2)	-	-	-	1,028,767	-	1,028,767
	31,594,638	14,464,080	46,058,718	43,922,975	46,536,858	90,459,833

Non-current lease liabilities are payable within 5 years.

14.2.1 FINANCE LEASES

	As at 01.04.2010 Rs.	New Leases Obtained Rs.	Repayments Rs.	Adjustments Rs.	As at 31.03.2011 Rs.
Lanka ORIX Leasing Company (LOLC)	20,421,934	-	(9,770,459)	(228,868)	10,422,607
	20,421,934	-	(9,770,459)	(228,868)	10,422,607
	2010 Rs.				2011 Rs.
Gross Liability	26,100,130				12,070,282
Finance Charges Allocated to Future Periods	(5,678,196)				(1,647,675)
Net Liability	20,421,934				10,422,607

Security:

Leased Assets on Finance Lease Liabilities.

14.2.2 BANK LOANS

	As at 01.04.2010 Rs.	Loans Obtained Rs.	Repayments Rs.	As at 31.03.2011 Rs.
Bank of Ceylon	6,994,231	-	(6,994,231)	-
Hatton National Bank (HNB)	4,000,000	-	(4,000,000)	-
Amana Investments Ltd.	58,014,901	6,975,000	(29,353,790)	35,636,111
	69,009,132	6,975,000	(40,348,021)	35,636,111

Security:

Immovable property, plant & machinery located at Ellalamulla Estate in Pasyala have been pledged against the loan facilities obtained from Amana Investments Ltd.

15. RETIREMENT BENEFIT LIABILITY

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Defined Benefit Obligation - Gratuity				
Balance as at the beginning of the Year	15,889,055	13,875,797	14,429,276	12,866,760
Charge for the Year (15.1)	3,007,589	2,889,750	2,674,435	2,388,346
Payments during the Year	(1,260,100)	(876,492)	(1,200,700)	(825,830)
Balance as at the end of the Year	17,636,544	15,889,055	15,903,011	14,429,276

15.1 CHARGE FOR THE YEAR

	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Current Service Cost	1,371,452	1,436,808	1,038,298	935,404
Interest Cost on Benefit Liability	1,636,137	1,452,942	1,636,137	1,452,942
Transitional Asset Recognised during the Year	-	-	-	-
	3,007,589	2,889,750	2,674,435	2,388,346

15.2 The Retirement Benefit Liability of Bairaha Farms PLC is valued by Mr. Piyal Goonatileke, 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 at 31st March 2010 and the principal assumptions used in the valuation is as follows:

PRINCIPAL ACTUARIAL ASSUMPTIONS

Discount Rate		11% p.a.
Salary Increases		10% p.a.
Staff Turnover	20 to 35 years	10%
	35 to 40 years	7.50%
	40 to 45 years	5%
	45 to 50 years	2.50%
	Over 55 years	1%

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Trade Creditors - Related Parties (16.1)	-	-	1,441,105	5,040,158
- Others	173,211,080	276,787,639	155,807,475	173,226,422
	173,211,080	276,787,639	157,248,580	178,266,580
Sundry Creditors including Accrued Expenses	67,411,719	72,581,072	55,423,720	58,931,080
	240,622,799	349,368,711	212,672,300	237,197,660

16.1 TRADE DUES PAYABLE TO RELATED PARTIES

	Relationship	Group		Company	
		2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Bairaha Foods (Pvt) Ltd.	Subsidiary	-	-	1,405,995	67,457
Bairaha Trading (Pvt) Ltd.	Subsidiary	-	-	35,110	4,972,701
		-	-	1,441,105	5,040,158

17. DIVIDENDS

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
17.1 Dividends Payable (Unclaimed Dividends)	5,822,175	1,635,881	5,822,175	1,635,881
	5,822,175	1,635,881	5,822,175	1,635,881

17.2 Rs. 48,000,000/- dividends has been declared and paid for the financial year ended 31st March 2011.

18. AMOUNTS DUE TO RELATED PARTIES

	Relationship	Group		Company	
		2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
HCF Land Development Ltd.	Subsidiary	-	-	-	3,907,295
Siyane Farms Ltd.	Subsidiary	-	-	128,932,316	85,357,062
		-	-	128,932,316	89,264,357

19. OTHER OPERATING INCOME

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Income from Other Investments - Quoted	7,207	2,168	7,207	2,168
Income from Other Investments - Subsidiaries	-	-	14,609,784	521,251
Rental Income from Related Parties	84,034	-	1,701,434	1,616,065
Profit on Disposal of Property, Plant & Equipment	1,845,463	(23,817)	916,852	(23,817)
Profit on Disposal of Shares	(64,931)	-	(64,931)	-
Miscellaneous Income	16,592,494	7,420,195	11,587,080	39,298
	18,464,267	7,398,546	28,757,426	2,154,965

20. FINANCE COST

Interest Expense on Overdrafts	1,040	2,076,273	1,040	2,075,860
Finance Charges on Lease Liabilities	6,777,222	7,216,433	6,531,405	6,739,126
Finance Charges on Fixed Loans	3,832,598	21,814,880	3,707,723	20,207,384
	10,610,860	31,107,586	10,240,168	29,022,370

21. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Stated after Charging/(Crediting)				
Production Overheads:				
Allowance for Weight Losses	10,879,743	1,500,000	10,879,743	1,500,000
Allowance for Bad & Doubtful Debts	-	-	-	-
Depreciation	37,931,701	43,225,481	28,016,115	30,002,316
Staff Cost (Including Following Retirement Benefit Plan Cost)	97,589,702	64,826,535	71,405,766	44,979,069
- Defined Benefit Plan Cost - Gratuity	1,534,853	1,537,298	1,201,699	1,035,894
- Defined Contribution Plan Costs - EPF & ETF	4,054,663	3,398,408	1,917,325	1,746,531
Administration Expenses:				
Directors' Emoluments	9,959,355	5,026,736	9,959,355	5,026,736
Legal Fees	848,518	897,516	848,518	897,516
Donations	1,588,561	369,930	1,559,566	353,930
Depreciation	1,275,458	1,247,067	1,260,458	1,232,067
Staff Cost (Including Following Retirement Benefit Plan Cost)	8,641,874	7,618,091	5,622,399	4,841,900
- Defined Benefit Plan Cost - Gratuity	931,547	850,327	931,547	850,327
- Defined Contribution Plan Costs - EPF & ETF	1,177,930	909,811	685,696	525,702
Distribution Cost:				
Advertising Costs	23,885,370	13,949,811	23,885,370	13,949,811
Allowance for Bad & Doubtful Debts	10,161,108	46,891,180	9,681,520	45,954,495
Depreciation	1,408,622	1,287,010	1,408,622	1,287,010
Staff Cost (Including Following Retirement Benefit Plan Cost)	21,324,698	17,309,585	20,140,751	16,285,088
- Defined Benefit Plan Cost - Gratuity	541,189	502,125	541,189	502,125
- Defined Contribution Plan Costs - EPF & ETF	1,149,169	1,071,672	1,019,094	959,149

22. INCOME TAX EXPENSE

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 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 (22.1)	82,855,959	30,791,103	52,447,971	26,537,496
Under/(Over) Provision of Current Taxes in Respect of Prior Years	821,411	213,001	-	207,679
Deferred Income Tax				
Deferred Taxation Charge/(Reversal) (22.2)	19,488,490	(10,584,347)	14,034,849	(2,679,291)
Income Tax Expense/(Income) Reported in the Income Statement	103,165,860	20,419,757	66,482,820	24,065,884

STATEMENT OF CHANGES IN EQUITY

Deferred Income Tax Related to Items Charged/ Credited Directly to Equity:				
Net Gain on Revaluation of Property, Plant & Equipment	-	16,206,391	-	8,497,039
Income Tax Expense/(Income) Reported in Equity	-	16,206,391	-	8,497,039

22.1 A RECONCILIATION BETWEEN TAX EXPENSE AND THE PRODUCT OF ACCOUNTING PROFIT MULTIPLIED BY THE STATUTORY TAX RATE IS AS FOLLOWS:

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Accounting Profit/(Loss) before Tax from Operations	584,576,054	154,181,625	385,950,196	108,549,448
Accounting Profit before Income Tax	584,576,054	154,181,625	385,950,196	108,549,448
At the Statutory Income Tax Rate (15%-35%)	87,686,408	25,968,503	57,892,529	16,282,417
Adjustments in Respect to Current Income Tax of Previous Year	821,411	213,002	-	207,679
Income Exempt from Tax	-	(5,085,901)	-	-
Non-Deductible Expenses and Other Allowable Credits	(15,128,775)	9,266,604	(9,738,556)	8,262,235
Effect of Deferred Tax	19,488,490	(10,584,347)	14,034,849	(2,679,291)
Effect of Change in the Tax Rate	-	800,664	-	800,664
Others	9,149,399	(613,489)	3,518,905	800,000
At the Effective Income Tax Rate	102,016,933	19,965,036	65,707,727	23,673,704
SRL	1,233,774	431,405	775,093	392,180
Deemed Dividend Tax	(84,847)	23,316	-	-
Current Tax Expense Reported in the Income Statement	103,165,860	20,419,757	66,482,820	24,065,884

22.2 DEFERRED TAX ASSETS, LIABILITIES AND INCOME TAX RELATES TO THE FOLLOWINGS:

22.2.1 GROUP

	Balance Sheet		Income Statement	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Deferred Tax Liability				
Accelerated Depreciation for Tax Purposes	14,045,896	9,590,427	(4,455,469)	6,398,284
Revaluation of Property, Plant & Equipment	27,591,918	29,156,040	1,564,122	-
	41,637,814	38,746,467		
Deferred Tax Assets				
Provision for Bad and Doubtful Debts	(7,970,290)	(15,391,067)	(7,420,777)	(7,421,111)
Defined Benefit Plans	(2,763,379)	(2,164,391)	598,988	3,947,391
Finance Lease	(1,810,542)	(3,742,803)	(1,932,261)	(89,714)
Tax Losses Carried Forward	-	(7,843,093)	(7,843,093)	1,686,782
	(12,544,211)	(29,141,354)		
Deferred Income Tax Income/(Expense)			(19,488,490)	4,521,632
Net Deferred Tax Liability/(Asset)	29,093,603	9,605,113		

	Balance Sheet		Income Statement	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
22.2.2 COMPANY				
Deferred Tax Liability				
Accelerated Depreciation for Tax Purposes	13,566,596	8,576,735	(4,989,861)	8,306,980
Revaluation of Property, Plant & Equipment	18,864,004	21,446,688	2,582,684	-
	32,430,600	30,023,423		
Deferred Tax Assets				
Provision for Bad and Doubtful Debts	(4,402,827)	(14,319,299)	(9,916,472)	(7,421,211)
Defined Benefit Plans	(2,385,452)	(2,164,391)	221,061	3,947,391
Finance Lease	(1,810,542)	(3,742,803)	(1,932,261)	(307,642)
Tax Losses Carried Forward	-	-	-	(2,274,828)
	(8,598,821)	(20,226,493)		
Deferred Income Tax Income/(Expense)			(14,034,849)	4,525,519
Net Deferred Tax Liability/(Asset)	23,831,779	9,796,930		

23. EARNINGS PER SHARE

23.1 Basic Earnings per Share is calculated by dividing the net profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

23.2 The following reflects the income and share data used in the Basic Earnings per Share computations:

	2011 Rs.	2010 Rs.
Amounts Used as the Numerators:		
Net Profit/(Loss)	485,946,530	134,148,343
Net Profit/(Loss) Attributable to Ordinary Shareholders for Basic Earnings per Share	485,946,530	134,148,343
	2011 Number	2010 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
Adjusted Weighted Average Number of Ordinary Shares Applicable to Basic Earnings per Share	16,000,000	16,000,000

24. CASH & CASH EQUIVALENTS

Components of Cash & Cash Equivalents

24.1 FAVOURABLE CASH & CASH EQUIVALENT BALANCE

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Cash & Bank Balances	238,072,111	45,792,055	130,512,571	25,084,133
	238,072,111	45,792,055	130,512,571	25,084,133

24.2 UNFAVOURABLE CASH & CASH EQUIVALENT BALANCES

Bank Overdrafts	-	(1,028,767)	-	(1,028,767)
Total Cash & Cash Equivalents for the Purpose of Cash Flow Statements	238,072,111	44,763,288	130,512,571	24,055,366

25. COMMITMENTS AND CONTINGENCIES

COMMITMENT

There are no significant commitments as at the balance sheet date.

CONTINGENCIES

GROUP

The Group has obtained Letter of Credit facility of Rs. 105,137,570 as at the 31st March 2011.

COMPANY

The Company has obtained Letter of Credit facility of Rs. 31,250,000 as at the 31st March 2011.

GUARANTEES

A corporate guarantee of Rs. 50 Mn has been given to HNB on behalf of Golden Grains (Pvt) Ltd. for a short-term loan.

26. ASSETS PLEDGED

The following assets retained as security for liabilities:

Nature of Assets	Nature of Liability	Carrying Amount Pledged		Included under
		2011 Rs.	2010 Rs.	
Group				
Leased Assets	Charge over Leased	27,121,231	31,313,634	Property, Plant & Equipment
	Assets on Finance Lease			
	Liability			
		27,121,231	31,313,634	
Company				
Leased Assets	Charge over Leased	19,731,623	21,924,026	Property, Plant & Equipment
	Assets on Finance Lease			
	Liability			
		19,731,623	21,924,026	

27. RELATED PARTY DISCLOSURES

27.1 TRANSACTIONS WITH RELATED ENTITIES

27.1.1 SUBSIDIARIES

Nature of Transaction	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
Sales	-	-	125,222,918	89,625,189
Purchases	-	-	113,078,774	93,820,157
Rent Received	-	-	1,861,303	1,861,303
Expenses Incurred by Parent Company	-	-	74,714,323	49,359,467
Expenses Incurred by Subsidiaries	-	-	7,620,141	1,737,144
Fund Transfers	-	-	75,929,517	16,518,502
Hatching Fees	-	-	9,138,261	10,422,814
Collection of Debtors	-	-	120,989,175	80,828,967

27.1.2 ASSOCIATES

Purchases	23,260,327	9,811,363	23,260,327	9,811,363
Fund Transfers	-	3,000,000	-	3,000,000

27.2 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 into account in the transactions with Key Management Personnel.

	Group		Company	
	2011 Rs.	2010 Rs.	2011 Rs.	2010 Rs.
(A) TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL OR THEIR CLOSE FAMILY MEMBERS				
Rent of Premises owned by Key Management Personnel	1,584,000	1,392,000	1,584,000	1,392,000
(B) KEY MANAGEMENT PERSONNEL COMPENSATION				
Short-Term Employee Benefits	9,959,355	5,026,736	9,959,355	5,026,736

28. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the financial statements.

INVESTOR INFORMATION

1. SHAREHOLDING AS AT 31ST MARCH 2011

From	To	No. of Shareholders	No. of Shares	%
1	- 1,000	2,944	742,605	4.64
1,001	- 10,000	349	1,093,600	6.84
10,001	- 100,000	74	1,954,800	12.22
100,001	- 1,000,000	14	3,929,559	24.56
	Over 1,000,000	5	8,279,436	51.74
		3,386	16,000,000	100.00

Categories of Shareholders	No. of Shareholders	No. of Shares	%
Local Individuals	3,243	11,715,163	73.22
Local Institutions	116	4,103,637	25.65
Foreign Individuals	26	180,600	1.13
Foreign Institutions	1	600	-
	3,386	16,000,000	100.00

20 MAJOR SHAREHOLDERS OF THE COMPANY AS AT 31ST MARCH 2011

Name of Shareholder	No. of Shares 31.03.2011	%	No. of Shares 31.03.2010	Holding %
1. Mr. M.N.M. Yakooth	1,691,111	10.569	1,691,111	10.569
2. Perpetual Capital (Private) Ltd.	1,655,800	10.349	-	-
3. Mr. M.N.M. Mubarak	1,649,317	10.308	1,649,317	10.308
4. Mr. M.N.M. Kamil	1,641,608	10.260	1,649,708	10.311
5. Mr. M.N.M. Ilyas	1,641,600	10.260	1,641,600	10.260
6. Mr. M.Y.M. Riyal	810,933	5.068	810,933	5.068
7. Mrs. F.S. Imran	611,847	3.824	927,647	5.798
8. Shehans Ltd.	521,300	3.258	-	-
9. Employees' Share Ownership Trust (Trustees - Mr. M.N.M. Yakooth/ Mr. M.Y.M. Riyal/ Mr. A.A.M. Saheed/Mr. F.A. Abeysena	374,179	2.339	374,179	2.339
10. Mrs. A.W.M.S. Rafeeka	300,000	1.875	720,000	4.500
11. Globemart International (Pvt) Ltd.	248,300	1.552	-	-
12. DFCC Vardhana Bank Ltd./Mr. Chanaka Haren Ranil De Soysa	206,700	1.292	-	-
13. Pan Asia Banking Corporation PLC/Ms. L.S.A. Seresinhe	173,000	1.081	-	-
14. Perpetual Asset Management (Pvt) Ltd.	167,500	1.047	-	-
15. Employees' Trust Fund Board	126,000	0.788	-	-
16. Confifi Management Services (Private) Ltd.	121,800	0.761	-	-
17. Mr. M.N. Singa Laxana	104,100	0.651	101,840	0.637
18. Naleemiah Institute of Islamic Studies Society	78,100	0.488	-	-
19. Venture Partners Private Ltd.	77,000	0.481	-	-
20. Grace Property (Pvt) Ltd.	74,200	0.464	-	-
Total	12,274,395	76.715		
Others	3,725,605	23.285		
	16,000,000	100.000		

Year ended 31st March	2011	2010	2009	2008	2007
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2. MARKET VALUE PER SHARE (RS.)

Highest	525.00	43.75	18.25	19.25	17.00
Lowest	333.50	8.75	7.25	7.75	9.25
As at 31st March	401.00	34.00	8.75	17.00	9.25

3. SHARE TRADING

No. of Shares Traded during the Year	27,128,000	12,253,400	3,142,400	16,448,800	6,979,000
Value of Shares Traded during the Year (Rs. '000)	4,804,116	276,804	44,229	241,775	75,465
Number of Transactions during the Year	32,124	6,537	1,956	8,130	2,502

4. RATIOS AND OTHER TRANSACTIONS

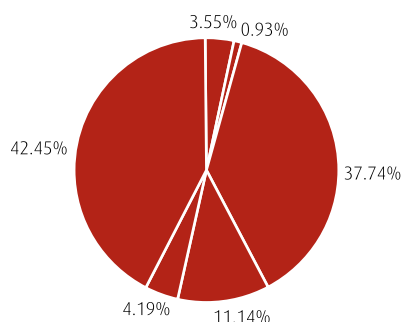
Shareholders' Funds (Rs. Mn)	1,197	761	455	468	362
Earnings/(Loss) per Share (Rs.)	30.37	8.38	0.16	5.37	0.34
Turnover (Rs. Mn)	2,555	2,064	1,840	1,629	1,251
Turnover Growth (%)	24	12	13	30	10
Dividends per Share (Rs.)	3.00	0.50	1.00	-	-
Net Assets per Share (Rs.)	74.83	47.54	28.43	29.24	22.60

5. MARKET CAPITALISATION

As at 31st March (Rs. Mn)	6,416	544	140	272	148
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VALUE ADDED STATEMENT

	31st March 2011 Rs. '000	%	31st March 2010 Rs. '000	%
Turnover	2,903,061		2,347,195	
Less: Cost of Materials and Services Purchased	(1,758,356)		(1,735,069)	
Value Added	1,144,705		612,126	
To Employees as Remuneration	127,556	11.14	89,754	14.66
To Government as Taxes	431,976	37.74	303,356	49.56
To Providers of Capital				
Finance Cost on Borrowings	10,611	0.93	31,108	5.08
Dividends to the Shareholders	48,000	4.19	8,000	1.30
Retained in the Business as				
Depreciation	40,616	3.55	45,760	7.48
Reserves	485,946	42.45	134,148	21.92
	1,144,705	100.00	612,126	100.00



	2011 %	2010 %
Depreciation	3.55	7.48
Finance Cost	0.93	5.08
Government	37.74	49.56
Employees	11.14	14.66
Dividends	4.19	1.30
Reserves	42.45	21.92

FIVE YEAR SUMMARY

Year ended 31st March	2011 Rs. '000	2010 Rs. '000	2009 Rs. '000	2008 Rs. '000	2007 Rs. '000
Income Statement					
Turnover	2,554,762	2,064,259	1,839,779	1,629,263	1,251,004
Net Profit/(Loss) before Taxation	584,576	154,182	13,551	99,086	7,405
Taxation (Charge)/Reversal	(103,166)	(20,420)	(6,514)	(12,184)	(3,528)
Net Profit/(Loss) after Taxation	481,410	133,762	7,037	86,902	3,877
Minority Interest	-	-	-	(303)	(1,595)
Profit/(Loss) from Associate Companies	4,536	386	(4,444)	(1,240)	-
Profit/(Loss) Retained	485,946	134,148	2,593	85,965	5,472
Balance Sheet					
Fixed Assets	732,868	626,838	425,070	448,997	495,359
Intangible Assets	4,170	3,579	1,649	-	-
Investments	19,229	14,319	13,933	18,554	1,507
	756,267	644,736	440,652	467,551	496,866
Current Assets	823,010	593,618	573,051	541,072	416,263
Less: Current Liabilities	(320,807)	(404,930)	(454,103)	(472,499)	(460,223)
Net Current Assets	502,203	188,688	118,948	68,573	(43,960)
Total Assets Less: Current Liabilities	1,258,470	833,424	559,600	536,124	452,906
Less:					
Long-Term Liabilities	(14,464)	(47,290)	(86,827)	(45,148)	(59,522)
Deferred Liabilities	(46,730)	(25,494)	(17,859)	(23,045)	(18,317)
Deferred Grants	-	-	-	-	(8,755)
Net Assets	1,197,276	760,640	454,914	467,931	366,312
Share Capital and Reserves					
Stated Capital	256,305	256,305	256,305	256,305	-
Share Capital	-	-	-	-	160,000
Share Premium	-	-	-	-	96,305
Revaluation Reserves	238,720	240,031	60,453	60,062	49,280
Capital Reserves	577	577	577	577	577
Revenue Reserves	701,674	263,727	137,579	150,987	55,367
	1,197,276	760,640	454,914	467,931	361,529
Add: Minority Interest	-	-	-	-	4,783
	1,197,276	760,640	454,914	467,931	366,312

NOTICE OF MEETING

NOTICE IS HEREBY given that the Thirty-Sixth Annual General Meeting of Bairaha Farms PLC will be held at the 'Grand Ballroom', Galadari Hotel, 64, Lotus Road, Colombo 1, at 11.30 a.m. on Tuesday the 12th July 2011 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 2011 and the Report of the Auditors thereon.
2. To pass the ordinary resolution set out below to re-elect as a Director, Desamanya Prof. M.T.A. Furkhan who reached the age of 70 years in terms of Section 211 of the Companies Act No. 07 of 2007:

"RESOLVED that Desamanya Prof. M.T.A. Furkhan who reached 70 years of age, be and is hereby re-elected as a Director of the Company and it is hereby declared as provided for in Section 211 of the Companies Act No. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Desamanya Prof. M.T.A. Furkhan."

3. To pass the ordinary resolution set out below to re-elect as a Director, Desamanya C.P. de Silva who reached the age of 70 years in terms of Section 211 of the Companies Act No. 07 of 2007:

"RESOLVED that Desamanya C.P. de Silva who reached 70 years of age, be and is hereby re-elected as a Director of the Company and it is hereby declared as provided for in Section 211 of the Companies Act No. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Desamanya C.P. de Silva."

4. To pass the ordinary resolution set out below to re-elect as a Director, Deshabandu N.S. Jabir who reached the age of 70 years in terms of Section 211 of the Companies Act No. 07 of 2007:

"RESOLVED that Deshabandu N.S. Jabir who reached 70 years of age, be and is hereby re-elected as a Director of the Company and it is hereby declared as provided for in Section 211 of the Companies Act No. 07 of 2007 that the age limit of 70 years referred to in Section 210 of the Companies Act shall not apply to Deshabandu N.S. Jabir."

5. To re-elect as a Director, Mr. Mubarak Naleem who retires by rotation in terms of Articles 87 and 88 of the Articles of Association of the Company.
6. To authorise the Directors to determine donations for the ensuing year.
7. 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

(Sgd.)
P W CORPORATE SECRETARIAL (PVT) LTD.
Director/Secretaries

24th May 2011
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 3 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 3.
4. Shareholders/Proxyholders attending the 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 Meeting.

FORM OF PROXY

I/We*

 of
 being a Shareholder/s* of Bairaha Farms PLC hereby appoint:
 of
 or failing him/her*

Mohamed Thassim Ahamed Furkhan	of Colombo or failing him*
Yakooth Naleem	of Colombo or failing him*
Riyal Yakooob	of Colombo or failing him*
Charitha Prasanna de Silva	of Colombo or failing him*
Nowfel Saly Jabir	of Colombo or failing him*
Ilyas Naleem	of Colombo or failing him*
Kamil Naleem	of Colombo or failing him*
Mubarak Naleem	of Colombo

as my/our* proxy to represent me/us* and to vote on my/our* behalf at the Thirty-Sixth Annual General Meeting of the Company to be held at the 'Grand Ballroom', Galadari Hotel, 64, Lotus Road, Colombo 01, at 11.30 a.m. on Tuesday the 12th July 2011 and at any adjournment thereof and at every poll which may be taken in consequences thereof.

	For	Against
1. To receive and consider the Annual Report of the Board of Directors and the financial statements together with the Report of the Auditors thereon for the year ended 31st March 2011.	<input type="checkbox"/>	<input type="checkbox"/>
2. To pass the ordinary resolution set out under item 2 of the Notice of Meeting for the re-election of Desamanya Prof. M.T.A. Furkhan, who is over 70 years of age, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To pass the ordinary resolution set out under item 3 of the Notice of Meeting for the re-election of Desamanya C.P. de Silva, who is over 70 years of age, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To pass the ordinary resolution set out under item 4 of the Notice of Meeting for the re-election of Deshabandu N.S. Jabir, who is over 70 years of age, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect as a Director Mr. Mubarak Naleem, who retires by rotation at the Annual General Meeting, in terms of Articles 87 and 88 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorise the Directors to determine donations as they think fit during the year ended 31st March 2011 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appoint Messrs Ernst & Young, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

In witness my/our* hands this day of Two Thousand and Eleven.

* Delete whichever is inapplicable.

.....
 Signature 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.

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 NO.

PQ 122

REGISTERED OFFICE

2nd Floor, No. 407, Galle Road, Colombo 03.
Telephone: 2575255 Telefax: 2575256
Website: www.bairahalk.com
E-mail: corporateoffice@bairahalk.com

DIRECTORS

Desamanya Prof. M.T.A. Furkhan - Chairman |
Mr. Yakooth Naleem - Managing Director
Mr. Riyal Yakoob - Executive Director |
Desamanya C.P. de Silva | Deshabandu N.S. Jabir
Mr. Ilyas Naleem | Mr. Kamil Naleem |
Mr. Mubarak Naleem

AUDITORS

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

SECRETARIES & REGISTRARS

P W Corporate Secretarial (Pvt) Ltd.,
No. 3/17, Kynsey Road, Colombo 08.
Telephone: 011 4640360

MAIN BANKERS

Amana Investments Ltd.,
No. 480, Galle Road, Colombo 03.

Bank of Ceylon, Corporate Branch,
No. 4, Bank of Ceylon Mawatha, Colombo 01.



BAIRAHA FARMS PLC

2nd Floor, No. 407, Galle Road, Colombo 03.

Telephone: 2575255 Telefax: 2575256

Website: www.bairahalk.com

E-mail: corporateoffice@bairahalk.com



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