

Three Acre Farms PLC
Annual Report 2014



Forging
Ahead



Healthy Organisation

Developing a sound, effective and efficient organisation system. Promoting team spirit and reaching out to create a "PRIMA FAMILY" identity.

Honest Fortune

Establishing trust, fairness and mutual benefits with all within our business circle. Contributing to the well-being of society.

Honourable Winner

Achieving success through fair competition. Striving towards excellence.

Our corporate philosophy is centered upon the 3H principles of building a Healthy Organisation, being an Honourable Winner and making an Honest Fortune. This business philosophy is derived from our Parent Company, Prima Limited of Singapore.

History

Three Acre Farms PLC (TAF) was established in 1963, primarily as a commercial layer farm. The Company's name was derived from the original three acres of land on which the farm was situated. On 2 September 1992, TAF was acquired by Ceylon Grain Elevators PLC (CGE) for the purpose of expanding their own chick production facility.

The main business of the Company is the selective breeding, hatching and sale of commercial Day Old Chicks, both broiler (for chicken meat) and layer (for the production of table eggs) and commercial broiler farming. The Company has two wholly-owned subsidiaries, viz., Ceylon Pioneer Poultry Breeders Limited (CPPBL) which undertakes grand parent farm operations and Millennium Multibreeder Farms (Private) Limited (MMF) which employees advanced technology farming. The grand parent poultry farm imports grand parent Day Old Chicks and after careful high-technology breeding, vaccination, feeding and selection will hatch fertilized eggs after 6 months which when hatched will give rise to parent Day Old Chicks. TAF holds the valuable sole franchise for "INDIAN RIVER" parent stock breed. TAF also hold the franchise in Sri Lanka for "HY-LINE" breeds of commercial layers.

The Company currently operates from five (5) poultry breeder farms, viz., Meegoda, Kosgama, Halwathura, Aswatta and Makuluwatte. While its wholly-owned subsidiary, MMF operates from Wewelpanawa. The farms are located along the High Level Road linking Colombo to Avissawella while Halwathura farm is in the District of Kalutara. The Company is constantly upgrading its farm infrastructure to levels more commonly found in the more developed nations. The farms at Bulathsinhala and Beruwela undertake commercial and livestock farming.

Another significant achievement for the TAF Group is that as at the end of the calendar year, it owned on a freehold basis a total land extent of 289 acres with a total cost in the books of LKR 295 Million. The Directors have sanctioned the expansion of the breeder farms and Management are constantly on the look-out for suitable land for this purpose.

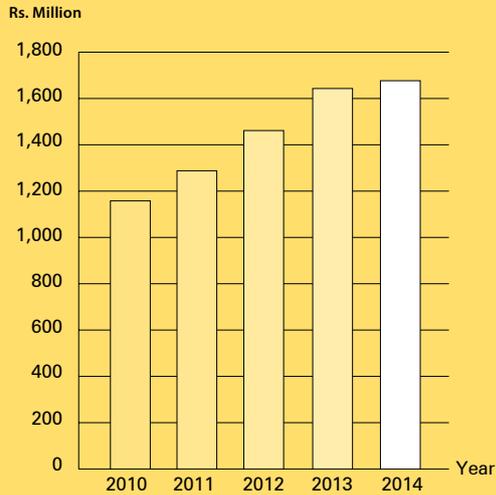
The Company was listed on the Colombo Stock Exchange on 20 March 1995 and is quoted in the Food & Beverage Sector. The holding company, CGE, held 57.21 per cent of the issued share capital of TAF at the reporting date.

Forging Ahead

"In our quest for excellence we confidently push ahead. Consistent in our approach, we have enhanced our performance with innovative technology, dedicated service and optimized productivity. Our strategies have enabled us to keep forging ahead, consolidate our Leadership while creating new vistas and establishing the highest standards in the industry."

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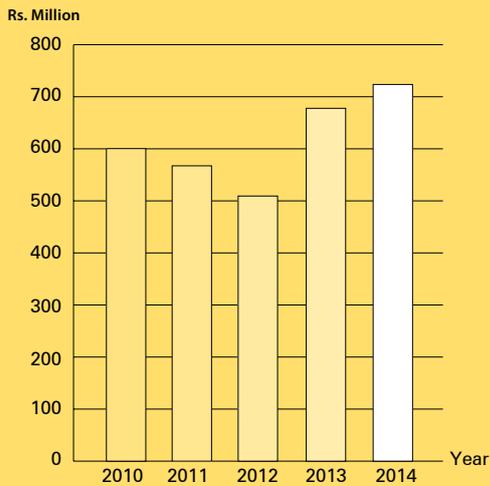
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1,677 Million

Group

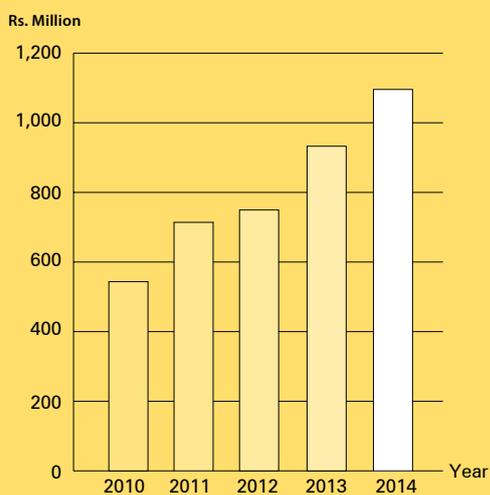
Revenue (Rs.)



725 Million

Stakeholders'

Value addition (Rs.)



1,096 Million

Shareholders'

Net assets (Rs.)

Dear Shareholder,

I have great pleasure in presenting to you the Annual Report and the Audited Financial Statements of Three Acre Farms PLC and its subsidiaries for the financial year ended 31 December 2014. I am pleased to invite you to the 53rd Annual General Meeting on 19 May 2015, at the Sri Lanka Foundation Institute Auditorium, No. 100, Sri Lanka Padanama Mawatha, Independence Square, Colombo 7 at 10.00 a.m.

In the year under review, TAF continued to forge ahead overcoming many unexpected challenges by taking timely measures to ensure stability of operations while maintaining productivity. With continued vigilance we overcame these circumstances and were able to achieve profitability, though this was below our expectations.

Our prudent planning and proactive intervention continues to set the benchmark in the industry. We look forward expectantly to the future to reinforce our position as market leaders.

Economy and its Impact

The Economy had grown from 7.3 per cent in 2013 to 7.7 per cent in the first half of 2014 while the Annual Average Inflation Rate decreased from 6.9 per cent in 2013 to 3.3 per cent in 2014. Further, it was encouraging to note that the per capita income which stood at US \$ 3,282 in 2013 was expected to increase to US \$ 3,700 in 2014. While all these macro economic factors reflected a positive move in the economy, however, consumer confidence and spending did not improve.

During the year under review, per capita availability of chicken rose from 5.9 Kg in 2013 to 6.2 Kg in 2014 expecting a positive move in the purchasing power. However the demand was not up as expected and this resulted in an excess supply of chicken to the market which caused a severe price competition for chicken meat. The knock-on effect ended up with an adverse impact on the demand and price for Broiler Day Old Chicks (DOC) in the industry. Meanwhile per capita availability of table eggs had risen from 70 Nos. in year 2013 to 74 Nos. in year 2014. Even though the availability of table eggs increased, demand for the table eggs also did not increase as anticipated. This situation created an excess supply of table eggs in the market. The depressed prices and demand for table eggs resulted in reduced demand for the Layer DOC.

Meanwhile, lower bank borrowing rates, along with the stable Sri Lankan rupee, helped to lower financing cost and provided some relief to the industry.

Consistent Progress

The Group was able to report a revenue of Rs. 1,677 Million for the year 2014 which was up from Rs. 1,643 Million achieved in year 2013. This was an increase of 2 per cent over the previous year, which was as a result of continuous improvement in better farm and hatchery management, together with the use of high tech solutions.

The Group recorded a total comprehensive income of Rs. 163 Million in year 2014 as against Rs. 176 Million in year 2013. This is a decrease of 7 per cent which was mainly due to the negative contribution from the Breeder segment owing to the sluggish market conditions. There was less DOC input by farmers due to the weaker market demand and prices for chicken. The Company took measures to overcome this situation by re-balancing level of parent birds and exporting part of the Hatchable Eggs and parent stock (PS DOC) to regional countries. As a result the Group was able to minimise the negative impact on the Company results. Low market prices for table eggs also made it unattractive for the farmers to improve layer bird farming, resulting in lower demand for Layer DOC.

Commercial farms showed a positive improvement over the previous year. This performance was attributable to the investment made in installing state-of-the-art machinery together with improved farm management over the years. Commercial farms now deliver results comparable to international standards, its output increased with improved livability and weight.

During the year under review, electricity tariff rates had increased by 60 per cent due to change in applicable tariff by the Ceylon Electricity Board (CEB). However after several rounds of negotiations with the CEB, this matter was resolved in the first quarter of 2015 and is now benefitting the industry.

Looking Ahead

The Company cautiously looks into the context of the present local market for the Broiler and Layer DOC as this is the core of the business. However it has identified that the price for Broiler DOC should not fluctuate drastically and disturb the market for Broiler DOC. Therefore the Company has introduced various measures to maintain the price at a reasonably acceptable level. Currently the Company is exporting Broiler Hatchable Eggs and Parent DOC to regional countries. By doing so it expects to establish the brand name in regional countries as well. The demand for Parent DOC has emerged stronger than before and the Company observes this as a good opportunity to promote the products in the international market. It continues to keep abreast with the current technologies in breeder operations to bring robust performance in the operation and help to reduce the Cost of Production.

The Company is also planning to tap into the expected growth of the industry and the country. It plans to continue with the investment in commercial farming with EC houses in the future. With the expected improvement of disposable income, population growth, the consumer preferences and the opportunities in the global market, the company expects a turnaround of the industry. The Company is also striving to consolidate and achieve the standards that are on par with international norms which will enhance the productivity of commercial farming.

Dividends

I am pleased to announce that the Board of Directors recommends a first and final dividend of Rs. 0.52 per share for the financial year ended 31 December 2014, subject to the approval of shareholders at the forthcoming Annual General Meeting. This would entail a maximum dividend payout of Rs. 12.2 Million for the year 2014. As we are in the process of expanding our capacities, we trust our decision will be understood and appreciated by shareholders as being one that will bode well for the Group in the future.

Changes to the Board

Dr. Wickrema Sena Weerasooria has stepped down as Non-Executive Independent Director and Chairman of the Remuneration Committee and Nomination Committee. On behalf of the Board, I would like to thank him for his unstinting service to the Company. For good corporate governance, the undersigned also decided to step down as Chairman but will continue to be Executive Director and Chief Executive Officer of the Company. The Board also take this opportunity to welcome Mr. Wickrema Senaka Weerasooria as Non-Executive Independent Director and Non-Executive Independent Chairman of the Board. At the same time Mr. Wickrema Senaka Weerasooria will also be Chairman of the Remuneration Committee.

Acknowledgements

On behalf of the Board of Directors, I take this opportunity to thank you as valued shareholders, for the trust you placed in Three Acre Farms PLC. I would like to express my sincere appreciation to our dedicated employees and customers for their loyalty during 2014. I wish to convey to all our shareholders and investors this message that even though this had been a challenging year, your Company will remain strong in overcoming all obstacles and will always committed to deliver the best.

Cheng Chih Kwong, Primus

Executive Director and Chief Executive Officer

Colombo, Sri Lanka

21 April 2015

Industry Overview

The Sri Lankan economy fared better and mostly had a strong growth rate in recent years. The Gross Domestic Product (GDP) has seen robust annual growth of 7.7 per cent for the year 2014, following growth of 7.3 per cent in year 2013 and over 7 per cent growth in the two preceding years. Among other key economic indicators it was noted the borrowing rates had declined sharply, inflation had remained at low single digit levels, exports showed growth, while imports had declined. Further the unemployment rate had decreased approximately to 4 per cent.

Sri Lanka is an agro-based economy and as such agriculture contributes approximately 10 per cent towards the annual GDP of the country while the greater percentage is made up by the industrial and service sectors. The agricultural sector is vital since it strengthens the economic activities by providing goods and services and employment opportunities that in turn uplift the living standard of the society. Sri Lanka's livestock is a significant sub-sector of Agriculture which contributes approximately 1 per cent to the GDP, out of which chicken meat and table eggs represent a major part of the sector in the year under review. Poultry is an industry with growth potential and is vital to the economy since chicken meat and table eggs are the most affordable and widely available animal protein food source which has fulfilled the nutritional requirements of the nation. TAF had recognised this as a good opportunity that prevailed in the industry.



The consumers' demand is determined by their purchasing power which in turn will depend on their disposable income. However, demand for chicken meat and table eggs are also determined by various socio economic factors.

Strategies for Coping with Challenges

TAF management is keen on implementing various strategies to cope with the challenges faced by the industry. By nature, the market prices and demand for poultry products are highly volatile and free market forces are greatly sensitive to these market variables. Owing to this, stiff competition and uncertainty prevailed in the market.

As a strategy to maximize sales, TAF started seeking unserved Day - Old - Chicks (DOC) to the export market. The Company was able to locate market opportunities

for Broiler hatchable eggs and Parent Stock (PS) in the regional countries. This generated a significant amount of revenue for the year 2014. Further, to reap benefits from exporting DOC and Hatchable eggs, as the Sri Lankan Poultry Industry has a very good potential to export their products, the industry sought an export rebate from the relevant authorities to be competitive in the export market whereby they could expand the industry.

TAF is meanwhile focussing on improving the existing capabilities and strengthening the level of performance of Breeder and commercial farm operations. Steps have been taken to upgrade the hatchery equipment with the latest technologies to generate better results from Breeder operations. As such TAF was able to achieve a high chick yield and lower mortality of parent and grandparent birds which was in line with the international standards.

Continuous investments on commissioning of Environmental Control Houses with automated systems such as feeding and cooling technologies gave TAF strategic capabilities to be competitive in the business. The experiments in Commercial farming operations and investment on R & D has helped to market products of the highest quality which is one of the key aspects of TAF.

Financial Review

In year 2014, the Group was able to earn revenue of Rs. 1,677 Million as compared to the Rs. 1,643 Million revenue earned in year 2013. This was as a result of a marginal increase in Broiler DOC sales volume and the contribution made by the export revenue of Hatchable eggs compared to the previous year.

The cost of sales had increased in the current year mainly due to increase in the cost of unsold Layer DOC and increase in feed cost too had an impact on it.

The total comprehensive income for the year 2014 was reported as Rs. 163 Million while it was Rs. 176 Million in year 2013 resulting in a decrease of 7 per cent. This was mainly due to the increase in the cost of sales and



operational overhead costs such as Electricity. The basic Earnings Per Share (EPS) of the Group is reported as Rs. 7.02 and the company is proposing a dividend of Rs. 0.52 per share which will encourage investor perspective.



The Group holds total assets amounting to Rs. 2.3 Billion at the end of the year 2014 and total assets per share is Rs. 96.30. At the same time the Group's net assets per share which was reported as Rs. 39.61 at the end of year 2013 has now increased to Rs. 46.54 in year 2014 showing an increase of 17.5 per cent ensuring the financial capabilities and strength of the Group.

With the aim of running a successful business entity, Three Acre Farms PLC ensures it maintains and operates good corporate governance practices throughout the organisation.

Over the years, it has successfully won and kept the loyalty of its shareholders, customers, employees and other stakeholders by maintaining a detailed set of principles and procedures that ensures integrity, fairness, transparency and responsibility. And the Company takes pride in this. It also makes certain that all disclosures made keep it in alignment with the best practices of Corporate Governance are being implemented as per the guidelines laid out by the Institute of Chartered Accountants of Sri Lanka, the Securities and Exchange Commission of Sri Lanka, the Companies Act No. 07 of 2007 and the listing rules of the Colombo Stock Exchange.

Code of Conduct

The Code of Conduct of Three Acre Farms is as follows:

- Always act in the best interests of the Company, ensuring transparency in all matters
- Conduct business in an ethical manner and in keeping with international industry standards
- Continuous professional development along with the Company and individual compliance with all rules and regulations
- Trust, professionalism and integrity in all partnerships and transactions

The Chairman and the Company emphasise and endorse that there have been no violations of TAF's Code of Conduct in the year under review.

The Board of Directors and their Responsibilities

Maintaining overall responsibility to its shareholders and fulfilling of the Company's goals are the sole responsibility of the Board of Directors of the Company. Their responsibilities include:

- Managing the Group efficiently and profitably on behalf of the shareholders
- Ensuring that the Group accomplishes its goals
- Meeting regularly to establish and maintain the Company's direction and position
- Providing guidance and direction to ensure that the Group is adequately resourced and effectively controlled
- Reviewing the Group's operating and financial performance
- Ensuring compliance with laws, regulations and ethical standards
- Ensuring all stakeholder interests are considered in corporate decisions

During 2014, professional advice was sought for by the Board of Directors received on matters requiring external expertise. These were matters involving litigation from the Company lawyers. Collectively, the Board, and individually the Directors function in accordance with the laws of the Country. However, the Board takes collective responsibility for the management, direction and performance of the Group. Principle roles and functions of the Board are listed below:

• Regulatory Compliance

The Board of Directors is responsible that the Group operates in compliance with the laws, regulations and other standards which are applicable to the Group operations. Such laws are those which are set up by the regulatory bodies in the Country. The Group also maintains its knowledge on compliance by regular updates and reviews.

• Communication with Shareholders

In keeping with good governance principles, the Board takes regular steps and communicates with its shareholders on number of issues as it believes in transparency. The Board is responsible for reporting statutory and relevant information to shareholders regularly and in a timely and accurate manner. The Board also takes measures to report statutory and all relevant information with disclosure of all major transactions to shareholders in a timely and accurate manner. Meanwhile the Group encourages shareholders to seek independent advice on matters of investment and divestment. All quarter and annual results are prepared and presented in accordance with the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Colombo Stock Exchange policies and the Securities and Exchange Commission regulations.

• Appointments to Board Committees

The Board of Directors are responsible to appoint members to the various Board Committees and ensuring that these act in accordance with the terms of reference as provided by the Board. The Board of Directors in turn appoints Directors to the Audit, Remuneration and Nomination Committees and each such Committee acts within its own set of terms of reference. An expanded review of each such Committee's function is described further in this report.

Board Composition

The Board of Directors at Three Acre Farms comprises of six (6) members during the year 2014. The Company is committed to maintain a structure that is balanced in order that a value addition is provided to all stakeholders with an appropriate mix of Executive, Non-Executive and Non-Executive Independent Directors. Industrial expertise and business acumen that is brought in by these members enables the Company to make rational, sound decisions for a sustainable and profitable future for the Company. The Board comprises of two (2) Executive Directors, two (2) Non-Executive Directors and two (2) Non-Executive Independent Directors. This composition complies with

the listing rules of the Colombo Stock Exchange, which require a minimum of two or one third of the Board be Non-Executive Independent Directors.

Usually Board appointments follow a formal and transparent procedure. The Board periodically appraises their own performance in order to ensure that their responsibilities are properly undertaken in fairness to the

Company and to the stakeholders. For the year under consideration an assessment was made with regard to the Board composition and they reached the conclusion that the combined knowledge and expertise of the current Board matches the strategic demands of the Group. A brief profile of individual members of the Board is carried on page 15 in this report.

Name of the Director	Capacity During the Year 2014	Share Holding	Board			Other Board Committees - Position		
			Position	No. of Meetings Held	Attendance	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Cheng Chih Kwong, Primus	Chairman and Chief Executive Officer	19	Chairman	4	4	-	-	Member
Mr. Tan Beng Chuan	Executive Director and GGM	-	Member	4	4	-	-	-
Mr. Cheng Koh Chuen, Bernard	Non-Executive Director	-	Member	4	4	-	-	-
Mr. Sunil Leeniyagoda	Non-Executive Director	-	Member	4	4	Member	Member	-
Dr. Wickrema Sena Weerasooria	Non-Executive Independent Director	-	Member	4	4	Member	Chairman	Chairman
Mr. Sunil Karunanayake	Non-Executive Independent Director	-	Member	4	4	Chairman	Member	Member

The Chairman of the Board

Mr. Cheng Chih Kwong, Primus was held the position of Chairman of the Board during the year under review. He is entrusted with providing guidance to the Board, chairing meetings, engineering it in the proper direction, taking responsibility for the Board's composition, facilitating the effective contribution of Non-Executive Directors and also seeing to it that there is positive relationship between the Executive and Non-Executive Directors.

It is absolutely necessary to have a balance of power on the Board. And to ensure that, the roles of Chairman and the Executive Director have been very clearly defined without any over-lapping. The likelihood of combining the roles of Chairman and Chief Executive Officer has been discussed regularly. On the basis of such discussions and reviews the Board has deemed that combining the two roles was more appropriate for the Group to the year under concern to meet stakeholder and company objectives.

Board Committees

The Board has established three Committees in order to monitor, review and enhance the accountability in certain areas. By doing so they safeguard the good governance practices of the Group. These Board Committees are as follows:

- Audit Committee

- Remuneration Committee
- Nomination Committee

The above Committees carry out their duties and responsibilities in accordance with the terms of reference as set out by the Board. The proceedings of their meetings are regularly communicated to the Board.

Audit Committee

The Audit Committee is responsible to assist the Board in accomplishing its oversight responsibilities in the financial reporting process. The Audit Committee consists of three (3) members including one (1) Non-Executive Director and two (2) Non-Executive Independent Directors. The Chairman of the Committee is Non-Executive Independent Director who is appointed by the Board. The detailed Audit Committee Report appears on page 12 of this report.

Remuneration Committee

The Remuneration Committee is responsible to the Board to determine the remuneration policy for the Executive Directors and Senior Managers. The Remuneration Committee comprises of three (3) members including one (1) Non-Executive Director and two (2) Non-Executive Independent Directors. The Chairman of the Committee is Non-Executive Independent Director who is appointed by the Board. The detailed Remuneration Committee Report appears on page 13 of this report.

The Nomination Committee

The Nomination Committee makes recommendations to the Board on all new Board appointments and annually assesses Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company. The findings on such assessments are taken into account when new Board appointments are considered. The committee consists of three (3) members combining two (2) Non-Executive Independent Directors and the Chief Executive Officer of the Company. The Chairman of the Committee is Non-Executive Independent Director who is appointed by the Board which is in compliance with the Corporate Governance Principles established by Securities and Exchange Commission of Sri Lanka and Institute of Chartered Accountants of Sri Lanka. The detailed Nomination Committee Report appears on page 14 of this report.

Board Meetings

The Board met four (4) times during the year under review to discuss and review the overall strategic developments of the Group. This would be in keeping with the Company governance principles. The meetings were attended by the entire Board where strategically facing challenges and processes to realise its fullest potential were discussed.

At such meetings the Chairman is entrusted with the responsibility of giving leadership to the Board, direction to the business, facilitating the effective contribution of all its members, implementing strategies, and ensuring the Board operates effectively in keeping with the interests of the shareholders. Board minutes are kept to ensure that concerns are recorded in case of Directors having apprehensions about the matters of the Company which cannot be unanimously resolved. However such a need did not take place over the past year.

SSP Corporate Services, the Company secretaries are, on behalf of the Chairman, on hand to ensure the efficient conduct of Board meetings, while providing necessary information to all Directors prior to meetings, where Key Performance Indicators (KPI's) are reviewed. Along with this the Company secretaries ensure that good governance requirements are discussed and implemented. The Group General Manager regularly updates the Board on current business matters and also reports on the latest financial position at Board meetings.

Continuous Training and Development

TAF also makes certain that the staff is well equipped with all the latest knowledge and skills to properly carry out their duties. This extends to the Board as well. Towards this, the Group extends a proper training program to its Board of Directors that begins with an inclusive induction to make certain the new Board members are well adjusted

and possess the necessary knowledge and know-how to perform their duties. When a Director requires a deeper understanding on a particular subject, the Company arranges a further meeting or arranges a workshop to enhance the knowledge of the Board member on that particular subject.

Supply of Information

The Company is of the view that timely, accurate and comprehensive information is pivotal for the Board of Directors to perform their functions to the best of their abilities. Such wide ranging information is consistently supplied to the Board, including Board minutes and reports which are circulated prior to Board meetings. All Directors are also given access to the services provided by the Company secretaries in case they require specific information.

Going Concern

The Group always maintains sufficient financial resources along with a diversified business model and a range of allied businesses. The Board of Directors on the recommendations of the Audit Committee is satisfied that the Group has sufficient resources to continue in preparation for the foreseeable future. For this reason they would continue to adopt this as a going concern and on this basis prepare these accounts.

CSE Rule Number and Subject	Corporate Governance Principle	Compliance Status	Remarks
7.10.1(a) Non-Executive Directors	Two or one third of the total number of Directors shall be Non-Executive Directors, whichever is higher.	Compliant	Corporate Governance - Page 7
7.10.2 (a) Independent Directors	Two or one third of Non-Executive Directors, whichever is higher shall be independent.	Compliant	Corporate Governance - Page 7
7.10.2 (b) Independent Directors	Each Non-Executive Director should submit a declaration of independence / non-independence in the prescribed format.	Compliant	Non-Executive Directors have submitted declaration during 2014
7.10.3 (a) Disclosure relating to Directors	Names of Independent Directors should be disclosed in the Annual Report.	Compliant	Board of Directors - Page 15
7.10.3 (b) Disclosure relating to Directors	The basis for the Board to determine a Director is Independent, if criteria specified for Independent is not met.	Compliant	Specified stipulations are met by Independent Directors
7.10.3 (c) Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report including the area of expertise.	Compliant	Board of Directors - Page 15
7.10.3 (d) Disclosure relating to Directors	Forthwith provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the Exchange.	Compliant	Board of Directors - Page 15
7.10.4 (a-h) Determination of Independence	Requirements for meeting criteria of 'Independent'	Compliant	The Board has determined the Independent / Non-Independent of each Non-Executive Directors during 2014
7.10.5 Remuneration Committee	A Listed Company shall have a Remuneration Committee.	Compliant	Remuneration Committee Report - Page 13
7.10.5 (a) Composition of Remuneration Committee	The Committee shall consist of Non-Executive Directors, a majority of whom shall be independent.	Compliant	Remuneration Committee Report - Page 13
7.10.5 (b) Functions of Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and Executive Directors.	Compliant	Remuneration Committee Report - Page 13
7.10.5 (c) Disclosure in the Annual Report relating to Remuneration Committee	a. Names of Directors comprising the Remuneration Committee.	Compliant	Remuneration Committee Report - Page 13
	b. Statement of Remuneration Policy.	Compliant	Remuneration Committee Report - Page 13
	c. Aggregated remuneration paid to Executive and Non - Executive Directors.	Compliant	Note 24.1 Key management personnel - Page 55

CSE Rule Number and Subject	Corporate Governance Principle	Compliance Status	Remarks
7.10.6 Audit Committee	A Listed Company shall have an Audit Committee.	Compliant	Audit Committee Report - Page 12
7.10.6 (a) Composition of Audit Committee	The Committee shall comprise of Non-Executive Directors, the majority of whom shall be independent. The Chairman of the Committee should be a Non-Executive Director and a member of a recognised professional accounting body.	Compliant	Audit Committee Report - Page 12
7.10.6 (b) Functions of Audit Committee	a. Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements of a Listed Entity, in accordance with Sri Lanka Accounting Standards.	Compliant	Audit Committee Report - Page 12
	b. Overseeing of the Entity's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.	Compliant	Audit Committee Report - Page 12
	c. Overseeing the processes to ensure that the Entity's internal controls and risk management are adequate, to meet the requirements of the Sri Lanka Auditing Standards.	Compliant	Audit Committee Report - Page 12
	d. Assessment of the independence and performance of the Entity's external auditors.	Compliant	Audit Committee Report - Page 12
	e. To make recommendations to the board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.	Compliant	Audit Committee Report - Page 12
7.10.6 (c) Disclosure in Annual Report relating to Audit Committee	a. Names of Directors comprising the Audit Committee.	Compliant	Audit Committee Report - Page 12
	b. The Audit Committee shall make a determination of the independence of the auditors and disclose the basis for such determination.	Compliant	Audit Committee Report - Page 12
	c. The Annual Report shall contain a Report of the Audit Committee setting out of the manner of compliance with their functions.	Compliant	Audit Committee Report - Page 12

Three Acre Farms PLC has an Audit Committee which oversees a series of major responsibilities. These include:

- Assisting the Board of Directors to perform its oversight of the tasks in financial reporting and compliance.
- Maintaining a healthy relationship with the Group's external auditors.
- Supervising the review process of internal financial resources, controls and audit processes of the Company.
- Assisting the Board in ensuring that the financial and non-financial information supplied to shareholders is a fair assessment of the Company's position.

TAF's Audit Committee consists of three (3) members in keeping with the guidelines set out by the Colombo Stock Exchange. These members are one (1) Non-Executive Director and two (2) Non-Executive Independent Directors who are selected and appointed by the Board from amongst the Directors of the Company. The Committee Chairman Mr. Sunil Karunanayake is a member of the Institute of Chartered Accountants of Sri Lanka.

The Audit Committee conducted meetings as and when necessary and has met a total of three (3) times in the year under review. By doing so it has kept in line with the regulatory requirement that it meets at least once a year. On invitation, such meetings are also attended by the Executive Director and the Group General Manager, the General Manager and the Senior Manager - Finance of the Company. During the year the Audit Committee had received reports from the management and the auditors and also had discussions with them.

The Audit Committee has been engaged in many activities over the past year including:

- Approving the auditor's Terms of Engagement including their remuneration, while in discussion with the auditors and assessed their independence and objectivity and recommended their re-appointment for the coming year at the Annual General Meeting.

The Committee had also reviewed the following areas pertaining to the Company's audit process including:

- The financial statements published in the name of the Board, and the quality and accessibility of the related accounting policies, practices and financial reporting disclosures.
- The scope of the work of the Group's finance department and reports from it.
- Effectiveness of the system for internal control, risk management, and compliance with financial services, legislation and regulations.
- Results of the external audit.
- Report from the internal and external auditors on audit planning and their findings on the accounting and internal control systems.

Sunil Karunanayake
Chairman, Audit Committee

Name	Capacity During the Year 2014	No. of Meetings Held	No. of Meetings Attended
Mr. Sunil Karunanayake	Chairman / Non-Executive Independent Director	3	3
Dr. Wickrema Sena Weerasooria	Member / Non-Executive Independent Director	3	3
Mr. Sunil Leeniyagoda	Member / Non-Executive Director	3	3
Mr. Majintha Illankone	Secretary / Group Internal Auditor	3	3

TAF's Remuneration Committee overlooks a range of duties and responsibilities of the Company. These duties include:

The recommendations of the remuneration policy for Executive Directors and Senior Managers. The Committee also fulfills the requirements as laid out by the Listing Rules of the Colombo Stock Exchange. The term 'remuneration' in this context refers to cash and all non-cash benefits that are received in consideration of employment at TAF, excluding statutory entitlements such as the Employees Provident Fund and the Employees Trust Fund.

Members of the Remuneration Committee are chosen from among the Company's Directors and appointed by the Board. While the Committee is responsible directly to the Board of Directors it consists of three (3) members including one (1) Non-Executive Director and two (2) Non-Executive Independent Directors in compliance with the guidelines as set out by the Colombo Stock Exchange.

Meetings of the Remuneration Committee were held when necessary and a total of three (3) meetings were conducted in 2014. This was in line with the regulatory requirement laid out that the Remuneration Committee meet at least once a year to discuss matters in relation to the remuneration policies. During such meetings, the Committee invites the Company's Executive Director and Group General Manager and the General Manager with the aim of gathering more information on which the Committee could act.

The inclusive remuneration policies utilised by the Group intend to:

- Provide alignment between remuneration and the Company's business objectives in order that the Company could attract and retain Key Management Personnel of a high calibre.
- Motivate and reward Key Management Personnel to achieve challenging performance goals.
- Ensure that executive rewards are in line with shareholders value.
- Recognise both individual and corporate achievements and thereby add value to the Company.

In 2014 the Remuneration Committee had reviewed the incentive provisions for Key Management Personnel and were satisfied that the existing framework was satisfactory. The total sum that was paid as Directors Remunerations in the year under review is set out in Note 24.1 - Key management personnel, to the financial statements.

Dr. Wickrema Sena Weerasooria
Former Chairman, Remuneration Committee

Name	Capacity During the Year 2014	No. of Meetings Held	No. of Meetings Attended
Dr. Wickrema Sena Weerasooria	Chairman / Non-Executive Independent Director	3	3
Mr. Sunil Leeniyagoda	Member / Non-Executive Director	3	3
Mr. Sunil Karunanayake	Member / Non-Executive Independent Director	3	3
Mr. M.C.M. De Costa	Secretary / AGM (Personnel, Security and General Affairs)	3	3

The Nomination Committee is entrusted with keeping the Board composition under review while facilitating a formal and transparent procedure for all new appointments to the Board.

The Nomination Committee oversee a range of responsibilities. These include:

- Providing up-to-date advice and recommendations to the Board or to the Chairman concerning any new appointments to the Board.
- Evaluate the competencies, skills, knowledge and experience of the Board in any recommendation to the Board.
- Review the structure, size and composition of the Board.
- Evaluate the performance of the members of the Board to ascertain whether they are adequately performing their duties and responsibilities.

The Nomination Committee consists of three (3) members including two (2) Non-Executive Independent Directors along with the Chief Executive Officer of the Company. The Chairman of the Nomination Committee is a Non-Executive Director as stipulated by the Code of Best Practice on Corporate Governance that has been issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.

In the year 2014, the Committee met on two (2) occasions in order to discharge the responsibilities in keeping with the combined knowledge and experience of the Board according to the strategic demands of the Company.

Dr. Wickrema Sena Weerasooria
Former Chairman, Nomination Committee

Name	Capacity During the Year 2014
Dr. Wickrema Sena Weerasooria	Chairman / Non-Executive Independent Director
Mr. Cheng Chih Kwong, Primus	Member / Chairman and Chief Executive Officer
Mr. Sunil Karunanayake	Member / Non-Executive Independent Director
Mr. M.C.M. De Costa	Secretary / AGM (Personnel, Security and General Affairs)

Mr. Wickrema Senaka Weerasooria
Non-Executive Independent Chairman

Mr. Wickrema Senaka Weerasooria was appointed as a Non-Executive Independent Director with effect from 15 January 2015 and he was appointed as the Non-Executive Independent Chairman of the Board with effect from 25 February 2015.

Mr. Wickrema Senaka Weerasooria holds a Masters in Information Technology (University of Canberra, Australia), a Graduate Diploma in Commercial Law (Australian National University) (ANU) and a Bachelor of Science (ANU).

Currently, he is a Vice President of the FINCO Group of companies serving as the Chief Executive of Genesis Software Pvt. Ltd. and Finco Technologies Pvt. Ltd. and a Director of Wealth Trust Securities Ltd. (a licensed primary dealer in government securities).

He has served as a Manager / Consultant at several Australian public sector agencies including the Department of Primary Industry, Department of Education and Department of Foreign Affairs and Trade.

Mr. Cheng Chih Kwong, Primus
Executive Director and Chief Executive Officer

Mr. Cheng Chih Kwong, Primus is the Chairman and Chief Executive Officer of the Prima Group and its subsidiary companies since 1998. He has stepped down as Chairman of the Board and will continue as an Executive Director and Chief Executive officer of the Company with effect from 25 February 2015. He is a Certified Practising Accountant (CPA) - Australia and also holds a Diploma in Business Studies.

Mr. Tan Beng Chuan
Executive Director and Group General Manager

Mr. Tan Beng Chuan has been a Director of the Company and its subsidiary companies since 2003. He also serves as a Director of Ceylon Grain Elevators PLC and its subsidiaries, Ceylon Agro-Industries Ltd. and Prima Machinery (Pvt) Ltd.

He is the Group General Manager of Prima Group of Companies, Sri Lanka since 2003. He holds a B.Sc. Hon in Chemical Engineering from University of Surrey, UK and a MBA in Management and Marketing from University of Warwick, UK.

Mr. Tan Beng Chuan is currently the President Mentor of Singapore (Sri Lanka) Club; Executive Committee member of Sri Lanka - Canada Business Council, Executive Committee member of Sri Lanka - Singapore Business Council and a Committee member of Sri Lanka - China Business Council.

Mr. Cheng Koh Chuen, Bernard
Non-Executive Director

Mr. Cheng Koh Chuen, Bernard has been a Director of the Company with effect from 1 August 2012. He also serves as an Executive Director of Prima Group.

He holds a Bachelor of Science in Business Administration and also a MBA from the University of Southern California.

Mr. Sunil Leeniyagoda
Non-Executive Director

Mr. Sunil Leeniyagoda joined the Prima Group in October 2001 as the Group Treasurer and was appointed as a Director of Three Acre Farms PLC in July 2004. Mr. Sunil Leeniyagoda is a professional banker and counts more than 25 years experience in commercial banking out of which 14 years was in the area of Treasury Management. He started his career at Bank of Ceylon and later moved to ABN Amro Bank and at the time of joining Prima he was the Vice President, Treasury. He holds a Post Graduate Diploma in Bank Management and is also a Board member of Prima Ceylon Limited, Prima Land (Private) Limited, Prima management Services (Private) Limited, Prima Ceylon Machinery (Private) Limited and Prima Logistics Services (Private) Limited

Mr. Sunil Karunanayake
Non-Executive Independent Director

Mr. Sunil Karunanayake has been a Director of the Company since 2009. He was appointed as Senior Director of the Board with effect from 25 February 2015 and was re-appointed as Non-Executive Independent Director with effect from 15 April 2015. He holds fellowship of the Institute of Chartered Accountants of Sri Lanka and Chartered Institute of Management Accountants (UK) and a MBA from the Post Graduate Institute of Management of the University of Sri Jayawardenapura. He has also obtained a Diploma in Commercial Arbitration from the Institute of Commercial Law and Practice.

Mr. Sunil Karunanayake was formerly a Director / Secretary of Brooke Bond Ceylon Limited and Commercial Controller of Unilever Ceylon Ltd. - Tea Division. Currently he serves as the Chief Financial Consultant at Associated Newspapers of Ceylon Ltd. In addition, he also serves two other listed companies in the capacity of Non-Executive Director.

Dr. Wickrema Sena Weerasooria
Non-Executive Independent Director

Dr. Wickrema Sena Weerasooria was a Director of the Company since 2009 and resigned as a Non-Executive Independent Director with effect from 13 January 2015. He holds LLB (Hons.) and Ph.D (London). He is an Attorney-at-law Supreme Court of Sri Lanka, a Barrister and Solicitor - Supreme Court of Victoria. Dr. Wickrema Sena Weerasooria is a well known Lawyer and Legal Academic. He was the formerly Secretary of the Ministry of Plan Implementation, Sri Lanka's High Commissioner to Australia, Consultant to the Central Bank and a former Associate Professor of Law Monash University, Australia. He is currently a Senior Consultant to the Post Graduate Institute of Management (PIM).

Risk Management Systems are a very comprehensive set of protocols to which TAF conforms and these are set out below:

Risk Management at TAF, is the organised application of management policies, procedures and practices for the setting out of relevant context, identification, analysis, mitigation, monitoring and is therefore the communication of all possible types of risks. This Risk Management framework of the Group is efficiently incorporated in the planning process. Meanwhile the planning process focuses on the efficient achievement of objectives by means of the mitigation of relevant and related risks. By means of a dynamic process all types of risks are properly identified and evaluated at appropriate levels of the organisation. The Management Committee regularly reviews this ongoing process as part of the Group's organisational and operational approach to Risk Management. Meanwhile

the Group's Risk Management schedule ensures there is a comprehensive identification and understanding of the type of risks that TAF is exposed to. This facilitates the design and carrying out of an effective plan to prevent losses and to minimise it in case such a loss does occur.

This timely recognition and the meaningful handling of these operational threats is embedded into the Group's Risk Management process. TAF has in place a Risk Management structure with efficient planning systems, reporting systems, and review processes all of which go to provide a strong basis for the integration of Risk Management into the entire management process of the Group.

Notable risks associated with the activities of the Group and their mitigation strategies are as follows:

Risk : Exchange Rate

This is the type of risk which may arise from foreign currency transactions when negative changes in exchange rates may arise. The Group regularly imports DOC and hence has a substantial amount of outstanding in foreign currency denominations. In the event of a decline of the Sri Lankan Rupee against such foreign currencies, there is an increase in prices which in turn affect sales margins and increases the debt burden in rupee terms.

Strategies :

TAF as a policy passes on the international prices of raw materials to the selling prices of the Group's products in the local market. This in effect provides a natural hedge against changes in global prices and fluctuation in the value of the rupee. If there is a substantial fall in the rupee against the US dollar, it could have a negative impact on the Group's operations and finances, although TAF has the facility of increasing the selling prices of its products, such adjustments may require time depending on the severity of the fall of the currency and the Government price controls that are in effect at that time.

Risk : Credit

Credit Risk is the risk of financial losses that could arise owing to the unwillingness or the inability of counter parties to meet their financial obligations in time and in full.

Strategies :

The Company encourages customers to purchase goods for cash by providing discounts for such purchases. This has paid great benefits and has been extremely successful.

Additionally, thorough credit checks are carried out on potential customers, before granting them sales on credit. TAF's finance and sales divisions closely monitor all credit sales to ensure that repayment is made on due dates and future sales are made on outstanding value.

Risk : Human Capital and Labor

The Group's human capital and labor risk pertains to the loss of talented employees and undergoing an unpleasant environment owing to strained labor relations.

Strategies :

The Group incorporates a series of strategies to motivate, develop and retain human capital.

TAF has a progressive provision for a comprehensive career development programme to motivate, develop and retain its human capital. TAF has a Career Development programme which focuses on helping employees to discover and achieve their optimum potential and in this manner improves their job performance and gain job satisfaction. The Company has laid clear guidelines for career development providing performance based career advancement opportunities.

At all times TAF maintains a healthy relationship with all its employees by means of regular discussions. The Group also ensures there is compliance with all regulatory requirements concerning benefits applicable to employees and provides attractive financial and performance based incentives.

Risk : Information Technology

IT Risk is that associated with computer security hardware, software and the failing of other information technology systems and consequently causing a disruption to the business operations of the Group.

Strategies :

Throughout the entire organization, a well thought out and completely secure Information Technology security infrastructure has been set in place. This security structure includes recovery strategies, data back-ups stored at off-site locations, regular updating of virus scanners and firewalls, maintenance of spare servers and other critical ICT components, along with regular IT audits to ensure compliance relevant to security infrastructure.

Risk : Outbreaks of Disease

The outbreak of communicable animal diseases could result in significant losses to the flock of poultry within a very short period of time.

Strategies :

TAF management avails the services of the staff in providing training to farmers with regard to identifying and controlling the outbreaks of disease. The Company also offers other necessary services such as veterinarian aid to ensure the general health of the poultry. The Company regularly reviews the Bio Security Practices and Policies to ensure that Company policies are on par with industry standards. The management is also careful to ensure that environmental safety standards and sustainability practices are adhered to when starting a new farm.

TAF is committed to the use of the most updated vaccines and medicines that are most effective in disease control which helps in preventing disease outbreaks. TAF also takes into consideration animal welfare and minimized stress to the birds. The Company feed formulation strategies focus on building the health status of birds with the aim of better hygiene and providing wholesome poultry products to consumers.

Risk : Regulatory and Compliance

Regulatory risk is associated with the changes in Government policies, laws, regulations and statutes. Compliance risk refers to a Company being able to comply with all the laws, regulations, and statutes applicable to a country.

Strategies :

Your Company always keeps itself updated on the changes to the regulatory framework and ensures that TAF is always in compliance with all such requirements. The Group works in a collaborative manner with trade associations, the All Island Poultry Association as well as other Trade Chambers who are a part of advising and assisting regulatory bodies on developing and adjusting regulations.

Risk : Market Demand for DOC

This refers to the risk of having unsold DOC owing to the drop in demand in the market as DOC cannot be kept for more than a day.

Strategies :

The Company strives to ensure there is no unnecessary culling of DOC owing to a decrease in demand by keeping abreast of market trends. By predicting market demand ahead, TAF is able to minimise the risk of unsold DOC. In the event that an unforeseen drop in demand occurs, measures which are necessary will be taken by the management to ensure continued quality and adherence to company policies and product regulations.

Risk : Environment Issues

The risk of environment issues relates to environmental matters that come into play when housing and settlements are set up on farm lands.

Strategies :

The management of the Group provide for the equipment for the disposal of solid waste. TAF also provides information on good management practices on environment protection to the farm staff such as ensuring that poultry litter is not disposed in an open environment. The Company advices that all waste should be packed and stored in a sheltered space in order that it is not wet by rain water, until such time as the waste is appropriately removed from the farm premises. The Company also provides comprehensive information on steps that should be taken to keep such poultry litter dry at all times along with awareness of cleanliness of good housekeeping practices that should always be practiced.

Risk : Procurement and Supply Chain

This refers to the availability of quality raw material of sufficient quantity, at the required time and at the correct price. Risks in this segment also include restrictions on the import of drugs and vaccines, receiving contaminated cargo, export restrictions on feed raw material from India and key DOC importation countries being affected with Avian influenza and other diseases.

Strategies :

The Group strives at all times to address procurement and supply chain risk by having multiple sources (both locally and internationally) for all raw materials, and will turn to the closest substitute in case of a shortage of drugs or vaccines. TAF fosters the development of long term relationships with its suppliers to gain influence and thereby enters into contractual agreements with them. Your Company takes very strict measures in keeping with its Quality Management Systems to handle contaminated cargo and will take adequate steps to encourage relevant authorities to permit the import of Genetically Modified Foods or promote the cultivation of soya in Sri Lanka in the case of a shortage of feed raw materials. The Group keeps track of multiple DOC sources it will also develop new suppliers in case the key suppliers are unable to deliver their products on time for any reason.

The Board of Directors is pleased to present their Report and the audited financial statements of the Company for the year ended 31 December 2014. The details set out herein provide pertinent information required by the Companies Act, No. 07 of 2007, the Colombo Stock Exchange Listing rules and are guided by recommended best accounting practices.

1. Principal Activities

The principal activities of the Company are:

- the sale of day old chicks
- the operation of poultry breeder farms raising grandparent and parent stock and hatcheries; and
- commercial broiler farming

2. Review of Performance for the year ended 31 December 2014 and Future Developments

A review of the Group's performance during the year, with comments on financial results for the year ended 31 December 2014 and future developments is contained in the Chief Executive Officer's Review (page 3 to 4) and Management Discussion and Analysis (page 5 to 6). These reports, together with the financial statements reflect the state of affairs of the Company.

3. Financial Statements

The financial statements of the Company are given in pages 24 to 57.

4. Independent Auditors' Report

The Independent Auditors' Report on the financial statements is given on page 23.

5. Accounting Policies

The accounting policies adopted in preparation of financial statements are given on pages 28 to 36. There were no material changes in the accounting policies adopted, except for the change in accounting policy as explained in Note 27 - Prior year adjustments.

6. Interest Register

The Company maintains an Interest Register and the particulars of those Directors who were directly or indirectly interested in a contract of the Company are stated there in.

7. Directors' Interest

None of the Directors had a direct or indirect interest in any contracts or proposed contracts with the Company other than as disclosed in the Note 24 - Related party transactions, to the financial statements.

8. Directors' Remuneration and Other Benefits

Directors' remuneration in respect of the Company for the financial year ended 31 December 2014 is given in Note 6 - Operating profit, to the financial statements.

9. Corporate Donations

Donations made by the Company amounted to Rs. Nil (2013 - Rs. Nil). No donations were made for political purposes.

10. Directorate

The names of the Directors who held office during the year are given below.

Mr. Cheng Chih Kwong, Primus
- Chairman and Chief Executive Officer

Mr. Tan Beng Chuan
- Executive Director and Group General Manager

Mr. Cheng Koh Chuen, Bernard
- Non-Executive Director

Mr. Sunil Leeniyagoda
- Non-Executive Director

Dr. Wickrema Sena Weerasooria
- Non-Executive Independent Director

Mr. Sunil Karunanayake
- Non-Executive Independent Director

Dr. Wickrema Sena Weerasooria resigned as a Non-Executive Independent Director with effect from 13 January 2015. Mr. Wickrema Senaka Weerasooria was appointed as a Non-Executive Independent Director with effect from 15 January 2015, and he was appointed as the Non-Executive Independent Chairman of the Board with effect from 25 February 2015.

Mr. Cheng Chih Kwong, Primus has stepped down as Chairman of the Board and will continue as an Executive Director and Chief Executive Officer with effect from 25 February 2015.

Mr. Sunil Karunanayake, Non-Executive Independent Director was appointed as Senior Director of the Board with effect from 25 February 2015 and he was re-appointed as a Non-Executive Independent Director with effect from 15 April 2015.

In accordance with the provisions of Article 87 of the Articles of Association of the Company, Mr. Sunil Leeniyagoda retires by rotation and offers himself for re-election.

In accordance with the provisions of Article 95 of the Articles of Association of the Company Mr. Wickrema Senaka Weerasooria retires and being eligible offers himself for re-election.

The Board wishes to place on record the company's sincere appreciation to Dr. Wickrema Sena Weerasooria for his valuable contribution extended to the Company during his tenure on Board.

REPORT OF THE DIRECTORS ON THE STATE OF AFFAIRS OF THE COMPANY (Contd.)

11. Directors' Shareholdings

	As at 31.12.2014	As at 31.12.2013
Mr. Cheng Chih Kwong, Primus	19	19
Mr. Tan Beng Chuan	Nil	Nil
Mr. Cheng Koh Chuen, Bernard	Nil	Nil
Mr. Sunil Leeniyagoda	Nil	Nil
Dr. Wickrema Sena Weerasooria	Nil	Nil
Mr. Sunil Karunanayake	Nil	Nil

12. Auditors

The financial statements for the year ended 31 December 2014 have been audited by Messrs KPMG Chartered Accountants, who express their willingness to continue in office. In accordance with the Companies Act No. 07 of 2007, a resolution relating to their re-appointment and authorising the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

The Auditors Messrs KPMG, Chartered Accountants were paid Rs. 1,430,000/- (2013 - Rs.1,295,000/-) as audit fees by the Company. In addition they were paid Rs. Nil (2013 - Rs. Nil) by the Company for audit related work.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company other than those disclosed above. The Auditors also do not have any interest in the Company.

13. Group Turnover

Group Turnover amounted to Rs. 1,676.8 Million (2013 - Rs. 1,643.1 Million).

14. Dividends

The Directors recommend a First and Final Dividend of Rs. 0.52 per share for the year ended 31 December 2014.

15. Investments

Details of investments held by the Company are disclosed in Note 11 - Investment in subsidiary companies, to the financial statements.

16. Property, Plant and Equipment

An analysis of the property, plant and equipment of the Company, additions and disposals made during the year and depreciation during the year are set out in Note 10 - Property, plant and equipment, to the financial statements. The market values of assets are not significantly different to those disclosed.

17. Capital Commitments

Capital expenditure contracted for as at 31 December 2014 for which no provision has been made in the accounts is set out in Note 22 - Commitments, to the financial statements.

18. Stated Capital

The issued and fully paid up share capital of the Company is Rs. 623,604,000/- divided into 23,545,000 ordinary shares. There was no change in the stated capital of the Company during the year.

19. Reserves

Group's retained earning as at 31 December 2014 amounted to Rs. 472 Million (2013 - Rs. 309 Million). The movement of retained earnings is shown in the statement of changes in equity on page 26.

20. Events Subsequent to the Reporting Period

No significant events have occurred since the reporting period other than those disclosed in Note 25 - Events after the reporting period, to the financial statement.

21. Employment Policies

The Company identifies Human Resource as one of the most important factors contributing to the survival and growth of the Company in the current competitive business environment. While appreciating and valuing the service of our employees, a greater effort is made to hire the best talent from external sources, to bolster weak areas and continue to maintain the highest standards of the industry. Human Resource Head Count is considered as a key indicator and recruitment is based on annual manpower planning and the Company provides equal opportunities. Greater emphasis is given to the area of training, professional development and ethical business practices. All rewards and career opportunities are based on merit, and on performance.

22. Taxation

The tax position of the Company is given in Note 8 - Taxation, to the financial statements.

23. Share Information

Information relating to earnings, dividend, net assets, No. of shares traded and market price per share is given on page 58.

24. Disclosure as per CSE Rule No.7.6 (xi)

	2014 Rs. Cts.	2013 Rs. Cts.
Market price per share as at 31 December	51.00	36.90
Highest share price	61.90	57.00
Lowest share price	31.70	24.50
Basic earnings per share	6.79	4.12
Dividend per share	0.52	-
Dividend pay out ratio (%)	7.66	-
Net assets per share	41.80	35.10

25. Shareholdings

The number of registered shareholders of the Company as at 31 December 2014 was 2,918. The distribution and analysis of shareholdings are given on page 60.

26. Major Shareholders

The twenty largest shareholders of the Company as at 31 December 2014, together with an analysis are given on page 60.

27. Statutory Payments

The Directors to the best of their knowledge and belief are satisfied that all statutory payments in relation to the Government and the employees have been made on time.

28. Environment, Health and Safety

The Company policy continues to ensure that all environmental, health and safety regulations are strictly adhered to, minimising any adverse effects to the environment. Recycling of waste is carried out where ever possible. Employees are provided with a range of all personal protective equipment as the health and well being of the employees are one of our prime concerns. Fire fighting and safety systems are in place to safeguard company interest. Plans are in progress to introduce emission free machinery for in-house operations so as to eliminate air pollution.

29. Contingent Liabilities

There were no material contingent liabilities outstanding as at 31 December 2014.

30. Annual General Meeting

The 53rd Annual General Meeting of the Company will be held at Sri Lanka Foundation Institute Auditorium, No. 100, Sri Lanka Padanama Mawatha, Independence Square, Colombo 7 on Tuesday, 19 May 2015 at 10.00 a.m.

By Order of the Board of
Three Acre Farms PLC

(Sgd.) Cheng Chih Kwong, Primus

Executive Director and Chief Executive Officer

(Sgd.) Tan Beng Chuan

Executive Director and Group General Manager

(Sgd.) S S P Corporate Services (Private) Limited

Secretaries

Colombo, Sri Lanka.
21 April 2015

The responsibility of the Directors in relation to the financial statements of the Company and the Group, is set out in the following statement. The responsibility of the auditors, in relation to the financial statements, is set out in their report appearing on page 23.

The Companies Act No. 07 of 2007 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the status of affairs of the Company and the Group and of the profit or loss for that year.

In preparing these financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whatever applicable accounting standards have been followed, subject to any material departures and explained in the financial statements;
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy of any time the financial position of the Company and the Group and to ensure that the financial statements comply with the Companies Act.

The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to prevent and detect fraud and other irregularities.

The Directors are required to prepare the financial statements to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate to enable them to express their audit opinion.

Compliance Statement

The Directors are of the view that they have discharged their responsibilities as set out in this statement. They also confirm that to the best of their knowledge, all statutory payments payable by the Company and its subsidiaries as at the reporting date have been paid or where relevant, provided for.

Three Acre Farms PLC

(Sgd.) Cheng Chih Kwong, Primus

Executive Director and Chief Executive Officer

(Sgd.) Tan Beng Chuan

Executive Director and Group General Manager

Colombo, Sri Lanka.

21 April 2015



KPMG
 (Chartered Accountants)
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 Sri Lanka.

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TO THE SHAREHOLDERS OF THREE ACRE FARMS PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Three Acre Farms PLC, ("the Company"), and the consolidated financial statements of the company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 24 to 57.

Board's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

- a) The basis of opinion and scope and limitations of the audit are as stated above.
- b) In our opinion:
 - we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,
 - The financial statements of the Company give a true and fair view of its financial position as at 31 December 2014, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards,
 - The financial statements of the Company, and the Group comply with the requirements of sections 151 and 153 of the Companies Act No. 07 of 2007.

CHARTERED ACCOUNTANTS
 Colombo, Sri Lanka.
 21 April 2015

M.R. Mihular FCA	P.Y.S. Perera FCA	C.P. Jayatilake FCA
T.J.S. Rajakarier FCA	W.W.J.C. Perera FCA	Ms. S. Joseph FCA
Ms. S.M.B. Jayasekara ACA	W.K.D.C. Abeyrathne ACA	S.T.D.L. Perera FCA
G.A.U. Karunaratne ACA	R.M.D.B. Rajapakse ACA	Ms. B.K.D.T.N. Rodrigo FCA
R.H. Rajan ACA		

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

All amounts in Sri Lankan Rupees thousands

For the year ended 31 December	Notes	Group		Company	
		2014	2013 Restated	2014	2013 Restated
Revenue	4	1,676,764	1,643,149	1,386,349	1,358,744
Cost of sales		(1,457,746)	(1,409,847)	(1,202,811)	(1,209,739)
Gross profit		219,018	233,302	183,538	149,005
Other income / (expenses)	5	7,464	(6,640)	28,199	(11,351)
Selling and distribution expenses		(5,775)	(3,482)	(5,775)	(3,482)
Administrative expenses		(26,944)	(20,390)	(19,453)	(17,870)
Operating profit	6	193,763	202,790	186,509	116,302
Net finance expenses	7	(19,432)	(23,068)	(19,146)	(23,034)
Profit before tax		174,331	179,722	167,363	93,268
Taxation	8	(9,015)	(3,391)	(7,467)	3,724
Profit for the year		165,316	176,331	159,896	96,992
Other comprehensive income					
Actuarial loss arising from defined benefit obligation		(2,232)	(509)	(2,254)	(412)
Total comprehensive income for the year		163,084	175,822	157,642	96,580
Profit for the year attributable to:					
Equity holders of the parent		165,316	176,331	159,896	96,992
Total comprehensive income attributable to:					
Equity holders of the parent		163,084	175,822	157,642	96,580
Basic earnings per share (Rs.)	9	7.02	7.49	6.79	4.12

The notes on pages 28 to 57 form an integral part of these financial statements.
Figures in brackets indicate deductions.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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All amounts in Sri Lankan Rupees thousands

As at 31 December	Notes	Group		Company	
		2014	2013 Restated	2014	2013 Restated
ASSETS					
Non-current assets					
Property, plant and equipment	10	1,633,651	1,710,648	1,279,810	1,344,961
Investment in subsidiary companies	11	-	-	-	-
Biological assets	12	430,629	431,049	324,624	299,526
Total non-current assets		2,064,280	2,141,697	1,604,434	1,644,487
Current assets					
Biological assets	12	20,027	22,530	16,482	20,589
Inventories	13	73,926	65,337	65,904	56,985
Trade and other receivables	14	50,288	16,216	37,073	15,637
Amount due from affiliated companies	20.1	-	-	93,969	141,868
Current tax receivable		33,848	33,977	27,924	27,924
Cash and cash equivalents	15	24,985	7,635	24,554	7,211
Total current assets		203,074	145,695	265,906	270,214
Total assets		2,267,354	2,287,392	1,870,340	1,914,701
EQUITY					
Stated capital	16	623,604	623,604	623,604	623,604
Retained earnings		472,128	309,044	360,501	202,859
Total equity		1,095,732	932,648	984,105	826,463
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	17	96,354	90,500	62,968	56,547
Employee benefits	18	15,503	11,153	14,450	10,257
Total non-current liabilities		111,857	101,653	77,418	66,804
Current liabilities					
Trade and other payables	19	143,729	97,562	110,643	84,957
Amount due to affiliated companies	20.2	652,915	891,880	440,491	677,827
Interest bearing borrowings	15.2	263,121	263,649	257,683	258,650
Total current liabilities		1,059,765	1,253,091	808,817	1,021,434
Total liabilities		1,171,622	1,354,744	886,235	1,088,238
Total equity and liabilities		2,267,354	2,287,392	1,870,340	1,914,701

The notes on pages 28 to 57 form an integral part of these financial statements.

These financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

(Sgd.) K.A.R.S. Perera
General Manager

These financial statements were approved by the Board of Directors on 21 April 2015.

(Sgd.) Cheng Chih Kwong, Primus
Executive Director and Chief Executive Officer

(Sgd.) Tan Beng Chuan
Executive Director and Group General Manager

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

All amounts in Sri Lankan Rupees thousands

GROUP

For the year ended 31 December

	Stated capital	Retained earnings	Total equity
Balance as at 1 January 2013	623,604	125,795	749,399
LKAS 41-Transitional effect	-	7,427	7,427
Restated balance as at 1 January 2013	623,604	133,222	756,826
Profit for the year	-	176,331	176,331
Other comprehensive income			
Actuarial loss arising from defined benefit obligation	-	(509)	(509)
Restated balance as at 31 December 2013	623,604	309,044	932,648
Restated balance as at 1 January 2014	623,604	309,044	932,648
Profit for the year	-	165,316	165,316
Other comprehensive income			
Actuarial loss arising from defined benefit obligation	-	(2,232)	(2,232)
Balance as at 31 December 2014	623,604	472,128	1,095,732

COMPANY

For the year ended 31 December

	Stated capital	Retained earnings	Total equity
Balance as at 1 January 2013	623,604	107,858	731,462
LKAS 41-Transitional effect	-	(1,579)	(1,579)
Restated balance as at 1 January 2013	623,604	106,279	729,883
Profit for the Year	-	96,992	96,992
Other comprehensive income			
Actuarial loss arising from defined benefit obligation	-	(412)	(412)
Restated balance as at 31 December 2013	623,604	202,859	826,463
Restated balance as at 1 January 2014	623,604	202,859	826,463
Profit for the period	-	159,896	159,896
Other comprehensive income			
Actuarial loss arising from defined benefit obligation	-	(2,254)	(2,254)
Balance as at 31 December 2014	623,604	360,501	984,105

The notes on pages 28 to 57 form an integral part of these financial statements. Figures in brackets indicate deductions.

CONSOLIDATED STATEMENT OF CASH FLOWS

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All amounts in Sri Lankan Rupees thousands

For the year ended 31 December	Notes	Group		Company	
		2014	2013 Restated	2014	2013 Restated
Operating activities					
Profit before tax		174,331	179,722	167,363	93,268
Adjustments					
Depreciation	10	98,688	93,019	86,668	81,047
Usage of biological assets	12	412,645	396,822	316,965	303,741
Loss on disposal of property, plant and equipment		380	11,848	380	11,848
Fair value (gain) / loss on biological assets	12	(5,703)	(7,389)	(19,318)	6,896
Dividend income		-	-	(7,279)	-
Exchange loss / (gain)	7	233	255	(46)	222
Interest income	5	(166)	(360)	(154)	(350)
Interest expense	7	19,199	22,813	19,192	22,812
Changes in working capital					
- Trade and other receivables		(35,117)	9,631	(22,482)	7,911
- Inventories		(8,589)	9,999	(8,919)	8,529
- Trade and other payables		44,181	9,842	25,686	9,855
- Amount due from affiliated companies		-	-	47,899	44,821
- Amount due to affiliated companies		(238,965)	(160,837)	(237,336)	(159,784)
Employee benefits	18	2,369	2,104	2,190	1,932
Cash generated from operations		463,486	567,469	370,809	432,748
Exchange (loss) / gain		(233)	(255)	46	(222)
Interest received		166	360	154	350
Interest paid		(19,199)	(22,813)	(19,192)	(22,812)
Employee benefits paid	18	(251)	(1,240)	(251)	(1,063)
Tax paid		-	(11,219)	-	-
Net cash generated from operating activities		443,969	532,302	351,566	409,001
Investing activities					
Purchase of property, plant and equipment	10	(24,245)	(116,706)	(24,071)	(109,504)
Proceeds from disposal of property, plant and equipment		2,174	429	2,174	429
Proceeds from dividend income		-	-	7,279	-
Purchase of biological asset	12	(404,019)	(446,179)	(318,638)	(327,077)
Net cash used in investing activities		(426,090)	(562,456)	(333,256)	(436,152)
Financing activities					
Bank borrowings		(35,000)	-	(35,000)	-
Net cash used in financing activities		(35,000)	-	(35,000)	-
Decrease in cash and cash equivalents		(17,121)	(30,154)	(16,690)	(27,151)
Movement in cash and cash equivalents					
Cash and cash equivalents as at 1 January		(6,014)	24,140	(1,439)	25,712
Decrease in cash and cash equivalents		(17,121)	(30,154)	(16,690)	(27,151)
Cash and cash equivalents as at 31 December	15.1	(23,135)	(6,014)	(18,129)	(1,439)

The notes on pages 28 to 57 form an integral part of these financial statements. Figures in brackets indicate deductions.

All amounts in Sri Lankan Rupees thousands

1. REPORTING ENTITY

1.1. General

Three Acre Farms PLC (the "Company") is a "Quoted Public Company" with limited liability, incorporated and domiciled in Sri Lanka. The address of the Company's registered office is No.15, Rock House Lane, Colombo - 15, Sri Lanka. The Company is in the agriculture industry.

Three Acre Farms PLC (TAF) was incorporated in 1963, primarily as a commercial layer farm. The Company's name was derived from the original three acres of land on which the farm was situated. On 2 September 1992 TAF was acquired by Ceylon Grain Elevators PLC for the purpose of expanding their-own production facility.

The consolidated financial statements of the Company as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries.

The Company has two fully owned subsidiaries; they are Ceylon Pioneer Poultry Breeders Limited (CPPBL) (incorporated on 24 September 1993), which terminated its operation in 2009 and is renting the farms to Three Acre Farms PLC and Millennium Multibreeder Farms (Private) Limited (incorporated on 10 August 1999), which employs advanced technology farming in producing Broiler Day Old Chicks.

The Company was listed in the Colombo Stock Exchange on 20 March 1995 in the Food and Beverage Sector. The Parent Company, Ceylon Grain Elevators PLC, holds 57.21 per cent (as at 31 December 2014) of the stated capital of the Company. Prima Limited, Singapore is the ultimate Parent Company of the Company.

1.2. Principal activities and nature of the operation

The main business of the Group is selective breeding, hatching and sale of commercial Day Old Chicks (DOC), both Broiler (for chicken meat) and Layer (for the production of table eggs), grandparent farm operation, import grandparent DOC, advanced technology breeding and commercial broiler farming .

2. BASIS OF PREPARATION

2.1. Statement of compliance

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

have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the Companies Act No. 07 of 2007.

2.2. Approval of financial statements by Directors

The consolidated financial statements were authorised for issue by the Board of Directors on 21 April 2015.

2.3. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except the valuation of defined benefit obligation and valuation of biological assets which are disclosed in Note 18 - Employee benefits and Note 12 - Biological assets, to the financial statements.

2.4. Functional and presentation currency

The consolidated financial statements are presented in Sri Lankan Rupees, which is the Company's functional currency, rounded to the nearest thousand, unless otherwise stated.

2.5. Use of estimates and judgments

The preparation of consolidated financial statements in conformity with Sri Lanka Accounting Standards (SLFRS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about assumptions and estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 12 - Biological assets
- Note 12(b) - Key assumptions used in discounted cash flow projection
- Note 17 - Deferred tax liabilities
- Note 18 - Employee benefits, and
- Note 21 - Contingencies

2.6. Measurement of fair value

A number of the Group's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities.

All amounts in Sri Lankan Rupees thousands

The Group has an established control framework with respect to the measurement of fair values.

This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the management.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair value is included in Note 12 - Biological assets.

2.7. Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except for the changes in accounting policies as explained in Note 27 - Prior year adjustments, and have been applied consistently by Group entities.

3.1. Basis of consolidation

3.1.1. Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationships such amounts are generally recognised in profit or loss. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3.1.2. Subsidiaries

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

3.1.3. Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

All amounts in Sri Lankan Rupees thousands

3.1.4. Transactions eliminated on consolidation

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

3.2. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

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

3.3. Financial instruments

3.3.1. Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in, which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal

right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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

Financial assets at fair value through profit or loss

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

Held-to-maturity financial assets

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

Loans and receivables

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

Loans and receivables comprise cash and cash equivalents, current tax receivable, amount due from affiliated companies and trade and other receivables.

Cash and cash equivalents

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative

All amounts in Sri Lankan Rupees thousands

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

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

3.3.2. Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, debt securities issued, bank overdrafts, and trade and other payables. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

3.3.3. Stated capital

Ordinary shares

Ordinary shares are classified as equity. As per the Companies Act No. 07 of 2007, section 58 (1), stated capital in relation to a company means the total of all amounts received by the Company or due and payable to the Company in respect of the issue of shares and in respect of call in arrears.

3.4. Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

3.4.1. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3.4.2. Gains and losses on disposal

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within "other income / other expenses" in profit or loss.

3.4.3. Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3.4.4. Derecognition

The carrying amount of an item of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognised.

Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost of inspections is derecognised.

3.4.5. Depreciation

Depreciation is based on the cost or other amount substituted for cost, less its residual value. Significant

All amounts in Sri Lankan Rupees thousands

components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. No depreciation is provided on assets under construction.

The estimated useful lives for the current and comparative years are as follows:

Freehold building	20-50 years
Plant and machinery	16 2/3 years
Electrical equipment	10 years
Farm equipment	8-10 years
Furniture, fitting and office equipment	10 years
Motor vehicle	5 years

Land is not depreciated as it is deemed to have an indefinite life.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held-for-sale and the date that the asset is derecognised. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

3.4.6. Capital work in progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as capital work-in-progress, while the capital assets which have been completed during the year and put to use are transferred to property, plant and equipment.

3.5. Biological Assets

A biological asset is a living animal. Biological assets consist of grandparent and parent livestock, used to breed Hatchable eggs and commercial Day Old Chicks. Grandparent and parent birds include the growing birds and the laying birds.

Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets. Hatchable eggs and commercial Day Old Chicks have been identified as Consumable biological assets.

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

Company has identified grandparent and parent, livestock as Bearer biological assets.

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

3.6. Inventories

Inventories are measured at the lower of cost and net realisable value after making due allowances for obsolete and slow moving items.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

The cost incurred in bringing inventories to its present location and conditions are accounted as follows.

Compounded feed

Cost is calculated using the weighted average cost.

Poultry equipment, drugs, vaccine and sundry inventories

Poultry equipment, drugs, vaccine and sundry inventories are valued at actual cost on weighted average basis after making due allowance for obsolete and slow moving items.

3.7. Impairment

3.7.1. Non-derivative financial assets

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

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or

All amounts in Sri Lankan Rupees thousands

prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

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

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

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

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity

security is recognised in other comprehensive income.

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

3.7.2. Non financial assets

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9. Employee benefits

3.9.1. Short-term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

All amounts in Sri Lankan Rupees thousands

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.8.2. Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(a) Employees' Provident Fund

The Group and employees contribute 12% and 8% respectively on the salary of each employee to the Employees' Provident Fund.

(b) Employees' Trust Fund

The Group contributes 3% of the salary of each employee to the Employees' Trust Fund. The total amount recognised as an expense to the group for contribution to ETF is disclosed in the notes to financial statements.

3.9.3. Defined benefit plan - gratuity

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted.

The calculation is performed annually by a qualified actuary using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - "Employee Benefits".

When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement

of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss. The assumptions based on which the results of actuarial valuation was determined, are included in Note 18 - Employee benefits, to the financial statements.

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in profit or loss.

The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and past service cost that had not previously been recognised. However, according to the Payment of Gratuity Act No.12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 5 years of continued service with the Company.

3.10. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.11. Revenue recognition

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. Revenue excludes value added taxes or other sales taxes.

All amounts in Sri Lankan Rupees thousands

Rearing income

Rearing income received or receivable from Commercial broiler farm operation is recognised as revenue in the profit or loss. Discount, incentives and special allowances granted are recognised as an integral part of the total rearing income.

Rental income

Rental income received or receivable in the course of ordinary activities is recognised as revenue in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

Dividend income

Dividend income is recognised in profit or loss when the right to receive payment is established.

Other income / expenses

Gains / losses on the disposal of investments held by the Group have been accounted for as other income in profit or loss.

Gains / losses on the disposal of property, plant and equipment determined by reference to the carrying amount and related expenses, have been accounted for as other income in profit or loss.

3.11. Expenses

Finance cost

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss and impairment losses recognised on financial assets (other than trade receivables). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.12. Taxation

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. The principal temporary differences arise from depreciation on property, plant and equipment tax losses carried forward, biological asset and provisions for defined benefit obligations. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

3.13. Basic earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.14. Events occurring after the reporting period

All material post reporting period events have been considered and where appropriate adjustments or disclosures have been made in respective notes to the financial statements.

All amounts in Sri Lankan Rupees thousands

3.15. Comparative figures

Where necessary, the comparative figures have been reclassified to conform to the current year's presentation.

3.16. Commitments and contingencies

All discernable risks are accounted for in determining the amount of all known liabilities. The company's share of any contingencies and capital commitments of a subsidiary for which the company is also liable severally or otherwise are also included with appropriate disclosures.

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Company's control. Contingent liabilities are disclosed in Note 21 - Contingencies, to the financial statements. Commitments are disclosed in Note 22 - Commitments, to the financial statements.

3.17. Sri Lanka Accounting Standards (SLFRS) issued but not yet effective

Standard issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of standards issued, which the Group reasonably expects to be applicable at a future date. The group intends to adopt those standards when they become effective.

a) SLFRS 9 - Financial Instruments

SLFRS 9 as issued reflects the replacement of LKAS 39 and applies to the classification and measurement of financial assets and financial liabilities as defined in LKAS 39. This standard becomes effective for annual periods beginning on or after 1 January, 2015. The adoption of SLFRS 9 will have an impact on classification and measurement of Group's financial assets.

b) SLFRS 15 - Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces the existing revenue recognition guidance including LKAS 18 Revenue and LKAS 11 Construction Contracts.

SLFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

All amounts in Sri Lankan Rupees thousands

For the year ended 31 December 2014

**Note 4
REVENUE**

Sales are made up as follows:

	Group		Company	
	2014	2013	2014	2013
Local sales	1,768,913	1,809,182	1,469,310	1,487,259
Export sales	105,849	34,762	80,194	34,762
Nation Building Tax	(7,012)	(7,642)	(7,012)	(7,642)
Value Added Tax	(190,986)	(193,153)	(156,143)	(155,635)
Net sales	1,676,764	1,643,149	1,386,349	1,358,744

**Note 5
OTHER INCOME / (EXPENSES)**

Other income / (expenses) is made up as follows:

	Notes	Group		Company	
		2014	2013 Restated	2014	2013 Restated
Loss on disposal of property, plant and equipment		(380)	(11,848)	(380)	(11,848)
Fair value gain / (loss) on biological assets	12	5,703	7,389	19,318	(6,896)
Interest income		166	360	154	350
Dividend income		-	-	7,279	-
Sundry income / (expenses)		1,975	(2,541)	1,828	7,043
		7,464	(6,640)	28,199	(11,351)

**Note 6
OPERATING PROFIT**

The following items have been charged in arriving at operating profit:

	Notes	Group		Company	
		2014	2013 Restated	2014	2013 Restated
Directors' emoluments	24.1	1,080	1,080	1,080	1,080
Auditors' remuneration - Audit service		1,803	1,646	1,430	1,295
- Other service		55	55	-	-
Depreciation on property, plant and equipment	10	98,688	93,019	86,668	81,047
Legal fees		478	44	478	42
Amortisation of ERP system		1,256	1,256	947	947
Usage of biological assets	12	412,645	396,822	316,965	303,741

Staff cost

	Notes	Group		Company	
		2014	2013	2014	2013
Salaries, wages and other fringe benefits		232,056	179,166	183,095	156,289
Social security costs		10	12	-	-
Defined contribution plans		7,965	3,552	6,890	3,058
Employee benefits	18	2,369	2,104	2,190	1,932
		242,400	184,834	192,175	161,279
Average number of employees per month during the year:					
- Full time		181	189	168	166
- Part time		659	673	546	558
		840	862	714	724

Part time employees include contracted labour hired from third parties, who work on a shift basis.

All amounts in Sri Lankan Rupees thousands

For the year ended 31 December 2014

Note 7
NET FINANCE EXPENSES

	Group		Company	
	2014	2013	2014	2013
Interest expenses	19,199	22,813	19,192	22,812
Net exchange loss / (gain)	233	255	(46)	222
	19,432	23,068	19,146	23,034

Note 8
TAXATION

	Notes	Group		Company	
		2014	2013	2014	2013
		Restated		Restated	
Current tax		2,115	2,855	-	-
Deferred tax charge / (release)	17	5,854	718	6,421	(3,672)
ESC write-off		1,046	-	1,046	-
Over provision		-	(182)	-	(52)
		9,015	3,391	7,467	(3,724)

Tax reconciliation

	Group		Company		
	2014	2013	2014	2013	
		Restated		Restated	
Profit before tax	174,331	179,722	167,363	93,268	
Add: disallowable expenses	529,590	523,965	406,184	415,428	
Deduct: allowable expenses	(552,188)	(599,507)	(445,764)	(459,072)	
Add :Interest income	33	22	21	13	
Deduct: tax losses claimed	(55,666)	(32,667)	(44,731)	(17,373)	
Deduct: qualifying payment relief	(86,574)	(86,216)	(86,574)	(86,216)	
Taxable income	9,526	(14,681)	(3,501)	(53,952)	
Income tax using the domestic corporate tax rate					
- at 10%	1,986	2,833	-	-	
- at 28%	129	22	-	-	
Current tax	2,115	2,855	-	-	

The Company is liable to pay income tax on profits and income earned at 10 %. Further information about deferred tax is presented in Note 17 - Deferred tax liabilities.

Tax losses of the Company available for carry forward as at 31 December 2014 amounted to Rs. 475,360,524/- (2013 - Rs. 520,094,336/-).

Ceylon Pioneer Poultry Breeders Limited, a subsidiary company, is liable to pay income tax at 28 % on the profit and income earned by the company. As at 31 December 2014 tax losses available for carry forward amounted to Rs. 227,399,096/- (2013 - Rs. 227,646,905/-).

For the year 2014, current tax charge of Rs. 1,984,397/- is occurred from taxable income of Rs.19,843,971/- earned by Millennium Multibreeder Farms (Private) Limited.

Millennium Multibreeder Farms (Private) Limited is liable to pay income tax at 10% on the profit and income earned by the Company. The tax losses available to carry forward as at 31 December 2014 amounted to Rs. 89,424,314/- (2013 - Rs. 100,110,271/-)

All amounts in Sri Lankan Rupees thousands

For the year ended 31 December 2014

**Note 9
BASIC EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of shares outstanding during the year.

	Group		Company	
	2014	2013 Restated	2014	2013 Restated
Net profit attributable to ordinary shareholders	165,316	176,331	159,896	96,992
Weighted average number of ordinary shares (thousands)	23,545	23,545	23,545	23,545
Basic earnings per share (Rs.)	7.02	7.49	6.79	4.12

**Note 10
PROPERTY, PLANT AND EQUIPMENT**

(a). Group

Cost	As at 01.01.2014	Additions/ WIP transfer	Disposals /write off	As at 31.12.2014
Land	295,275	-	-	295,275
Buildings	1,034,853	16,293	-	1,051,146
Motor vehicles	75,092	5,351	3,200	77,243
Plant and machinery, electrical and farm equipment	782,549	5,124	299	787,374
Furniture, fittings and office equipment	8,348	21	-	8,369
Capital work in progress	3,151	(2,544)	-	607
	2,199,268	24,245	3,499	2,220,014

Depreciation	As at 01.01.2014	Charge for the year	Disposals/ write off	As at 31.12.2014
Buildings	68,793	25,506	-	94,299
Motor vehicles	14,509	10,331	880	23,960
Plant and machinery, electrical and farm equipment	397,138	62,837	65	459,910
Furniture, fittings and office equipment	8,180	14	-	8,194
	488,620	98,688	945	586,363

Carrying amount	As at 01.01.2014	As at 31.12.2014
Land	295,275	295,275
Buildings	966,060	956,847
Motor vehicles	60,583	53,283
Plant and machinery, electrical and farm equipment	385,411	327,464
Furniture, fittings and office equipment	168	175
Capital work in progress	3,151	607
	1,710,648	1,633,651

Property, plant and equipment include fully depreciated assets, the cost of which as at 31 December 2014 amounted to Rs. 266,938,596/- (2013 - Rs. 249,693,205/-)

All amounts in Sri Lankan Rupees thousands

As at 31 December 2014

Note 10 (Contd.)

PROPERTY, PLANT AND EQUIPMENT

(b). Company

Cost	As at 01.01.2014	Additions/ WIP transfer	Disposals /write off	As at 31.12.2014
Land	237,060	-	-	237,060
Buildings	742,582	16,293	-	758,875
Motor vehicles	75,092	5,351	3,200	77,243
Plant and machinery, electrical and farm equipment	638,161	4,971	299	642,833
Furniture, fittings and office equipment	8,237	-	-	8,237
Capital work-in-progress	3,151	(2,544)	-	607
	1,704,283	24,071	3,499	1,724,855

Depreciation	As at 01.01.2014	Charge for the year	Disposals/ write off	As at 31.12.2014
Buildings	51,258	19,659	-	70,917
Motor vehicles	14,509	10,331	880	23,960
Plant and machinery, electrical and farm equipment	285,405	56,668	65	342,008
Furniture, fittings and office equipment	8,150	10	-	8,160
	359,322	86,668	945	445,045

Carrying amount	As at 01.01.2014		As at 31.12.2014
Land	237,060		237,060
Buildings	691,324		687,958
Motor vehicles	60,583		53,283
Plant and machinery, electrical and farm equipment	352,756		300,825
Furniture, fittings and office equipment	87		77
Capital work in progress	3,151		607
	1,344,961		1,279,810

Property, plant and equipment include fully depreciated assets, the cost of which as at 31 December 2014 amounted to Rs.171,692,615/- (2013 - Rs.158,668,193/-)

All amounts in Sri Lankan Rupees thousands

As at 31 December 2014

**Note 10
PROPERTY, PLANT AND EQUIPMENT (Contd.)**

(c) Freehold land carried at cost (Rs.):

	Location	Land extent	Cost
Three Acre Farms PLC	Meegoda Farm, Meegoda Kosgama Farm	24 A - 0 R - 3.17 P	19,215,850
	Aluthambalama, Kosgama	20 A - 3 R - 27.05 P	10,041,150
	Halwathura Farm, Halwathura Bulathsinhala Farm	54 A - 0 R - 3.76 P	29,796,324
	Agaloya, Bulathsinhala	60 A - 3 R - 27 P	56,045,250
	Hijra Farm - A, Pagoda, Beruwala	41 A - 3 R - 13.42 P	41,034,200
	Hijra Farm - B, Beruwala	8 A - 3 R - 3.71 P	74,829,300
	Makuluwatta Farm, Waga	12 A - 2 R - 18.90 P	6,098,235
			237,060,309
Ceylon Pioneer Poultry Breeders Ltd.	Nillambe Farm, Office Junction, Galaha	33 A - 0 R - 28.82 P	39,541,310
	Aswatta Farm, Kosgama	5 A - 3 R - 18.19 P	7,522,838
	Wewelpanawa Farm, Wewelpanawa	27 A - 3 R - 20.47 P	11,151,175
		58,215,323	
Total			295,275,632

The Group has done an assessment on market value of lands by an independent, professional valuer Mr. J. C. Leuke Bandara - Incorporated Valuer (Graduate member of Institute of Valuers) and identified that there were no any substantial difference between the market value and the book value.

(d) Freehold building carried at cost (Rs.):

	Location	Number of buildings	Cost
Three Acre Farms PLC	Meegoda Farm, Meegoda Kosgama Farm	75	174,495,552
	Aluthambalama, Kosgama	52	57,741,461
	Halwathura Farm, Halwathura Bulathsinhala Farm	60	75,347,139
	Agaloya, Bulathsinhala	89	191,714,466
	Hijra Farm - A, Pagoda, Beruwala	57	172,297,190
	Hijra Farm - B, Beruwala	42	17,832,302
	Makuluwatta Farm, Waga	36	69,447,700
			758,875,810
Ceylon Pioneer Poultry Breeders Ltd.	Nillambe Farm, Office Junction, Galaha	15	9,619,730
	Aswatta Farm, Kosgama	45	51,085,000
		60,704,730	
Millennium Multibreeder Farms (Pvt) Ltd.	Wewelpanawa Farm, Wewelpanawa	45	231,565,950
		231,565,950	
Total			1,051,146,490

All amounts in Sri Lankan Rupees thousands

As at 31 December 2014

Note 11 INVESTMENT IN SUBSIDIARY COMPANIES

	Group		Company	
	2014	2013	2014	2013
Balance as at 1 January	-	-	15,000	15,000
Provision for impairment of investment	-	-	(15,000)	(15,000)
Balance as at 31 December	-	-	-	-

Details of the companies incorporated in Sri Lanka, in which the Company held an interest of 50% or more are set out below:

Name of the Company	Proportion of value of ordinary shares held			Business
	2014	Movement	2013	
Ceylon Pioneer Poultry Breeders Limited	100%	-	100%	Renting their own farm to Three Acre Farms PLC
Millennium Multibreeder Farms (Private) Limited	100%	-	100%	Operation of modern poultry breeding and hatcheries utilising advanced technologies.

All the above companies, the financial years which end on 31 December are audited by KPMG.

Note 12 BIOLOGICAL ASSETS

The movements of biological assets are given below:

	Group		Company	
	2014	2013 Restated	2014	2013 Restated
Balance as at 1 January	453,579	396,833	320,115	303,675
Additions	404,019	446,179	318,638	327,077
Usage	(412,645)	(396,822)	(316,965)	(303,741)
Change in fair value less cost to sell	5,703	7,389	19,318	(6,896)
Closing net book value	450,656	453,579	341,106	320,115
Non-current	430,629	431,049	324,624	299,526
Current	20,027	22,530	16,482	20,589
	450,656	453,579	341,106	320,115

(a) Biological assets

A biological asset is a living animal. Biological assets consist of grandparent and parent livestock, used to breed Hatchable eggs, commercial Day Old Chicks. Parent and grandparent birds include the growing birds and the laying birds.

Biological assets - Non-current

Bearer biological assets are those other than Consumable biological assets and recognised as Biological assets - Non-current. Bearer biological assets are not agricultural produce but, rather, are self-regenerating. Parent and grandparent livestock have been identified as Bearer biological assets.

All amounts in Sri Lankan Rupees thousands

As at 31 December 2014

**Note 12 (Contd.)
BIOLOGICAL ASSETS**

Biological assets - Current

Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets. Hatchable eggs and commercial Day Old Chicks have been identified as Consumable biological assets.

(b) Measurement of fair value

(i) Fair value hierarchy

The fair value measurement of biological assets have been categorised as level 3 fair values based on the inputs to the valuation technique used.

(ii) Level 3 fair values

The following table shows a breakdown of the total gains / (losses) recognised in respect of level 3 fair values.

	Group		Company	
	2014	2013	2014	2013
Gain /(loss) included in 'Other Income'				
Biological assets - Non-current	5,622	7,949	19,237	(6,336)
Biological assets - Current	81	(560)	81	(560)
	5,703	7,389	19,318	(6,896)

(iii) Valuation technique and significant unobservable inputs

Following table shows the valuation technique used in measuring level 3 fair value as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
<u>Biological assets</u> Bearer biological assets comprise Broiler grand parent, Broiler parent and Layer parent birds. Consumable biological assets comprise Hatchable eggs and commercial Day Old Chicks.	<u>Discounted cash flows</u> The valuation model considers the present value of the net cash flows expected to be generated by breeder farming. The expected net cash flows are discounted using a risk adjusted discount rate.	DOC yeild	The FV will; - increase when DOC yeild increased - decrease when DOC yeild decreased
		DOC selling price	- increase when selling price increased - decreased when selling price decreased
		Discounting rate	- increase when discounting rate decreased - decreased when discounting rate increased
		Mortality	- increase when mortality rate decreased - decreased when mortality rate increased

All amounts in Sri Lankan Rupees thousands

As at 31 December 2014

**Note 12 (Contd.)
BIOLOGICAL ASSETS**

(c) Risk management strategy related to the biological assets

(i) Regulatory and environmental risks

The Group is subject to laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

(ii) Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of DOC. When possible, the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis for projected harvest volumes and pricing.

(iii) Climate and other risks

The Group's biological assets are exposed to the risk of damage from climatic changes, diseases, and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular health inspection, implementing disease control policies and procedures. The Group is also insured against natural disasters such as floods and hurricanes.

**Note 13
INVENTORIES**

	Group		Company	
	2014	2013	2014	2013
Raw materials	21,087	14,165	17,339	10,417
Consumables	52,839	51,172	48,565	46,568
	73,926	65,337	65,904	56,985

Accordance with LKAS 41 - Agriculture, the Group has changed its accounting policy on measurement of consumable biological assets to fair value less cost to sell which was previously measured at cost in accordance with LKAS 2 - Inventories and have been classified as current biological assets.

**Note 14
TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2014	2013	2014	2013
Trade receivables	6,743	1,985	2,774	1,985
Prepayments	291	631	233	522
Other receivables	43,254	13,600	34,066	13,130
	50,288	16,216	37,073	15,637

All amounts in Sri Lankan Rupees thousands

As at 31 December 2014

Note 15

CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	2014	2013
Cash at bank	24,479	7,105	24,099	6,731
Cash in hand	506	530	455	480
	24,985	7,635	24,554	7,211

The Group's weighted average interest rate on short term bank deposits was on AWDR.

Note 15.1

For the purposes of the statement of cash flows, the year end cash and cash equivalents comprise the following:

	Group		Company	
	2014	2013	2014	2013
Cash and bank balances	24,985	7,635	24,554	7,211
Bank overdraft	(48,121)	(13,649)	(42,683)	(8,650)
	(23,135)	(6,014)	(18,129)	(1,439)

Note 15.2

Interest bearing borrowings

	Group		Company	
	2014	2013	2014	2013
Bank overdraft	48,121	13,649	42,683	8,650
Bank borrowings	215,000	250,000	215,000	250,000
	263,121	263,649	257,683	258,650

The interest rate exposure of the borrowings of the Group and the Company was as follows:

	Group		Company	
	2014	2013	2014	2013
Total borrowings:				
- at fixed rates	-	-	-	-
- at floating rates	263,121	263,649	257,683	258,650
	263,121	263,649	257,683	258,650

	Group / Company	
	2014	2013
Weighted average effective interest rates:		
- bank overdrafts	AWPLR+0.50%	AWPLR+0.50%

Short term loans are borrowed on money market rates.

The parent company, Ceylon Grain Elevators PLC has provided the corporate guarantee of Rs.250,000,000/- to Hatton National Bank PLC for banking facility obtained by the Company.

Note 16

STATED CAPITAL

	Number of shares in 000's	Stated capital
As at 31 December 2013	23,545	623,604
As at 31 December 2014	23,545	623,604

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share individual present at meeting of the shareholders or one vote per share in the case of a poll.

All amounts in Sri Lankan Rupees thousands

As at 31 December 2014

Note 17

DEFERRED TAX LIABILITIES

The gross movement on the deferred income tax account is as follows:

	Group		Company	
	2014	2013 Restated	2014	2013 Restated
Balance as at 1 January	90,500	89,782	56,547	60,219
Charge / (release) for the period	5,854	718	6,421	(3,672)
As at 31 December	96,354	90,500	62,968	56,547

Company

Deferred tax has been computed taking into consideration the effective tax rate which is 10%.

Group

Ceylon Pioneer Poultry Breeders Limited has been computed deferred taxation by taking into consideration the effective tax rate of 28%.

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Group	2014		2013 Restated	
	Temporary difference	Tax effect on temporary difference	Temporary difference	Tax effect on temporary difference
Property, plant and equipment	1,028,195	112,552	1,007,971	110,531
Biological assets - Non-current	430,629	43,062	431,049	43,104
Defined benefit obligation	(15,503)	(1,550)	(11,153)	(1,115)
Provision for obsolete items and others	(12,321)	(1,232)	-	-
Tax losses	(564,784)	(56,478)	(620,204)	(62,020)
	866,216	96,354	807,663	90,500

Company

Company	2014		2013 Restated	
	Temporary difference	Tax effect on temporary difference	Temporary difference	Tax effect on temporary difference
Property, plant and equipment	807,184	80,718	796,299	79,629
Biological assets - Current	324,624	32,463	299,526	29,953
Defined benefit obligation	(14,450)	(1,445)	(10,258)	(1,026)
Provision for obsolete items and others	(12,321)	(1,232)	-	-
Tax losses	(475,361)	(47,536)	(520,094)	(52,009)
	629,676	62,968	565,473	56,547

Group

Unrecognised deferred tax asset

Deferred tax asset has not been recognised by Ceylon Pioneer Poultry Breeders Limited in respect of the following items, since it is not probable that future taxable profit will be available against which the Company can utilise the benefit there on.

	2014	2013
Tax losses carried forward	227,399	227,647
Tax effect there on @ 28%	63,672	63,741

All amounts in Sri Lankan Rupees thousands

As at 31 December 2014

**Note 18
EMPLOYEE BENEFITS**

Defined benefit obligation

	Group		Company	
	2014	2013	2014	2013
Defined benefit obligation as at 1 January	11,153	9,780	10,257	8,976
Provisions made during the year	4,601	2,613	4,444	2,344
Benefits paid by the plan	(251)	(1,240)	(251)	(1,063)
Defined benefit obligation as at 31 December	15,503	11,153	14,450	10,257

The amounts recognised in the statement of financial position as follows:

	Group		Company	
	2014	2013	2014	2013
Present value of unfunded obligation	15,503	11,153	14,450	10,257
Total present value of obligation	15,503	11,153	14,450	10,257

Movement in the present value of the defined benefit obligation

Defined benefit obligation at 1 January	11,153	9,780	10,257	8,976
Benefits paid by the plan	(251)	(1,240)	(251)	(1,063)
Current service costs	1,254	1,125	1,164	1,034
Interest cost	1,115	979	1,026	898
Actuarial loss during the year	2,232	509	2,254	412
Defined benefit obligation at end of the year	15,503	11,153	14,450	10,257

Expense recognised in the statement of profit or loss

Current service costs	1,254	1,125	1,164	1,034
Interest cost	1,115	979	1,026	898
	2,369	2,104	2,190	1,932

Expense recognised in the statement of other comprehensive income

Actuarial loss during the year	2,232	509	2,254	412
	2,232	509	2,254	412

The actuarial valuation was carried out by professionally qualified actuary Mr.Piyal S Goonetilleke of Piyal S Goonetilleke and Associates for retiring gratuity for employees as at 31 December 2014.

The liability is not externally funded.

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2014	2013
Discount rate	8.5%	10.0%
Future salary increases	10.0%	10.0%

Assumptions regarding future mortality are based on the published statistics and mortality tables.

The average life expectancy of an individual retiring at age 55.

Staff turnover sliding scale by the age of employee retiring from 10% - 1%.

The provision for retiring gratuity for the year is based on the actuarial valuation made on 31 December 2014.

All amounts in Sri Lankan Rupees thousands

As at 31 December 2014

Note 18 (Contd.)
EMPLOYEE BENEFITS

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below;

Movement by 1%	Group			
	2014		2013	
	Increase	Decrease	Increase	Decrease
Discount rate	(1,120)	1,268	(792)	891
Future salary scale	1,185	(1,069)	844	(764)

Movement by 1%	Company			
	2014		2013	
	Increase	Decrease	Increase	Decrease
Discount rate	(1,018)	1,149	(712)	799
Future salary scale	1,071	(969)	754	(685)

Note 19
TRADE AND OTHER PAYABLES

	Notes	Group		Company	
		2014	2013	2014	2013
Trade payables		46,127	34,768	37,905	33,588
Accrued expenses		65,124	37,429	49,256	32,663
Other payables	19 (a)	32,478	25,365	23,482	18,706
		143,729	97,562	110,643	84,957

(a) Other payables

	Group		Company	
	2014	2013	2014	2013
Deposit and advances	5,860	6,237	5,860	6,237
Government taxes	13,228	10,400	5,810	4,279
Other payables	13,390	8,728	11,812	8,190
	32,478	25,365	23,482	18,706

All amounts in Sri Lankan Rupees thousands

As at 31 December 2014

**Note 20
AMOUNT DUE FROM / TO AFFILIATED COMPANIES**

**Note 20.1
Amount due from affiliated companies**

	Group		Company	
	2014	2013	2014	2013
Millennium Multibreeder Farms (Private) Limited	-	-	93,969	141,868
	-	-	93,969	141,868

**Note 20.2
Amount due to affiliated companies**

	Group		Company	
	2014	2013	2014	2013
Ceylon Grain Elevators PLC	652,840	891,880	440,416	677,827
Ceylon Agro Industries Limited	75	-	75	-
	652,915	891,880	440,491	677,827

Amount due to affiliated companies wholly consist of payable to parent company which is unsecured, interest free and has no fixed repayment terms. These need to be settled on demand.

Ceylon Grain Elevators PLC, the parent company of Three Acre Farms PLC confirms their commitment, in present circumstances to continue financial support in the business operations of Three Acre Farms PLC and its subsidiaries and to meet their financial obligations. As the major shareholder of Three Acre Farms PLC, they have no intention or inclination or withdrawing their support of reducing the scale of operations of the Company in the forthcoming 12 months.

**Note 21
CONTINGENCIES**

There were no material contingent liabilities existing as at the reporting date.

**Note 22
COMMITMENTS**

Capital commitments

There were no material capital commitments outstanding as at the reporting date.

Financial commitments

There were no material financial commitments outstanding as at the reporting date.

All amounts in Sri Lankan Rupees thousands

Note 23
FINANCIAL INSTRUMENTS

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of Three Acre Farms PLC, oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Note 23.1
Financial instruments - statement of financial position

	Notes	2014	Group 2013	Company 2014	2013
Financial assets					
Loans and receivables					
Trade and other receivables	14	50,288	16,216	37,073	15,637
Amount due from affiliated companies	20.1	-	-	93,969	141,868
Current tax recoverable		33,848	33,977	27,924	27,924
Total loans and receivables		84,136	50,193	158,966	185,429
Cash and cash equivalents	15	24,985	7,635	24,554	7,211
Total		109,121	57,828	183,520	192,640
Financial liabilities					
Other financial liabilities					
Interest bearing borrowings	15.2	215,000	250,000	215,000	250,000
Amount due to affiliated companies	20.2	652,915	891,880	440,491	677,827
Trade and other payables	19	143,729	97,562	110,643	84,957
Total other financial liabilities		1,011,644	1,239,442	766,134	1,012,784
Bank overdrafts		48,121	13,649	42,683	8,650
Total		1,059,765	1,253,091	808,817	1,021,434

All amounts in Sri Lankan Rupees thousands

As at 31 December 2014

**Note 23 (Contd.)
FINANCIAL INSTRUMENTS**

**Note 23.2
Financial Instruments - statement of profit or loss**

	2014		2013	
	Gain/ income	Losses/ expenses	Gain/ income	Losses/ expenses
Group				
Interest bearing borrowings	-	19,199	-	22,813
Company				
Interest bearing borrowings	-	19,192	-	22,812

**Note 23.3
Credit risk**

Credit risk is the risk of financial loss to the Group, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, placements with banking institutions and in government securities.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2014	2013	2014	2013
Amount due from affiliated companies	-	-	93,969	141,868
Trade and other receivables	50,288	16,216	37,073	15,637
Current tax receivable	33,848	33,978	27,924	27,924
Cash and cash equivalents	24,985	7,635	24,554	7,211
	109,121	57,829	183,520	192,640

All amounts in Sri Lankan Rupees thousands

As at 31 December 2014

Note 23 (Contd.)
FINANCIAL INSTRUMENTS

Note 23.4

Impairment losses

The aging of trade and other receivables at the reporting date was:

Group	2014		2013	
	Gross	Impairment	Gross	Impairment
Not past due	50,288	-	16,216	-
	50,288	-	16,216	-

Company	2014		2013	
	Gross	Impairment	Gross	Impairment
Not past due	37,073	-	15,637	-
	37,073	-	15,637	-

The aging of amount due from affiliated companies at the reporting date was;

Company	2014		2013	
	Gross	Impairment	Gross	Impairment
Not past due	93,969	-	141,868	-
	93,969	-	141,868	-

Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables and amount due from affiliated companies.

Note 23.5

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

As at December 2014

Group	Carrying amount	Contractual cash flows	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities							
Bank borrowings	215,000	(215,000)	(215,000)	-	-	-	-
Bank overdrafts	48,121	(48,121)	(48,121)	-	-	-	-
Trade and other payables	143,729	(143,729)	(143,729)	-	-	-	-
Amount due to affiliated companies	652,915	(652,915)	(652,915)	-	-	-	-
	1,059,765	(1,059,765)	(1,059,765)	-	-	-	-

Company	Carrying amount	Contractual cash flows	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities							
Bank borrowings	215,000	(215,000)	(215,000)	-	-	-	-
Bank overdrafts	42,683	(42,683)	(42,683)	-	-	-	-
Trade and other payables	110,643	(110,643)	(110,643)	-	-	-	-
Amount due to affiliated companies	440,491	(440,491)	(440,491)	-	-	-	-
	808,817	(808,817)	(808,817)	-	-	-	-

All amounts in Sri Lankan Rupees thousands

As at 31 December 2014

Note 23 (Contd.)
FINANCIAL INSTRUMENTS

Note 23.5 (Contd.)
Liquidity risk

As at December 2013

Group	Carrying amount	Contractual cash flows	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities							
Bank borrowings	250,000	(250,000)	(250,000)	-	-	-	-
Bank overdrafts	13,649	(13,649)	(13,649)	-	-	-	-
Trade and other payables	97,562	(97,562)	(97,562)	-	-	-	-
Amount due to affiliated companies	891,880	(891,880)	(891,880)	-	-	-	-
	1,253,091	(1,253,091)	(1,253,091)	-	-	-	-

Company	Carrying amount	Contractual cash flows	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Non-derivative financial liabilities							
Bank borrowings	250,000	(250,000)	(250,000)	-	-	-	-
Bank overdrafts	8,650	(8,650)	(8,650)	-	-	-	-
Trade and other payables	84,957	(84,957)	(84,957)	-	-	-	-
Amount due to affiliated companies	677,827	(677,827)	(677,827)	-	-	-	-
	1,021,434	(1,021,434)	(1,021,434)	-	-	-	-

Note 23.6

Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument fluctuating, due to changes in foreign exchange rate.

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

Group	2014		2013	
	USD	EUR	USD	EUR
Trade payables	(2,915)	-	(72,298)	(44,797)
Cash and cash equivalents	155,368	-	13,965	-
Total exposure	152,453	-	(58,333)	(44,797)

Company	2014		2013	
	USD	EUR	USD	EUR
Trade payables	(2,915)	-	(72,298)	(44,797)
Cash and cash equivalents	155,368	-	13,965	-
Total exposure	152,453	-	(58,333)	(44,797)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2014	2013	2014	2013
USD	130.78	129.40	132.00	130.75
EUR	174.84	174.13	159.42	180.45

All amounts in Sri Lankan Rupees thousands

As at 31 December 2014

Note 23 (Contd.)

FINANCIAL INSTRUMENTS

Note 23.7

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates affecting to the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Note 23.8

Interest rate risk

At the reporting date the interest rate profile of the the Group's interest bearing financial instruments was;

Carrying amount	Group		Company	
	2014	2013	2014	2013
Fixed rate instruments				
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
	-	-	-	-
Variable rate instruments				
Financial assets	-	-	-	-
Financial liabilities	(215,000)	(250,000)	(215,000)	(250,000)
	(215,000)	(250,000)	(215,000)	(250,000)

All amounts in Sri Lankan Rupees thousands

As at 31 December 2014

**Note 24
RELATED PARTY TRANSACTIONS**

**Note 24.1
Key management personnel**

Key management personnel include all the members of the Board of Directors of the Company having authority and responsibility for planning, directing and controlling the activities of the Company as well as the subsidiaries, directly or indirectly. Directors of the Company and their immediate relatives do not have significant shareholding as at 31 December 2014.

Compensation paid to / on behalf of key management personnel of the Company is as follows:

	Group		Company	
	2014	2013	2014	2013
Short term employee benefits	1,080	1,080	1,080	1,080
Post employment benefits	-	-	-	-
	1,080	1,080	1,080	1,080

The Company is controlled by its parent company, Ceylon Grain Elevators PLC, a company incorporated in Sri Lanka which owns 57.21 per cent of the Company's shares.

Mr. Cheng Chih Kwong, Primus, Mr. Tan Beng Chuan, Mr. Cheng Koh Chuen, Bernard, Mr. Sunil Leeniyagoda, Dr. Wickrema Sena Weerasooria and Mr. Sunil Karunanayake the directors of the Company are also directors of the following companies as set out below and with transaction in Note 24.2 - Related party transactions, have been carried out.

Name of the related party	Name of the director	Nature of transaction
Ceylon Pioneer Poultry Breeders Limited (CPPBL)	Mr. Cheng Chih Kwong, Primus Mr. Tan Beng Chuan	CPPBL rents out the farms to the Company.
Millennium Multibreeder Farms (Private) Limited (MMF)	Mr. Cheng Chih Kwong, Primus Mr. Tan Beng Chuan	MMF provides hatchery services to the Company. Also the Company sells Parent DOCs to MMF.
Ceylon Grain Elevators PLC (CGE)	Mr. Cheng Chih Kwong, Primus Mr. Tan Beng Chuan Mr. Cheng Koh Chuen, Bernard Dr. Wickrema Sena Weerasooria Mr. Sunil Karunanayake	CGE sells feed to the Company and also Company sells Broiler DOCs to CGE.
Ceylon Livestock and Agrobusiness Services (Private) Limited (CLAS)	Mr. Cheng Chih Kwong, Primus Mr. Tan Beng Chuan	CLAS supplies veterinary drugs, medicines and poultry equipment to the Company.
Hapiways Management Services Pte Limited (HMS)	Mr. Cheng Chih Kwong, Primus	HMS supplies materials and spare parts to the Company.
Ceylon Agro Industries Limited (CAI) Group Company	Mr. Cheng Chih Kwong, Primus Mr. Tan Beng Chuan	CAI supplies VAP items for the Company.

All amounts in Sri Lankan Rupees thousands

As at 31 December 2014

Note 24 (Contd.)

RELATED PARTY TRANSACTIONS

24.2 Related party transactions

The Group has a related party relationship with its subsidiaries, associates and related group companies as disclosed in Note 24.1 - Key management personnel.

Companies within the Group engage in trading transactions. The following transactions were carried out with related parties during the year ended 31 December 2014.

(a) Transaction with subsidiaries - Company

	MMF	CPPBL	Total 2014	Total 2013
Sale of goods	28,469	-	28,469	31,226
Purchase of goods	(49,313)	-	(49,313)	(48,291)
Purchase of service	(12,252)	(1,440)	(13,692)	-
Recovery / (Reimbursement) of expenses	4,074	(25)	4,049	6,470
Settlement of third party dues	2,060	-	2,060	-
Settlement of intercompany dues	(11,370)	-	(11,370)	132,717
Funds (received) / paid	(11,105)	1,465	(9,640)	(20,988)

(b.1) Transaction with related parties - Company

	CGE	CLAS	HMS	CAI	Total 2014	Total 2013
Sale of goods	430,196	-	-	-	430,196	383,132
Purchase of goods	(590,567)	(7,342)	(4,306)	(479)	(602,694)	(558,757)
Sale of service	343,605	-	-	-	343,605	427,374
Purchase of service	(3,589)	-	-	-	(3,589)	(4,966)
(Reimbursement) / recovery of expenses	(71,808)	-	-	-	(71,808)	(97,315)
Settlement of third party dues	(6,874)	-	-	-	(6,874)	-
Settlement of intercompany dues	13,465	7,839	-	-	21,304	82,403
Funds (received) / paid	106,582	-	4,306	404	111,292	(18,082)

(b.2) Transaction with related parties - Group

	CGE	CLAS	HMS	CAI	Total 2014	Total 2013
Sale of goods	596,661	-	-	-	596,661	542,905
Purchase of goods	(778,400)	(9,323)	(4,306)	(479)	(792,508)	(741,454)
Sale of service	343,605	-	-	-	343,605	427,374
Purchase of service	(5,401)	-	-	-	(5,401)	(5,683)
(Reimbursement) / recovery of expenses	(81,839)	-	-	-	(81,839)	(105,318)
Settlement of third party dues	(7,165)	-	-	-	(7,165)	-
Settlement of intercompany dues	(2,632)	9,901	-	-	7,269	71,703
Funds (received) / paid	161,307	-	4,306	404	166,017	29,448

24.3 Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of the business at commercial rates. Outstanding balances at year end are unsecured and no interest was charged during the year.

All amounts in Sri Lankan Rupees thousands

As at 31 December 2014

**Note 25
EVENTS AFTER THE REPORTING PERIOD**

The Directors propose for payment a first and final dividend of Rs. 0.52 per share for the year ended 31 December 2014 on 24 February 2015.

Other than that no events have occurred since the reporting period which would require adjustments to, or disclosure in, the financial statements.

**Note 26
DIRECTORS' RESPONSIBILITY**

The Board of Directors are responsible for the preparation and fair presentation of the financial statements.

**Note 27
PRIOR YEAR ADJUSTMENTS**

Accordance with LKAS 41 - Agriculture, the Group has changed its accounting policy on measurement of biological assets from cost to fair value less cost to sell. The Group adopted the cost method in previous years as per the ruling issued by the Institute of Chartered Accountants of Sri Lanka on 2 March 2012, which allowed preparers to choose either cost (using LKAS 16 - Property, Plant and Equipment) or fair value (using LKAS 41 - Agriculture) for measuring the bearer biological assets.

The consumable biological assets are now measured at fair value less cost to sell as per LKAS 41 - Agriculture which was previously measured at cost in accordance with LKAS 2 - Inventories and have been classified as current biological assets.

The effect of this application has been accounted for retrospectively and accordingly the comparative figures for the year ended 31 December 2013 have been restated by following amounts:

(a). Statement of profit or loss for the year ended 31 December 2013

	Previously reported	Group Adjustment	Restated	Previously reported	Company Adjustment	Restated
Other income	(14,028)	7,389	(6,639)	(4,455)	(6,896)	(11,351)
Taxation	(2,765)	(626)	(3,391)	3,126	598	3,724
		6,763			(6,298)	

(b). Statement of financial position as at 31 December 2013

	Previously reported	Group Change	Restated	Previously reported	Company Change	Restated
Non-current assets						
Biological assets	414,660	16,389	431,049	307,656	(8,130)	299,526
Current assets						
Biological assets	-	22,530	22,530	-	20,589	20,589
Inventories	88,427	(23,090)	65,337	78,134	(21,149)	56,985
Total assets		15,829			(8,690)	
Equity						
Retained earnings	294,855	14,190	309,044	210,736	(7,877)	202,859
Non-current liabilities						
Deferred tax liability	88,861	1,639	90,500	57,360	(813)	56,547
		15,829			(8,690)	

(c). Statement of financial position as at 1 January 2013

Since the adjustment to the statement of financial position as at 1 January 2013 is immaterial, the statement of financial position has not been presented.

All amounts in Sri Lankan Rupees thousands

For the year ended 31 December

GROUP	2014	2013 Restated	2012	2011	2010
OPERATING RESULTS FOR THE PERIOD					
Revenue	1,676,764	1,643,149	1,461,478	1,287,858	1,157,777
Operating profit	193,763	202,790	77,413	175,171	244,732
Net finance (expenses) / income	(19,432)	(23,068)	(32,850)	(19)	133
Profit before tax	174,331	179,722	44,563	175,152	244,865
Taxation	(9,015)	(3,391)	(8,802)	(4,630)	(15,781)
Profit attributable to the Group	165,316	176,331	35,761	170,522	229,084
FINANCIAL POSITION					
Stated capital	623,604	623,604	623,604	623,604	623,604
Retained earnings	472,128	309,044	125,795	90,365	(80,157)
Non - current liabilities	111,857	101,653	98,549	98,040	105,995
	1,207,589	1,034,301	847,948	812,009	649,442
Property, plant and equipment	1,633,651	1,710,648	1,699,238	1,685,553	1,650,678
Investment in subsidiary companies	-	-	-	-	-
Biological assets	430,629	431,049	369,298	346,934	355,086
Current assets	203,074	145,695	187,468	151,357	147,171
Current liabilities	(1,059,765)	(1,253,091)	(1,408,056)	(1,371,835)	(1,503,493)
	1,207,589	1,034,301	847,948	812,009	649,442

COMPANY	2014	2013 Restated	2012	2011	2010
RATIOS AND OTHER INFORMATION					
Earnings per share (Rs.)	6.79	4.12	1.52	5.53	6.24
Dividend per share (Rs.)	0.52	-	-	-	-
Dividend pay out ratio (%)	7.66	-	-	-	-
Market price per share (Rs.)	51.00	36.90	53.70	103.80	90.20
Price earnings ratio (times)	7.51	8.96	(22.19)	18.77	14.45
Net assets per share (Rs.)	41.80	35.10	31.18	33.59	28.06
Current ratio (times)	0.33	0.26	0.30	0.39	0.38
Shares traded volume	5,773,721	3,804,482	5,511,572	31,666,600	43,456,700
US \$ Exchange rate - average	130.78	129.40	128.40	110.83	113.42
US \$ Exchange rate - year end	132.00	130.75	127.16	113.90	110.95

STATEMENT OF VALUE ADDED

All amounts in Sri Lankan Rupees thousands

	2014	2013 Restated	2012	2011	2010
Revenue	1,676,764	1,643,149	1,461,478	1,287,858	1,157,777
Adjustment for other income	7,464	(6,639)	3,863	53	668
	1,684,228	1,636,510	1,465,341	1,287,911	1,158,445
less: Cost of materials and services Purchased from external sources	959,371	957,463	956,033	720,581	558,031
Value Added	724,857	679,047	509,308	567,330	600,414

Distributed as follows:

	2014	%	2013 Restated	%	2012	%	2011	%	2010	%
To employees as remuneration	242,400	33.44	184,833	27.27	177,948	34.94	161,254	28.42	155,211	25.85
To the government as taxes	197,998	27.32	200,795	29.62	180,961	35.53	156,010	27.50	140,206	23.35
To the providers of capital	-	-	-	-	-	-	-	-	-	-
As Interest on loans	19,199	2.65	22,813	3.37	34,495	6.77	883	0.16	983	0.16
As minority interest	-	-	-	-	-	-	-	-	-	-
To shareholders as dividends	-	-	-	-	-	-	-	-	-	-
Retained within the business	-	-	-	-	-	-	-	-	-	-
As depreciation and amortisation	99,944	13.78	94,275	13.72	80,143	15.74	78,661	13.87	74,930	12.48
As reserves	165,316	22.81	176,331	26.02	35,761	7.02	170,522	30.06	229,084	38.15
	724,857	100.00	679,047	100.00	509,308	100.00	567,330	100.00	600,414	100.00

All amounts in Sri Lankan Rupees thousands

ANALYSIS OF SHAREHOLDERS ACCORDING TO THE NUMBER OF SHARES AS AT 31 DECEMBER 2014

Shareholdings	Number of shareholders	RESIDENT		NON RESIDENT			TOTAL		
		Number of shares	Percentage (%)	Number of shareholders	Number of shares	Percentage (%)	Number of shareholders	Number of shares	Percentage (%)
01 - 1,000	2,417	571,735	2.43	19	5,977	0.03	2,436	577,712	2.46
1,001 - 10,000	403	1,156,919	4.91	7	24,411	0.10	410	1,181,330	5.02
10,001 - 100,000	57	1,755,710	7.46	5	163,478	0.69	62	1,919,188	8.15
100,001 - 1,000,000	4	484,084	2.06	4	2,380,079	10.11	8	2,864,163	12.16
over 1,000,000	1	13,469,980	57.21	1	3,532,627	15.00	2	17,002,607	72.21
	2,882	17,438,428	74.07	36	6,106,572	25.93	2,918	23,545,000	100.00

Categories of shareholders	Number of shareholders	Number of shares
Individual	2,796	2,790,349
Institutional	122	20,754,651
	2,918	23,545,000

LIST OF 20 MAJOR SHAREHOLDERS BASED ON THEIR SHAREHOLDINGS AS AT 31 DECEMBER 2014

Name	31 December 2014	
	Number of shares	Percentage
Ceylon Grain Elevators PLC	13,469,980	57.21
Prima Limited, Singapore	3,532,627	15.00
Japfa Holdings Pte Ltd, Singapore	993,121	4.22
Credit Suisse Singapore	814,707	3.46
Eka Limited, Singapore	313,262	1.33
Supra Limited, Hong Kong	258,989	1.10
ADL Equities Limited / M.A.M. Arafath Akram	155,632	0.66
Merchant Bank of Ceylon PLC A/C No.1	127,352	0.54
Assetline Leasing Company Ltd / M.N.Singa Laxana	101,000	0.43
Commercial Bank of Ceylon PLC / U.C.Bandaranayake	100,100	0.43
Mrs. D.M. Fernando	100,000	0.42
Mubasher Financial Services BSC, Bahrain	90,779	0.39
People's Leasing & Finance PLC / M.N.Singa Laxana	86,200	0.37
Merchant Bank of Sri Lanka PLC / Mr. K.R.U. Gunawardena	80,000	0.34
Mrs.S.S.Jayewardena	75,255	0.32
MCSL Financial Services Ltd	74,229	0.32
Mr. L.A.J.F. Morais	69,520	0.30
Miss.C.Wijerathne	58,191	0.25
Mr. H.V.M.S. De Silva	57,800	0.25
Mr.M.S.F.Haqqe	57,195	0.24
	20,615,939	87.58

The percentage of shares held by the public as at 31.12.2014 was 27.79 per cent.

The percentage of shares held by the public as at 31.12.2013 was 27.79 per cent.

NOTICE IS HEREBY GIVEN that the 53rd Annual General Meeting of the Company will be held on Tuesday, 19 May 2015 at the Sri Lanka Foundation Institute Auditorium, No. 100, Sri Lanka Padanama Mawatha, Independence Square, Colombo 7 at 10.00 a.m. and the business to be brought before the Meeting will be:

1. To receive and consider the Report of the Board of Directors on the State of Affairs of the Company and the Statement of Accounts for the year ended 31 December 2014, with the Report of the Auditors thereon.
2. To declare a First and Final Dividend of Rs.0.52 per share for the year ended 31 December 2014.
- 3.. To re-elect Mr. Sunil Leeniyagoda, Director who retires by rotation at the Annual General Meeting in terms of Article 87 of the Articles of Association of the Company.
- 4.. To re-elect Mr. Wickrema Senaka Weerasooria who retires at the Annual General Meeting in terms of Article 95 of the Articles of Association of the Company.
- 5.. To re-appoint Messrs KPMG, Chartered Accountants as Auditors and to authorise the Directors to determine their remuneration.
6. To authorise the Directors to determine contributions to charities and other purposes.

BY ORDER OF THE BOARD
S S P CORPORATE SERVICES (PRIVATE) LIMITED
SECRETARIES

Colombo, Sri Lanka.
21 April 2015

Note:-

- (a) A member entitled to attend and vote at the above mentioned meeting is entitled to appoint a Proxy to attend and vote instead of him/her. Such Proxy need not be a member of the Company.
- (b) A Form of Proxy is annexed to this notice.
- (c) The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 15, Rock House Lane, Colombo 15 not later than 48 hours before the time appointed for the holding of the meeting.

I/We
 (NIC No.....) of
 being a member/s of Three Acre Farms PLC, hereby appoint
 (NIC NO.....) ofor failing him

Mr. WICKREMA SENAKA WEERASOORIA	of Colombo or failing him
Mr. CHENG CHIH KWONG, PRIMUS	of Singapore or failing him
Mr. TAN BENG CHUAN	of Colombo or failing him
Mr. CHENG KOH CHUEN, BERNARD	of Singapore or failing him
Mr. SUNIL LEENIYAGODA	of Colombo or failing him
Mr. SUNIL KARUNANAYAKE	of Colombo

as my/our Proxy to represent me/us and vote on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, 19 May 2015 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting and to VOTE as indicated below:

	FOR	AGAINST
1. To receive and consider the Report of the Board of Directors on the State of Affairs of the Company and the Statement of Accounts for the year ended 31 December 2014, with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a First and Final Dividend of Rs.0.52 per share for the year ended 31 December 2014.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. Sunil Leeniyagoda a Director who retires by rotation at the Annual General Meeting in terms of Article 87 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
4.. To re-elect Mr. Wickrema Senaka Weerasooria, a Director who retires at the Annual General Meeting in terms of Article 95 of the Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Messrs KPMG, Chartered Accountants as Auditors and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorise the Directors to determine Contributions to charities and other purposes.	<input type="checkbox"/>	<input type="checkbox"/>

As witness my/our hand/thisday of Two Thousand and Fifteen.

Signature:

Note : Please delete the inappropriate words.

1. Instructions for completion of proxy are noted on the next page
2. A proxy need not be a member of the Company
3. Please mark "X" in appropriate cages, to indicate your instructions as to voting

1. Kindly perfect the Form of Proxy by filling in legibly your full name and address, your instructions as to voting, by signing in the space provided and filling in the date of signature.
2. Please indicate with a 'X' in the cages provided how your proxy is to vote on the Resolutions. If no indication is given the Proxy in his/her discretion may vote as he/she thinks fit.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 15, Rock House Lane, Colombo 15, at least 48 hours before the time appointed for holding of the Meeting.
4. If the form of proxy is signed by an attorney, the relative power of attorney should accompany the completed form of proxy for registration, if such power of attorney has not already been registered with the Company.

Note:

If the shareholder is a Company or body corporate, Section 138 of the Companies Act No. 07 of 2007 applies to Corporate Shareholders of Three Acre Farms PLC. Section 138 provides for representation of Companies at meetings of other Companies. A Corporation, whether a Company within the meaning of this act or not, may-where it is a member of another Corporation, being a Company within the meaning of this Act, by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company. A person authorised as aforesaid shall be entitled to exercise the same power on behalf of the Corporation which it represent as that Corporation could exercise if it were an individual shareholder.

CORPORATE INFORMATION

Company Name

Three Acre Farms PLC
Company Registration No. PQ 195

Registered Office

No.15, Rock House Lane, Colombo 15, Sri Lanka.
Tel : +94 (11) 2522556 or 8 / 2523580 / 2526378 to 2526383
Fax : +94 (11) 2524163
E-mail : info.cge@prima.com.lk

Subsidiary Companies

Ceylon Pioneer Poultry Breeders Limited
Millennium Multibreeder Farms (Private) Limited

Bankers

Hatton National Bank PLC
Nations Trust Bank PLC
National Development Bank PLC
Bank of Ceylon
Seylan Bank PLC
Union Bank of Colombo PLC

Lawyers

Varners Lanka Law Office
D.L. & F. De Saram

Auditors

KPMG, Colombo, Sri Lanka.

Company Secretary

S S P Corporate Services (Private) Limited
No.101, Inner Flower Road, Colombo 3.

Name of Directors

Mr. Wickrema Senaka Weerasooria - Non-Executive
Independent Chairman
Mr. Cheng Chih Kwong, Primus - Executive Director
and Chief Executive Officer
Mr. Tan Beng Chuan - Executive Director
and Group General Manager
Mr. Cheng Koh Chuen, Bernard - Non-Executive Director
Mr. Sunil Leeniyagoda - Non-Executive Director
Mr. Sunil Karunanayake - Non-Executive
Independent Director

Management

Mr. K.A.R.S. Perera - General Manager
Mr. Chng Sun Tick - AGM (Farms)
Mr. Ang Kian Huat - AGM (Farms)
Mr. M.C.M. De Costa - AGM (Personnel,
Security and General Affairs)
Mr. Neil Jayaweera - AGM (Processing)
Mr. Lalith Abeywardena - AGM (Sales)
Mr. Sumith Peiris - AGM (Material Management)
Mr. Jeff Li Zhen Jie - AGM (Technical)

